

Boston University – Metropolitan College

Course: CS682S C1 – Information Systems Analysis and Design

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Title: *BU Coin – Rationale for the Creation of a Boston University-Native Digital Currency*

Rationale: Why Boston University Should Launch BU Coin

1. Executive Summary

In an age where financial technology is transforming industries, universities must reconsider how they interact financially with students. BU Coin proposes a decentralized, blockchain-powered digital token issued by Boston University to streamline campus transactions, reduce operational costs, and create a gamified, loyalty-driven student experience.

This report outlines the current shortcomings of the university's payment systems, details how BU Coin addresses these gaps, and proposes it as a foundational step toward operational efficiency, brand innovation, and enhanced financial inclusivity.

2. Problem Statement: Friction, Fees, and Fragmentation

Boston University currently relies on a fragmented network of payment systems, including credit cards, wire transfers, and disparate portals for tuition, housing, dining, events, and merchandise. This setup:

- Incurs high **transaction fees** (2–4% per credit card payment)
- Creates barriers for **international students** facing currency controls
- Lacks **integration**, causing friction in the student financial journey
- Offers **limited transparency** and poor auditability for administrators

This outdated model contrasts sharply with the expectations of today's digitally native students, who demand speed, integration, and incentives.

3. Proposed Solution: BU Coin – A Decentralized Campus Currency

BU Coin is a stable, university-issued token that operates within a secure blockchain ecosystem. Students and staff can use it for:

- **Tuition and housing payments**
- **Dining services, vending machines, and laundry**
- **Event ticketing and bookstore purchases**
- **Loyalty rewards, campus participation incentives, and donations**

It also supports programmable logic via smart contracts to enable instant refunds, grants, and student governance mechanisms.

4. Key Benefits

Category	Impact
Cost Efficiency	Minimizes transaction fees and banking overhead
Global Access	Enables fast, borderless payments for international students
User Engagement	Incentivizes participation with token rewards
Financial Control	Reduces fraud risk; improves auditability and compliance
Institutional Innovation	Enhances BU's brand as a forward-thinking, tech-enabled university

5. Real-World Precedents

Several universities have already adopted cryptocurrency for tuition payments:

- **Bentley University** in Massachusetts accepts Bitcoin, Ethereum, and USD Coin for tuition, partnering with Coinbase to offer students and their families new digital payment options.
- **Wharton School of the University of Pennsylvania** became the first business school to accept cryptocurrency, allowing students taking its blockchain and digital assets program the option to pay in cryptocurrency.
- **University of Nicosia** in Cyprus has been accepting Bitcoin payments since 2013, aiming to ease transmission difficulties for certain students and to build practical knowledge about the field.

These examples demonstrate the feasibility and benefits of integrating cryptocurrency into university payment systems.

6. Alignment with U.S. Policy Developments

The U.S. government is increasingly supportive of integrating digital assets into the financial system:

- In May 2025, the U.S. Senate advanced the **GENIUS Act**, a significant crypto regulation bill aiming to bring clearer oversight to stablecoins by requiring issuers to disclose reserves and maintain 1:1 backing with liquid assets.
- President Donald Trump signed **Executive Order 14178**, titled "Strengthening American Leadership in Digital Financial Technology," which prohibits the establishment of a central bank digital currency and establishes a group tasked with proposing a federal regulatory framework for digital assets.

These developments indicate a favorable regulatory environment for institutions like Boston University to explore and implement blockchain-based financial solutions.

7. Addressing Common Concerns

- **Volatility:** BU Coin would be a stablecoin, pegged 1:1 to the U.S. dollar, ensuring price stability.
 - **Adoption:** Usability incentives, discounts, and seamless user interfaces will drive uptake among students and staff.
 - **Security:** The system would be built on encrypted, role-based infrastructure aligned with HIPAA and GDPR standards.
 - **Compliance:** Legal and financial advisory partnerships will ensure adherence to all relevant regulations.
 - **Mission Alignment:** The initiative supports student affordability, engagement, and digital literacy, aligning with the university's educational objectives.
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8. Conclusion

BU Coin is not just a payment innovation—it is a strategic asset that simplifies financial operations, enhances the student experience, and positions Boston University at the forefront of educational innovation in the Web3 era.

In this report we recommend launching a **pilot program** with limited-service scope (e.g., dining and bookstore payments) to test feasibility, adoption, and feedback. With minimal infrastructure

and a modular roadmap, BU Coin can scale rapidly—transforming finance into a pillar of student life and institutional excellence.

8. References

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