“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.

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.

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