

[EconSouth May–August 2014](#)

“Making Change: What Bitcoin Could Mean to the Payments Industry,” by Sadat Karim, Atlanta Fed strategic info research analyst, and Nancy Condon, an associate editor of *EconSouth*

Discussion questions

1. What is the value of the bitcoin market today? How do the number of transactions made in bitcoin compare to credit card and ATM transactions?
2. How does bitcoin’s anonymity make it popular with users? What features of bitcoin do merchants favor over traditional payments?
3. Why is bitcoin an unlikely contender to replace traditional currency? What part of the technology for bitcoin may be useful to other payment methods?
4. What gives bitcoin its value? How is this similar to or different from our legal tender currency?
5. Are the security concerns and increasing costs of technology to operate the bitcoin network similar to other electronic forms of payment? Given recent, well-publicized data breaches, how do you think this will affect bitcoin’s ability to gain a foothold in the payments system?

Related links

[Bitcoin and Beyond: The Possibilities and the Pitfalls of Virtual Currencies](#), Dialogue with the Fed, Federal Reserve Bank of St. Louis, March 31, 2014

In this video, David Andolfatto covers the advantages and disadvantages of bitcoin as well as how it compares to other forms of currency.

[“Bitcoin: The Currency of the Future?”](#) Paula Rosenblum, *Forbes*, January 27, 2014

The article looks at the pros and cons of bitcoin.

[Bitcoin: A New Internet Currency](#), Stephen Clayton, Federal Reserve Bank of Dallas

This PowerPoint introduces the fundamentals of bitcoin.

[“There Are Two Sides to Every Coin—Even to the Bitcoin, a Virtual Currency,”](#) Maria A. Arias and Yongseok Shin, *Regional Economist*, Federal Reserve Bank of St. Louis, July 2013

[Bitcoin: A New Internet Currency](#), Stephen Clayton, Federal Reserve Bank of Dallas

This PowerPoint introduces the fundamentals of bitcoin.

[What Is Bitcoin?](#) CNN Money

The site explains the basics of bitcoin.

[“What Is Bitcoin? 11 Things You Need to Know about the Digital Currency,”](#) Sunny Freeman, *Huffington Post*, January 26, 2014

The article provides answers to commonly asked questions about the digital currency.