



Bitcoin

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Last month the IRS ruled that bitcoin should be treated as property for tax reporting purposes, to some extent validating the cybercurrency's legitimacy, while China moved in the opposite direction, banning Chinese banks from trading in bitcoin. Is bitcoin the next great way of exchanging cash, and should churches set up to accept bitcoin tithes and offerings?

What is bitcoin?

According to Wikipedia "Bitcoin is a peer-to-peer payment system and digital currency introduced as open source software in 2009. This money-like informational commodity is often called a cryptocurrency because it uses cryptography to control the creation and transfer of money."

There are two distinct elements - Bitcoin (capitalized) is the technology and network that enable the creation and transfer of money, while bitcoin (not capitalized) is the currency itself.

While all currencies are managed and transferred electronically today, traditional currencies (like the dollar) exist primarily in physical form. New dollars are printed (or minted), so while transactions can be electronically represented, eventually the physical currency must change hands. In contrast, bitcoin only exists electronically. This increases the efficiency of transactions. Somewhat surprisingly, because all transactions are very securely authenticated, as an electronic currency, bitcoin appears less susceptible to fraud and counterfeiting than physical currencies.

One of the main attractions for bitcoin has been its anonymity. Unlike the vast majority of online payment mechanisms, there is no linkage between the form of payment and the payer or even the payee. It is like a cash transaction. Another attraction is that the currency is global - it is not tied to any country and easily crosses borders.

What does it take to accept bitcoins?

Bitcoin payments are peer to peer transactions - there's no bank or credit card processing company required. You simply install an open source Bitcoin client. You then provide your address and the other party sends a bitcoin payment to your address. Bitcoin.org has more information about how to use Bitcoin software for sending and receiving payments.

Most bitcoin users are very concerned with their privacy. One aspect of the security of the Bitcoin network is that every single transaction is published all across the Internet. That means that anyone could easily find out all the money ever sent to any given address. For this reason, most bitcoin users get a unique address to use for each transaction, keeping their activities private. For churches, this probably isn't a concern. In fact, one church has placed a plaque in their sanctuary with a QR code that mobile Bitcoin clients can use to automatically populate the church's address to simplify making a payment.

An increasing number of website shopping cart packages also support bitcoin payments. If your website already uses shopping cart software, you should check with your vendor to see if accepting bitcoins is already an option.

Why might your church want to accept bitcoin?

Some churches prioritize being on the leading edge of technology and staying relevant to sophisticated church goers. I imagine there was a time when checks in the offering plate were considered cutting edge - today checks have become the preferred payment method in churches. Many churches have adopted e-commerce as a means for collecting online tithes and offer-

ings. Accepting bitcoin payments may simply be the next step for these churches.

Additionally, bitcoin's anonymity may also appeal to parishioners who take to heart Jesus' admonishment in Matthew 6 "But when you do a charitable deed, do not let your left hand know what your right hand is doing, that your charitable deed may be in secret; and your Father who sees in secret will Himself reward you openly." By accepting bitcoin payments, churches can make it easy for those that want to anonymously give.

What is dangerous about bitcoin?

While the Bitcoin system is focused on security, that doesn't mean bitcoins are always safe. There have been multiple cases of computer hacking attacks resulting in the theft of millions of dollars worth of the cybercurrency. Most famously, earlier this year, the Mt. Gox bitcoin exchange shutdown and filed for bankruptcy after apparently losing 800,000 of their customers' bitcoins (worth \$450M) to a hacker. In April 2013, Mt. Gox handled 70% of all bitcoin transactions, making it the dominant bitcoin exchange. Other exchanges have had similar, although smaller, problems. The immaturity of the bitcoin



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industry represents meaningful risk to those with significant portions of their income or assets in the cybocurrency.

Perhaps more troubling for churches is the problem of association. As one article put it “unless you want to buy something illegal, there isn’t a need to use Bitcoin at all.” The anonymity of bitcoin appeals strongly to a wide variety of illicit activities.

1 Corinthians 5:11 warns us “But now I have written to you not to keep company with anyone named a brother, who is sexually immoral, or covetous, or an idolater, or a reviler, or a drunkard, or an extortioner—not even to eat with such a person.” Later in the same letter, Paul says “Do not be deceived: ‘Evil company corrupts good habits.’” (15:33). Similarly, the first verse in Proverbs tells us that “Blessed is the man who walks not in the counsel of the ungodly, Nor stands in the path of sinners, Nor sits in the seat of the scornful.”

Bottom line - churches should carefully consider whether they want to associate with the criminals who are so strongly drawn to the Bitcoin network.

It is my hope and prayer that these articles on the power and danger of technology will encourage you in your daily walk with Christ. Whether it is the printing press, radio, television, personal computers, the Internet, the Cloud, smartphones, or cybocurrency, new technologies continue to advance our ability to know God and to serve Him, wherever we go.

Russ McGuire is an executive for a Fortune 100 company and the founder/co-founder of three technology start-ups. His latest entrepreneurial venture is CXfriends (<https://cxfriends.com>), a social network for Christian families.