



Exiles Launch Venezuela's First Bitcoin Exchange

SurBitcoin Promotes Cryptocurrency as Store of Value in World's Inflation Leader

By Belén Marty
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Venezuela's first ever bitcoin exchange is open for business and gathering clients, as the owners shared with the *PanAm Post* on Friday. SurBitcoin is an online platform that allows Venezuelans to buy and sell bitcoins instantaneously with the nation's fiat currency, the bolívar.

Less than two months ago, US-based brothers Kevin and Víctor Charles decided to launch the company, after meeting Rodrigo Souza, the Brazilian head of BlinkTrade. Souza offered the Venezuelan pair his open-source software to open the new exchange.

"We are very excited to move forward with this project. Bitcoin has potential to grow in Venezuela," Kevin Charles said.

The siblings now live in New York City, but they plan to travel back to Venezuela more often, to stay in touch with the local bitcoin community and boost their new business. Both of them went to college in neighboring Bogotá, Colombia; Kevin studied economics and finance, while Víctor studied international business.

As for the initial funds to back the business, they state that they provided the capital themselves.

SurBitcoin operates on BlinkTrade's open-source platform, which allows anyone to apply the software to create his own exchange — for a 0.6 percent transaction fee. BlinkTrade's design also offers investors the appropriate security measures to avoid virtual wallets being robbed or hacked.

In fact, SurBitcoin is the first exchange to take up BlinkTrade's offer. "We have other clients, but they are still in the development phase. After Venezuela, we have plans to visit Western Africa and Buenos Aires," Souza assures.

No Anonymity

The Venezuelan entrepreneurs explained that while the project is still in its beta version, people can already start registering on the website.

However, to be able to buy bitcoins in Venezuela, SurBitcoin requires that users provide their real names, ID, and physical addresses. The company verifies that this information matches those stored on Venezuela's electoral registry, and only then is the account is activated.

Despite this bureaucratic hurdle, Víctor Charles said the verification process is done in no time: "It doesn't take more than four or five minutes."

Bitcoin Adoption in Venezuela

While they will wait for the membership to grow to 200 accounts before they allow exchanges to proceed, bitcoin is quickly gaining ground in the inflation-stricken South American nation — currently at 150 percent according to the Cato Institute's Troubled Currencies Project.

Kevin explained that due to the bolívar's rapidly decreasing purchasing power in Venezuela, early adopters will tend to use bitcoin as a store of value rather than as a medium of exchange in transactions. The cryptocurrency's volatility has always been a known risk, but the bolívar's devaluation is an even a more certain danger.

"Entrepreneurship in Venezuela has come to a halt, because of the dire economic situation. Few people will invest US dollars in a country with no future. Besides, mining bitcoins nowadays is very expensive."

Indeed, bitcoin's popularity is on the rise. After Venezuela's first successful bitcoin conference in July, Impact Hub Caracas organized a second event on Friday, where SurBitcoin's launch was announced.

The conference's event page lured its readers: "Bitcoin is humankind's first technological monetary experiment of its kind. Just three years after its creation, bitcoin has caught the attention of several market actors: users who wish to pay or send money globally, vendors who are willing to accept this new payment method, speculators who have found in bitcoin an attractive store of value, and even regulators who approach the cryptocurrency with caution and suspicion as it progresses everyday."

The Charles brothers are confident that bitcoin adoption will help improve Venezuelans' living standards, since they assure that around 70 percent of the country is unbanked.

Treading Carefully to Ensure Regulatory Survival

Unlike Bolivia and Ecuador, whose governments have either outright banned digital currencies or only allow the one issued by the central bank, Venezuelan authorities haven't taken a stand on bitcoin, yet.

For this reason, SurBitcoin's owners believe that the cryptocurrency's future in Venezuela really depends on how carefully they conduct their business.

“We have to be extremely transparent and thorough in checking users who open an account with us. We will take money-laundering regulations into account, so that drug traffickers cannot use our platform.”