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Ready to deploy? Amazon's Bitcoin acceptance can prime a payments future

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Maybe Amazon really isn't preparing to accept Bitcoin ([BTC](#)) as payment for its goods and services before year's end, and perhaps Apple isn't in fact adding \$2.5 billion of Bitcoin to its balance sheet — although both events were reported recently, they are still unconfirmed. The question still remains: If and when the tech giants do commit, what impact will they have on the cryptocurrency and blockchain industry?

Would it spur crypto adoption or revive Bitcoin as a medium of exchange? Would it confer a seal of approval on digital assets and discourage governments from clamping down on blockchain-based tokens?

“This would be a huge validation for crypto,” said Kapil Rathi, co-founder and CEO of CrossTower — an institutional-grade crypto trading platform — when asked to consider the possibility that the rumors were true. “It would be a clear sign that there is significant user demand for crypto for companies of this size to implement it or offer it as products.”

The Amazon report originated from a United Kingdom newspaper, City A.M., which disclosed via an anonymous Amazon “insider” that the e-commerce giant could begin accepting Bitcoin before the end of the year. Amazon later denied the report, but Roman Beck, a professor at IT University of Copenhagen, told Cointelegraph that it really wouldn't have much of a lasting impact on the sector — even if true.

“Amazon could have been a leading force in the tokenization of the e-commerce industry,” Beck said, “capitalizing on its huge installed base of customers on a global scale.” Instead, it squandered its opportunity: “Amazon lost precious years in developing digital leadership in the emerging token economy.” The company should have embraced crypto two or three years ago, in his view.

As for the social media reports — also unconfirmed — that Apple was purchasing \$2.5 billion in Bitcoin for its corporate treasury, its first real foray into crypto, Beck was equally unimpressed: “Adding some Bitcoin to your balance sheet is something many companies are doing already as part of their asset diversification strategy. It’s no big deal either anymore.”

Taylor Monahan, founder and CEO of blockchain interaction interface provider MyCrypto, appeared to agree with Beck with regard to Apple. “In December 2020, we saw a surge of companies holding Bitcoin on their balance sheets,” which also included the electric vehicle manufacturer Tesla. She further added in a conversation with Cointelegraph, “Nowadays, it’s noteworthy when a company announces they’re holding it, but it’s no longer a groundbreaking occurrence.”

On the other hand, the Amazon news — if it were eventually to pan out — could be more consequential. “Actually utilizing Bitcoin for goods and services? That’s still largely unexplored,” Monahan said.

Pat White, CEO of Bitwave — a provider of digital tax and accounting software — took the position that where there’s smoke there’s fire. The tech giant rumors could be true — if not in their exact details, but in their essence. “I believe it,” he told Cointelegraph, referring to the Amazon report. Even though the company denied it, it is almost surely doing research in this area, according to him. “All the major [retail] players would love to have their own currency for their platforms,” opined White, “it’s exciting news.”

White doesn’t believe that Amazon would be arriving too late to the crypto space, either. “Amazon has to be careful,” he continued. As a public company, it will have to explain what it is doing if it makes any material change in its business. It has a stack of problems it has to solve first. How does it get crypto into its accounting system, how does it explain the accounting changes to its audit committee, etc?

Moreover, it’s probably not just looking at Bitcoin. There are many types of cryptocurrencies it might accept, and it would have to track them all. It would require all sorts of wallets. He believes, “There are real challenges businesses have to go through, especially since they are a public company.”

Greater acceptance for Bitcoin?

If Amazon were to accept BTC, and it basically worked from a business standpoint, this might bestow “additional respectability” upon Bitcoin and perhaps other cryptocurrencies, Lawrence White, a professor in George Mason University’s economics department and a senior scholar at the Cato Institute Center for Monetary and Financial Alternatives, told Cointelegraph. This

would be arguably “bigger news” for the sector than PayPal’s entry into the cryptocurrency market in October, which was generally viewed as a major event.

“It would be an enormous deal,” agreed Pat White (no relation to Lawrence White). Both Amazon and Apple could have “massive importance,” he said though for different reasons. “Amazon would trigger Congressional hearings,” he continued, raising questions whether we were really becoming a corporatocracy — i.e., a system governed by corporations. “Though, it would be incredibly bullish for the market,” he added.

Apple would be significant for another reason, Pat White continued. The company has one of the world’s most complex supply chains, so “if Apple simplified its supply chain using digital assets, that would be a major deal. [...] It could change what supply chain means.”

Facebook was the “first mover”

Beck has a different historical take. The giant tech “spell was broken when Facebook announced Libra/Diem,” he told Cointelegraph, adding, “That was the [sign] for Big Tech and other industries to get ready. Amazon is late to the game and will have a market effect on the demand for Bitcoin, for sure, but Facebook has been the first mover.” As for Apple, and, equally important, Alphabet, the impact is still unclear, he continued, “but it is fair to say that those two are late to the game already.”

Rathi disagreed that Amazon’s timing is necessarily flawed. “It would still be relatively early versus the vast majority of companies,” he told Cointelegraph, and it would also make Bitcoin more viable as a payments vehicle, adding:

“It would give Bitcoin holders more options to spend their BTC and could thus spur its use as a medium of exchange.”

George Mason University’s Lawrence White agreed that Amazon’s acceptance of BTC could make the world’s largest cryptocurrency more viable as a medium of exchange — but only if people actually used it as such. Converting BTC to dollars and dollars to BTC isn’t exactly a seamless process at present. “If your income is in dollars and your expenditures are in dollars, it seems like a lot of trouble — a hassle — so it’s not real popular,” he noted.

Overstock, for instance, is an e-commerce firm that began accepting BTC payments in 2014. Its sales in the first three quarters of 2020 were nearly \$2 billion, according to the New York Times, but only “an average of \$30,000 to \$50,000 a week came from cryptocurrency,” Overstock’s CEO Jonathan Johnson told the newspaper — a relative pittance. Amazon would have to do much better than that to boost Bitcoin’s stature as a payment mechanism.

The point may be moot anyway — because Amazon may not even accept BTC if and when it enters the crypto space, Bitwave’s Pat White told Cointelegraph. “They probably want to develop their own coin, like gift card 2.0,” he added. That way, they can cut out the intermediaries — e.g., Visa taking its 3%, etc. Beck agreed that an “Amazon coin,” which would

enable efficient machine-to-machine coordination and payments, was a more likely path for the company.

A crackdown made less likely?

Looking elsewhere, what impact could the entry of tech giants have on governments and regulators? If Amazon or Apple made a strong move in the crypto direction, would that make it less likely that the United States might crackdown on Bitcoin or other cryptocurrencies?

“Alan Greenspan once supposedly said that regulators cannot ‘lean against the wind’ to dampen economic swings,” answered Beck. In the case of the emerging token economy, “IT is that wind of change. [...] Any regulator continuing a fundamental opposition toward crypto tokens is doomed to fail.”

Lawrence White wasn't quite so sure the authorities really are powerless on this score. The government can't ban BTC as long as it's peer-to-peer, he told Cointelegraph, but “the government can ban it from being above ground,” and that is probably enough to eliminate it as an effective medium of exchange.

Meanwhile, what does one make about the dramatic market response to the Amazon rumors — a 15% gain in BTC in three hours last Monday? It is arguably yet another example of crypto's extreme volatility — and not a particularly good advertisement for a would-be medium of exchange. “The crypto market loves to react strongly to potential headlines, as we saw in the spring,” Rathi said, adding:

“The difference this time was that the headline came from a relatively reputable publication, which gave it more weight. I also think crypto investors have been yearning for positive news, while prices were declining for months.”

Overall, “This type of adoption makes me think back to 2013 when a huge focal point for Bitcoin was to use it for payments,” Monahan said, “but the narrative moved away from that over time and more towards Bitcoin as a store of value. If we again go back to the idea of using Bitcoin for payments and not simply as an investment, it could make Bitcoin much more valuable.”

“More and more companies accepting it will add to the significance, though, especially with the added context of El Salvador and the regulatory discussion,” added Monahan. “It may transform things for Bitcoin in the next few years.”