



HD Virtual currency bitcoin bringing real rewards to Australian businesses, but reservations remain

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WC 700 words

PD 15 January 2014

SN Australian Broadcasting Corporation (ABC) News

SC ABCNEW

LA English

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The bitcoin online currency was launched in 2009 with the promise of cutting out bank fees, but since then it has been linked with drug websites and has attracted the ire of the Chinese government.

Despite that, a number of Australian businesses are now saying it gives them an edge in an increasingly competitive marketplace.

One company on board is Tomcar, an all-terrain vehicle manufacturer based in the Melbourne suburb of Oakleigh South that sells online to farmers, the military and emergency services.

"Using bitcoins to pay our suppliers overseas allows us to save a huge amount of exchange rate costs and banking fees," Mr Brim told the ABC's 7.30 program.

"We purchase parts from Israel in bitcoin and we only pay a 1 per cent fee.

"We've saved easily [\$50,000] in fees, and that money can go into R and D (research and development), and customer service, so it's important.

"We've sold parts to customers in New Zealand who've paid us in bitcoin.

"We've sold merchandise to Canada and America, (but) we haven't sold a car yet in bitcoin."

Volatile prices represent a risk to businesses

However, as the currency's use on the open market has increased, so have its price fluctuations.

In one of the first known transactions, one bitcoin was worth 6 US cents, but last year it was briefly worth more than gold and soared through the \$US1,000 mark.

David Glance, director of the University of Western Australia Centre for Software Practice, warns that there are a number of risks involved in using bitcoins.

"The price is very volatile, so it represents a risk like any investment," he said.

"People who have kept them in digital wallets online in certain sites have been hacked, so bitcoins have been lost that way.

"Certain exchanges have gone out of business and people have lost bitcoins that way."

That volatility means businesses know it is not safe to hold onto bitcoins and, instead, there are merchants servicing the currency who convert payment to real dollars.

Or you can use one of Australia's two bitcoin machines, owned by bitcoin enthusiast Dale Dickens.

"I see it becoming a lot more user friendly and accessible to people who don't have access to banks and international remittance for people who transfer funds overseas," Ms Dickins said.

Melbourne cafes, fashion stores accepting bitcoins as payment

However, there are only a handful of real world places where you can spend bitcoins.

Cafe Imbiss²⁵ in Melbourne is one of them and co-owner Scott Rigg believes that "as it goes along, it will become more stable".

"I'm fascinated by what the Government and the banks [are] going to do about it, if it really starts to impact on their bottom line," he said.

"Is this another way to start to chip away at that power structure?

"I don't know, but I don't mind being involved in that."

Around the corner, clothing and jewellery store Eclectico is also taking bitcoins.

Buyers hope to cash in on other virtual currencies

Hot on bitcoin's tail, more alternative virtual currencies are cropping up, with litecoin and dogecoin the best known so far.

James Croft, the editor of technology website Reckoner, says people have seen the value of bitcoins skyrocket and are trying to cash in.

"We're seeing an explosion of them and the vast majority of them are junk, they're not worth anything at the moment," he said.

"But the reason they're being created is that very slight chance that there might be something in the future.

"The reason all these alternative currencies have been created is because whoever gets in on the ground floor can make quite a lot of money if that takes off."

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AN Document ABCNEW0020140115ea1f0008p