

# Financial Tech in the Aid Industry: Bitcoin and Crowdfunding

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## **Abstract**

The internet impacts virtually everything around us, the first half of this decade has finally seen that impact extend to the financial sector. This paper discusses two recent innovations in financial technology - Bitcoin and crowdfunding - in relation to the aid industry.

## **1 What is Bitcoin?**

- Bitcoin (capital B): the network / protocol
- a bitcoin (miniscule b): a coin

## **2 How does Bitcoin work?**

- public ledger
- anonymous addresses
- alternative cryptocurrencies

## **3 Economics of Bitcoin**

- value from nothing, like gold
- deflationary
- not Legal tender, why not relevant
- tax avoidance
- illegal transactions

## 4 Uses of Bitcoin

- remittances
- mobile payments
- store of value (when compared to unstable currencies, e.g. ARS)
- online 'tipping'
- crowdfunding

## 5 Bitcoin and the Aid Industry

- source of funding
  - tipping
  - crowdfunding (e.g KeePod)
- tying remittances to mobile payments
- trace transactions and destinations in public ledger
- independence of local currency, exchanges etc.