



Banks Want Bitcoin Regulated, But See Same Benefits We Do

[Ian DeMartino](#)

September 22, 2014

Bank-less money is one way I've heard Bitcoin described, from some folks who have experience in the traditional finance system no less, because it is a more friendly way to explain it than “cryptocurrency” and exemplifies many of the advantages of the digital currency.

It is also a general feeling among the cryptocurrency community that Bitcoin is gift from up high that will bring the bankers and wall street jackals and debt traders to their knees. We like to imagine that Bitcoin represents the end of their reign as 'king of the debt slaves' and we imagine they sit in their high rise towers and fearfully devise plans designed to bring about Bitcoin's destruction.

The other popular image of banker's current thoughts on Bitcoin is that they are completely ignorant about it. That they, like the politicians they control, are completely out of touch with reality and see Bitcoin as an internet cultural oddity sure to pass just like Pants on the Ground, The Dancing Baby or Planking.

The truth, at least judging by [a document](#) detailing the Fed's recent meeting with the Federal Advisory Council, who, according to the [Federal Reserve's website](#) “is composed of twelve representatives of the banking industry” could be something much closer to how we look at the currency.

What little attention this document did receive from the press, including from [the Cato institute](#), focused on the fact that the Banks are advocating regulation on Bitcoin, I do not mean to imply that is insignificant. What is especially important is that they are advocating for many of more unpopular aspects found in the BitLicense regulation. However, there is something else included in the report that I think is being overlooked: even bankers see the advantages inherent in the Bitcoin system.

The bankers in the meeting did not list Bitcoin as a threat to the industry in the short term. However, they noted that “Bitcoin’s longer-term impact could be more pronounced and require

adaptation by payment processors.” Among the reasons why, are many of the same reasons Bitcoin evangelicals have been preaching the currency's adoption for years.

According to the document, the bankers note Bitcoin's low cost transaction fees (and its appeal to merchants) the advantages it offers the “unbanked” in the third world, its “geographic flexibility” and “faster settlement” (faster transactions) as the digital currency's main advantages.

Advantages that, the bankers say, “[do] not present a threat to economic activity by disrupting traditional channels of commerce; rather, it could serve as a boon.”

They even went as far as dispelling some misconceptions about Bitcoin, admitting that while Bitcoin is often used in illicit transactions “ sovereign-issued currencies and other precious goods are similarly used.” And wisely point out that Bitcoin is better described as pseudonymous rather than anonymous.

That said, it isn't all roses and sunshine. They do, as mentioned, suggest that Bitcoin be regulated in a fashion very similar to the BitLicense legislation making its way through New York right now. They also see some negatives preventing the currency from taking off, most notably its lack of stability and what many see as a positive, its finite supply.

But, it shouldn't be surprising to us that Bankers are calling for regulation of Bitcoin, even as they attempt to lessen regulation for themselves. What is significant here, is that Bitcoin's advantages seem undeniable, even to those that run the legacy system it seeks to replace.