# PRESS RELEASE

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## Bitcoin or bust? The crypto-currency goes from $600 to $17,000 in a year and splits our panel of experts

Only 12 months ago you could buy a Bitcoin for about $600; now the same thing would cost you around $12,000. In December, that figure was $17,000.

Bitcoin is one of the so-called 'cryptocurrencies' but the most successful by far: its market value has at times been greater than that of Disney or IBM. In fact, Bitcoin is bigger than the total currency supply of Denmark!

Welcome to the fourth AGN Global Business Voice. In this edition, we look at the controversial phenomenon of the rise (and now slight fall) of cryptocurrencies. The AGN Global Business Voice (GBV) panel involved 44 senior accountancy and business advisory professionals from leading firms across the world. The panel were quizzed on how they and their clients are responding to the cryptocurrency rollercoaster.

**Is Bitcoin even credible?**

There will only ever be a maximum of 21million Bitcoins produced – not a feature many other currencies can boast. Some investors compare its finite supply to gold. Others hail the highly-secure and decentralised nature of cryptocurrencies as the future of online investment, trading and even money supply. For others, it's a volatile bubble.

Our panel was split almost 50/50. The choices were that Bitcoins were either a "highly speculative gamble with no or limited commercial value" or a "legitimate commercial instrument and likely to increase in usage in the longer term."

Quite early on in this survey we saw a difference between our experts from the US and those from elsewhere in the world – with approximately 60% of the Americans taking the more positive position.

Malcolm Ward, AGN CEO, stated: "Our panel of professionals are aligned with the prevailing wider worldwide sentiment, which also seems to be split on this issue. But Bitcoin's volatility and apparent lack of actual material substance has seen some experts brand its success as dangerous – warning that its value is likely to crash. A recent survey by Natixis Investment Managers found that some 64% of institutional investors in the US believe that Bitcoin is a bubble ready to burst."

**Current values seem unsustainable**

Two-thirds of the panel thought the current levels of value in cryptocurrencies are unlikely to last, suggesting that they think a genuine collapse is possible. But 20% still think current values are here for the longer term. Most of our American panel members thought that values would remain high from a few months to a year.

Malcolm Ward: “In essence, our global community of accountants and business advisers think we are looking at an unsustainable short-term bubble. This is consistent with the views of many others, who are concerned by the inherent lack of tangible value associated with cryptocurrencies: whatever happens to the value of Bitcoin, it is not supported by either the assets or the performance of a business of any sort. But what is striking is the hardcore 20% of our panel who agree that cryptocurrencies are here to stay.”

**Three problems that need solving**

The panel split their concerns into three:

1) Lack of regulation – this just edges ahead as the primary concern
2) The extreme volatility of the currency’s value – which is essentially a historical fact
3) The potential for online fraud – a suspicion that anything can be hacked

Cryptocurrencies aren’t subject to much of the regulation of other traded currencies. There are plans in Europe to apply money laundering and anti-terrorism regulation, but in the US the Federal Government has not claimed the right to regulate cryptocurrencies, leaving it to individual states. China, concerned by how much capital was leaving the country via Bitcoin, imposed strict regulations making it illegal for regular institutions to deal in cryptocurrencies.

Malcolm Ward: “The potential for punitive regulation is very real. Governments use their sovereign right to control and manage currencies, and thus their country’s economic performance and wealth distribution. Essentially, it’s one of their primary levers of power. Cryptocurrencies are potentially a threat to the sovereign state and if the bubble doesn’t burst we can expect to see tight regulation, if not outlawing. Watch this space.”

The other issues were of almost equal concern to our panellists but are more difficult to legislate for. Bitcoin in particular has been volatile. Malcolm Ward: “There is nothing tangible behind Bitcoin. No company assets, no company profits, or economic performance, no promise of future markets or growth trend. There is no benchmark or framework from which to predict future performance. What is the rise in Bitcoin’s value triggered by if not fashion, or a collective ‘fear of missing out’?”

‘Technology’ could be the Achilles heel of cryptocurrency. Invariably, whatever any human can make secure, another human can undo. Every technological security measure has eventually been undermined in some way over time. Perhaps it is just a matter of time before someone breaks the enigma code of currency trading.

**Bitcoin could disrupt banks and regulators – if it remains successful**

AGN’s focus is the growth and success of international business. So how might the rise of cryptocurrencies impact on business, financial services and the flow of money? Among our global panel, opinion was split quite evenly. Some 70% of the panel identified a reduced role for banks and free or low-cost money transfers, and interestingly a reduced role for regulators, as the primary outcomes.

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"This result is a prediction about the role of the blockchain technology that sits behind cryptocurrencies. There is clearly confidence that the security, and guaranteed provenance of transactions and information, takes banks out of the equation. Some think the technology is so robust it removes the need for regulation. But quite remarkably 20% of our panel think cryptocurrencies won't affect any of these things!" Malcom Ward AGN Global CEO.

**Cryptocurrencies aren't in the mainstream…yet**

Only a tiny proportion of the panel had clients regularly using cryptocurrency; nearly 30% thought that less than 1% of clients are using cryptocurrencies; and the vast majority – nearly 64% – have no use at all. So, using and investing in cryptocurrencies is not at all commonplace. It is still the preserve a of a tiny proportion of the mainstream business that the AGN panel serves – right now.

But what about the future? The GBV panel were split 50/50. Half don't see any mainstream use within the next several years, while the other half think they will be used by businesses for a combination of investment, secure cross-border money transfer, and online payments. Malcolm Ward: "Half the panel are essentially saying that Bitcoin and its like are here to stay, and will move into the mainstream for many AGN firms and their clients in the next few years."

Finally, we asked the GBV panel if they personally dealt with cryptocurrencies. 70% haven't and have no intention of doing so. But it's telling that, among a traditionally conservative group like accountants and business advisers, 30% either currently deal with cryptocurrencies or intend to do so soon.

**In conclusion**

While cryptocurrencies have their flaws, there is a body of opinion that they will be around to stay and could become a useful business tool.

There are genuine concerns about the lack of regulation and some remain to be convinced that the blockchain technology that sits behind the currencies will remain secure – only time will tell. Perhaps when both issues are more settled we will see some stability in cryptocurrency value.

But, bubble or not, half our panel see a future for the concept and can clearly imagine a time when businesses use the currencies as a legitimate tool for competitive advantage and cost-saving. This suggests there is a longer-term game to be played out, with more important implications than the hype of near-term investment value.

ENDS –

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