



# CRYPTOCURRENCY IN B2B TRANSACTIONS

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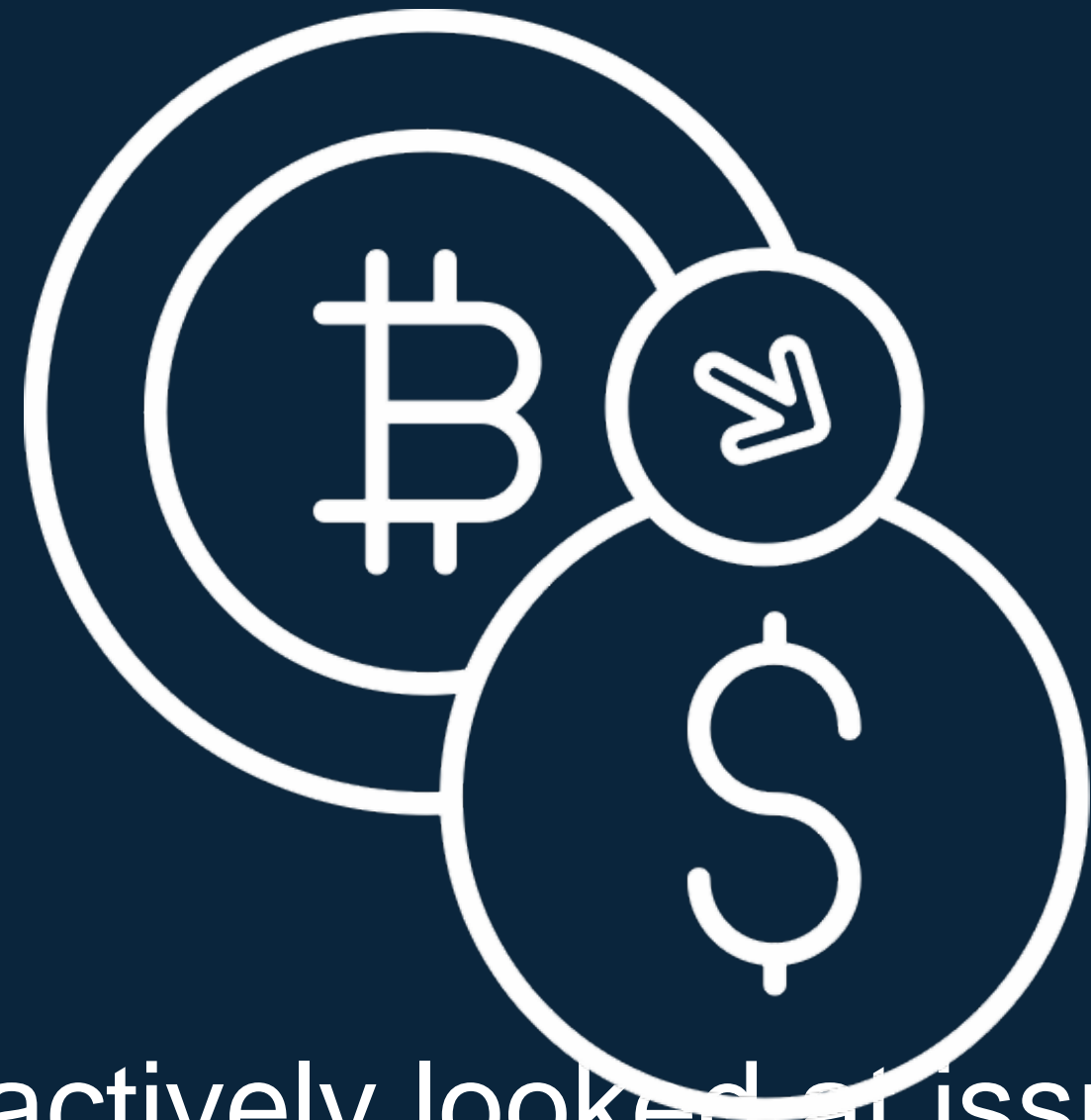
NORTHWESTERN UNIVERSITY

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Instant money transfer  
systems will *transform*  
*B2B* payments and crypto  
could be one of those



We actively looked at issuing a token for B2B payments in transportation

- Pegged to the dollar
- Redeemable from the bank for cash
- Interface for token holders

Ultimately there are five criteria that will need to be met by a coin before it will be widely adopted for B2B payments

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## © CRITERIA FOR CRYPTPO TO BE ADOPTED

# ① Tax treatment of cryptocurrency transfers

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### IRS & CRYPTO

The current tax treatment of crypto transfers by the IRS is that any transfer is an asset sale



### WHAT HAS TO CHANGE?

The tax treatment of cryptocurrency will need to be changed to that of a traditional currency or an exemption for tokens pegged to the dollar



### ACCOUNTING BURDEN

Not feasible for back office accounting systems and teams to manage this level of tax reporting



## CRITERIA FOR CRYPTPO TO BE ADOPTED

### ② The price must be stable

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#### MANAGING CURRENCY RISK IS NOT SIMPLE

Most businesses are not equipped to manage currency risk let alone volatile currencies



#### FINANCIAL IMPACT

Carriers and brokers operate on thin margins and volatile swings in currency prices would materially affect their cash flow



#### PRICE VOLATILITY OF MAJOR CURRENCIES

Bitcoin and Ethereum prices can change more than 5% in a single day



## © CRITERIA FOR CRYPTPO TO BE ADOPTED

### ③ Transaction fees need to be cheap

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#### TRANSACTION FEES ARE STILL TOO HIGH

Fees are too high on the large public networks compared to traditional money transfer costs.



#### TREASURY SERVICE PRICING

Ultimately fees will need to be in line with bank treasury services rates for broad adoption





## CRITERIA FOR CRYPTPO TO BE ADOPTED

### ④ Coins are not widely accepted at points of sale

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#### CURRENCY UTILITY

Paying a trucker with crypto is not helpful if he can't buy fuel or make his truck payments with the same currency



#### ACCESS IS EVERYTHING

Points of sale would need to be available to the payee otherwise he or she would need a Coinbase type service and that means more transfer fees





© CRITERIA FOR CRYPTO TO BE ADOPTED

⑤ Privacy of transfers and balances

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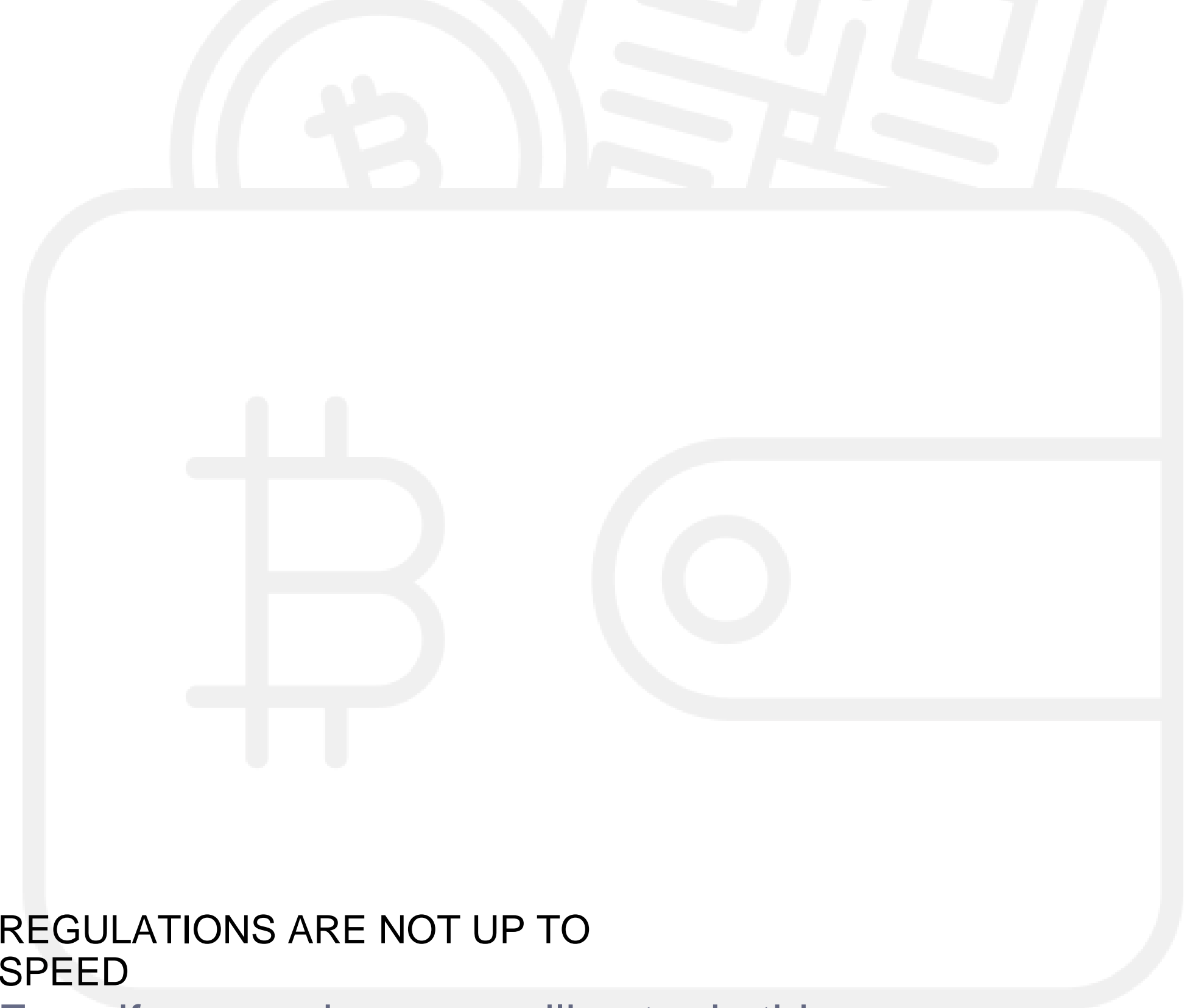
**PUBLIC BALANCES ARE A PROBLEM**

Visibility of account balances and transactions will most likely need to be private



**REGULATIONS ARE NOT UP TO SPEED**

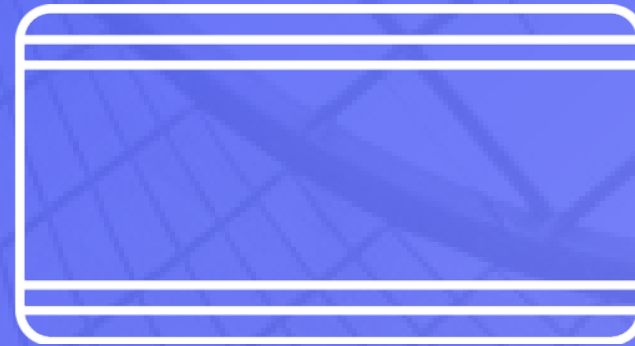
Even if companies were willing to do this, money transmission regulations would need to be amended specifically Reg E and state money transmitter requirements



Alternative non-crypto instant payment systems include Zelle, virtual debit cards, and same-day ACH



SAME DAY ACH



VIRTUAL DEBIT CARDS

**zelle**

ZELLE

# Ripple's DLT platform is very interesting

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Ripple is a very interesting DLT platform as it relates to cross-border payments



This solution is for banks and has less to do with the token and more to do with the instant settlement of funds



WHAT'S NEXT

# Bringing it all together

1

Cryptocurrency is interesting as a form of instant money transfer

2

Still a question of if and when

3

Cross-border payments will be first and are already happening

4

Broad domestic use would begin if a coin could meet the five criteria outlined above and demonstrate ROI to businesses



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