Currency Exchange

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Essay 1

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In its seven year history the crypto-coin exchange industry has seen a lot of innovation. From the early days when the only way trade bitcoin was person to person to today’s high speed NASDAQ like digital exchanges the industry has been continuously evolving. Some of the notable innovations along the way include; the BTC-e exchange allowing customers to withdraw funds to a debit or credit card, Coinbase’ expansion of services to Canada and the most recent innovation from OpenLedger which will allow customers to maintain control of their funds rather than transferring them to the exchange.

In 2014 the notoriously tight-lipped exchange BTC-e began allowing customers to withdraw funds to Visa and MasterCard debit and credit cards. Before BTC-e began allowing debit and credit withdraws getting money off an exchange was a difficult and time consuming process. It was also extremely difficult to withdraw funds if you were not in the country hosting the exchange. The BTC-e new withdraw method was innovative because for the first time traders could easily and quickly withdraw funds from anywhere in the world. To implement their innovative withdraw method BTC-e engage local governments throughout the world and coordinated with Master card and Visa to establish legal, safe and efficient ways to transfer funds from the exchange to personal credit and debit accounts. The new withdraw methods have encouraged traders to use the BTC-e exchanged, as a result BTC-e saw an increase in traders and trade volume. The crypto coin industry is very new and mass adoption of the currency is still a long way off. One of the difficulties in spreading the use of crypto currencies is the difficulty of exchanging the new currencies for government currencies. BTC-e innovation is making it easier to trade currencies and increasing the pace of crypto currencies adoption by giving customers more options to withdraw funds. (Rizzo, 2014)

In August 2015 the San Francisco based exchange Coinbase announced the expansion of its service to Canada. Prior to the announcement Canadian customers who wanted to trade on the Coinbase exchange had to convert their currency into US dollars before depositing funds into the exchange. The expansion into Canada is innovative because the Coinbase exchange can now deal in a new kind of currency and offer new trading pair. Traders can now trade Bitcoin directly for Canadian dollars instead of first having to exchange Canadian dollars for US dollars. To initiate and implement the innovation Coinbase put together a team of people who have taken the lead to work with policymakers and law enforcement around the world. The expansion into a new market has increased Coinbase customers and increased the trade volume on the exchange. As Coinbase expands into new countries they are increasing the number to people using crypto currencies and increasing demand for digital exchanges. (fletcher, 2015)

Recently OpenLedger announced a partnership with the Denmark’s Crypto Coins Exchange (CCEDK). Together OpenLedger and CCEDK will introduce a major innovation to the crypto exchange industry. OpenLedger will launch a new exchange that will enable customers to trade currencies without the need to transfer funds to the exchange.

All existing exchanges require customers to transfer funds to the exchange before trading can occur. To implement their innovation OpenLedger leveraged their crypto ledger software and partnered with CCEDX to provide a NASDAQ-grade trading system. One of the biggest concerns in the crypto exchange industry is theft of bitcoin. Several exchanges have been attacked by hackers who stole the exchanges crypto coins. OpenLedgers innovative approach allows customers to keep possession of there coins which greatly reduce the chance coins are lost during trading. Not taking on the responsibilities to safeguard customer coins reduce the risk associated with operating a digital exchange. It is too early to tell the impact on the industry as OpenLedger has yet to officially launch its trading platform. However the innovative approach address one of the major risk involved with crypto currencies and may quicken the pass of adoption.

( Aikten, 2015)

# References

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