

## Crypto Companies Prepare for Inevitable Regulation That Could be the Sector's Biggest Boon yet Thursday, June 14, 2018 12:30:00 PM (GMT)

NEW YORK, June 14, 2018 /PRNewswire/ --

[NetworkNewsWire presents CryptoCurrencyWire commentary](#)

While there remains some uncertainty about how forthcoming cryptocurrency and virtual currency regulations will shake out, "cryptocurrency is here to stay," said Jason Huang, CEO of graphics card giant NVIDIA during a recent CNBC *Mad Money* interview (<http://nnw.fm/7MAst>). Factors sustaining this looming permanency include the need more than 2 billion people worldwide who are unbanked have for financial services - 15.6 million of those individuals in the United States, according to MoneyGram. ATMs offering cryptocurrencies such as bitcoin (Crypto: BTC) are rapidly emerging as an alternative banking paradigm, but only around half of the bitcoin ATMs support altcoins such as litecoin (Crypto: LTC) or ethereum (Crypto: ETH) (<http://nnw.fm/Z7I9S>). There is substantial opportunity here for developers such as **Virtual Crypto Technologies Inc.** (OTC:VRCP) ([VRCP Profile](#)), with its cryptocurrency transaction validation and ATM/POS (point of sale) offerings. Naturally, opportunity also encompasses risk for payment-processing tech developers such as **PayPal Holdings, Inc.** (NASDAQ: PYPL), **Square, Inc.** (NYSE:SQ) and **Green Dot Corp.** (NYSE: GDOT), or blockchain developers such as financial services industry heavy-hitter **Broadridge Financial Solutions, Inc.** (NYSE: BR).

### Regulatory Outlook Apparently Bullish to Many

Many players regard crypto-friendly and mutually beneficial regulation to be the best bet for promoting the industry's ability to flourish and ensuring that bad actors cannot exploit crypto for illicit activities such as money laundering, evading sanctions or financing terrorism. The recent Commodity Futures Trading Commission (CFTC) advisory statement on listing virtual currency derivative products noted that close outreach to market participants and coordination with regulators was key to striking the correct balance (<http://nnw.fm/1XnW4>). Most countries are headed toward open regulatory frameworks based on educating market participants and establishing guidelines. Even in countries such as India, where banks are banned from processing crypto exchange activity (<http://nnw.fm/D5Lh4>) and where 10 percent or more of all bitcoin transactions occur, regulations appear to be paving the way toward eventual adoption (<http://nnw.fm/s4Dt6>). China seems to be on a similar trajectory.

In the estimation of many sector analysts, banning or simply failing to regulate cryptocurrencies has resulted in black markets and fostered the proliferation of scams (<http://nnw.fm/B3Mlm>). To many, the virtual/crypto currency genie is already out of the bottle. Exchanges are currently handling a roughly \$300 billion market cap, and the crypto ATM market is on track to clock a 45.8 percent CAGR through 2025, at which point this niche crypto industry market alone should be worth over \$285 million (<http://nnw.fm/KGa1A>).

### Adapt and Overcome

Regardless of the future of the regulatory landscape, adaptability will most likely be paramount for ATMs and exchanges when it comes to defining KYC (Know Your Customer- customer identification) rules as. This is where **Virtual Crypto Technologies (OTCQB:VRCP)** shines, having shrewdly anticipated how crucial adaptability is as the industry learns to embrace regulations such as Europe's sweeping new General Data Protection Regulation (GDPR), designed to protect consumer's privacy and prevent fraud. VRCP boasts such vital technologies as NetoBit, a cryptographically secure and proprietary transaction validation algorithm engineered to provide real-time values for any cryptocurrency at the time of purchase and sale. NetoBit can predict, with a high degree of accuracy, if a cryptocurrency transaction will be approved immediately by a blockchain at the moment of the transaction, before the block is digitally signed. This can slash the typical transaction time, which can take anywhere from 10 minutes up to 24 hours, down to mere seconds.

NetoBit software and hardware has wide-ranging implications for the industry, spanning multiple applications and device types ranging from ATMs to PCs and mobiles/tablets. The company recently launched its innovative bi-directional NetoBit ATM at the TechCrunch event in Tel Aviv. This debut marks a significant watershed moment for the industry and stands in stark contrast to most other ATMs in existence today

because the VRCP machine allows users to instantly buy and sell bitcoins in exchange for their fiat currencies. As the world's first and only ATM that permits such real-time conversion, the NetoBit ATM is also living proof of VRCP's underlying AI and machine-learning enhanced technology, which can also perform sophisticated Big Data, multiplatform and predictive analytics tasks.

## **Regulator Confidence and Consumer Confidence**

NetoBit ATM is a strong showing for a second product by VRCP. The company's first product was a retail point-of-sale device called NetoBit Pay, which enables businesses worldwide to receive secure, real-time payments in bitcoin. NetoBit Pay also demonstrates the platform's ability to protect operators/business/merchants against factors such as exchange rate volatility. Furthermore, because all NetoBit Pay trades and exchanges are insured up to \$3,000 each, the kind of user friendliness that has driven the virtual/crypto boom thus far is taken to a whole new level, where ease of use meets consumer confidence.

The explosive growth of bitcoin ATMs in recent years has impressed many in the sector and is currently running at just over eight new installations per day, with most installations (over 75 percent) being in the United States. However, only half of the devices support altcoins, and the space is currently dominated by only three major companies - Genesis Coin, General Bytes and Lamassu. Virtual Crypto's highly adaptive NetoBit platform appears superbly positioned to capture increasing market share in this environment. Whether it is hardware or software, NetoBit can help businesses adapt to the prevailing regulatory environment, regardless of the country or currency. That same adaptability brings powerful awareness horizons to the table as well, which could easily satisfy the conditionalities likely to be brought in via regulations. Even if legislation changes throughout time, already installed NetoBits can adapt to the new terms.

This kind of future-proofed advantage is a selling point for VRCP, and big payment processors currently making substantial inroads into crypto are starting to take notice as the word spreads.

## **Key Industry Players**

In an effort seen by many as a move designed to head future regulations off at the pass, **PayPal Holdings** (NASDAQ:PYPL) recently announced the implementation of new rules to crack down on unverified accounts. Those rules include restricted account usage based on amount of identification provided, as well as higher transaction fees and even new debit charges. This move could pave the way for crypto payment services, with international payments becoming more expensive than BTC, funneling many new users into crypto (<http://nnw.fm/o93eY>), a trend that could ignite a firestorm of activity and bring down the regulatory hammer more quickly. This is especially true considering recent comments from the International Monetary Fund [indicating](#) that cryptocurrencies are becoming increasingly competitive with central bank fiat currencies, particularly in the case of cross-border transactions where they handily outperform fiats.

**Square** (NYSE:SQ) recently highlighted the lack of certainty when it comes to accounting rules for publicly traded companies that deal in cryptocurrencies. In the company's annual SEC filing, Square argues that standard Generally Accepted Accounting Principles (GAAP) rules offer no specific guidance for cryptos. Square has joined big names such as Bank of America (BAC), JPMorgan Chase (JPM) and Goldman Sachs (GS) in adding such discussions to their "risk factors" section of annual filings. Such uncertainty about regulations is an understandably daunting issue for the company. Such regulatory eventualities are perhaps increasingly significant if investors further consider the low profits that Square recently reported from BTC trading via the Cash App (<http://nnw.fm/IXHs8>).

**Green Dot** (NYSE:GDOT), the company behind prepaid credit cards purchased at gas stations and pharmacies, has been doing solid business in recent years with its GreenDot Prepaid Debit Card, which many users are finding a convenient method for purchasing bitcoins instantly. Long a staple of people with poor credit or teenagers who cannot qualify for credit cards, prepaid debit cards are emerging as a preferred means of accessing crypto. However, regulatory changes could force a player such as \$3.7 billion-plus market cap Green Dot into the arms of developers that can help the company satisfy more stringent requirements without having to miss a beat.

**Broadridge Financial Solutions** (NYSE: BR) recently made headlines when the company leveraged its end-to-end proxy solution suite ProxyVote to execute a pilot program focused on blockchain-based bilateral repo agreements. Using this private permissioned blockchain system for repo agreements is a clear

example of the potential for blockchain tech to resolve the frustration in an area like typically opaque and intermediary-laden corporate governance. Such a demonstration also proves-up the value of blockchain tech when it comes to meeting the kinds of comprehensive demands that prevailing regulations could impose. Cryptographically secured distributed data management, in what Broadridge describes as an "Ethereum-like environment," is an exciting example of how blockchain tech can streamline such a complex and nebulous process, while also providing rigorous oversight and minimizing costs (<http://nnw.fm/Bqz6i>).

Regulators have a big opportunity to embrace crypto, provide meaningful structure that can help cement crypto in the mainstream as a transaction channel and bring better services to many consumers, including ones that are often overlooked. Similarly, the industry has a unique opportunity to get out ahead of regulations with technologies and solutions that anticipate the kinds of demands most likely to occur.

For more information on Virtual Crypto Technologies, please visit [Virtual Crypto Technologies \(OTCQB:VRCP\)](#).

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**Languages:** English

**Primary Identifiers:** BR-US, GDOT-US, PYPL-US, SQ-US, VBIX-US

**Related Identifiers:** BR-US, GDOT-US, PYPL-US, SQ-US, VBIX-US

**Subjects:** Investment Opinions