

Bitcoin ATM in Boston: The future of money?

Bitcoin ATM opened in Boston. There are more Bitcoin ATMs coming this month in Seattle and Austin, Texas.

By Staff and Laura Oreniacz, Associated Press / February 20, 2014

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On Wednesday, the ATM was placed by Liberty Teller at Boston's bustling South Station, which sees thousands of commuters a day. It and an ATM in Albuquerque, New Mexico, are among the first in the US. But many more Bitcoin ATMs are coming..

Last October, Robocoin installed the world's first Bitcoin ATM in a coffee shop in Vancouver. In its first 29 days, the ATM processed over \$1,006,550 (CAD) from 1,576 transactions, reports The Christian Science Monitor. Robocoin plans to install two more this month in Seattle and Austin, Texas.

Liberty Teller founder Kyle Powers says the Boston ATM gives people the chance to learn about the volatile currency, because after buying some, they can watch a company tutorial on its use.

Colleague Chris Yim says the money can be stored in a virtual wallet and used at online

retailers in place of cash or credit cards.

Launched in 2009, bitcoins are a form of virtual currency that's not regulated or backed by the government. Advocates say it helps eliminate the middle man in transactions such as money transfers and can cut costs for retailers facing credit card processing and other payment fees. Skeptics say that because the currency is unregulated, it's a platform for black market deals and a risky investment for consumers.

Campbell R. Harvey, a professor of finance at Duke University's Fuqua School of Business, said the value of bitcoins is highly volatile - 10 times more volatile than the stock market. Last week, its value plunged on a major Tokyo-based exchange called Mt. Gox. It was trading on Mt. Gox for an average of \$314 on Monday afternoon, and for more than \$625 on another.

However, Harvey also said that because of the way that the virtual currency system is set up, the Bitcoin technology is highly secure, and is an efficient form of payment. He said it's set up so that there's essentially a "giant ledger" of every transaction. People can trade bitcoins, or add to the supply by "mining" for them, which involves unlocking new transactions using advanced computing.

"We know immediately the entire history of that bitcoin from the time it was first mined," Harvey said. "It's secure . you can't spend the same bitcoin twice, you can't counterfeit it."

And while he said there are companies launching that are acting as third-parties to help with processing bitcoin payments and other services, he believes it's still a more efficient payment method. He expects its use to grow, although he said it's been "relatively slow" to catch on compared with New York and larger cities.

"What I told my students is, you could view this as . on one side, it's not really backed by anything other than the faith of people who think it has some value," he said. "It could go to zero tomorrow. The other way to view it is: this is a potentially very disruptive innovation that solves an important problem that makes exchange of ownership more efficient, more secure, easy to verify."

Greg W. Brown, a finance professor at the University of North Carolina at Chapel Hill's Kenan-Flagler Business School, said he believes it has advantages for retailers who want to avoid paying fees for credit cards and money transfers. But he also said that because it's unregulated, it can create the potential for black-market transactions.

"If all of a sudden you wake up one day, and the whole thing was a sham, and the Bitcoin market collapses -- which my guess is, you probably will -- you're out what you put it in," he said. "It seems shady to me. I'd rather deal with a regulated U.S. bank, and the full faith and credit of the U.S. government, rather than trust some anonymous hacker."

In other Bitcoin news, a Bitcoin entrepreneur has made a \$10,000 virtual donation to a Washington state liberal arts college.

The University of Puget Sound said on Wednesday it had received a donation of 14.5 coins of the digital currency, which it has converted into more traditional dollars.

Nicolas Cary graduated from the university in 2007 and now runs Blockchain, which supports the online currency market. The 27-year-old CEO said he wanted to make the gift in the money that is central to his life and career.

He believes the donation is the first Bitcoin gift to a U.S. college or university.

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