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The Bitcoin Mirage: An Oasis of Financial Remittance

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Abstract

Since its inception by the anonymous developer Nakamoto (2008) Bitcoin has emerged as a much discussed, but not well-understood finance related technology. Even the definition and practical value of bitcoins (e.g. is it a virtual currency, a commodity, a speculative tool) – and how they should be treated within the existing financial and legal systems is hotly debated. Bitcoin's critics, including well known financial authorities like Mr. Warren Buffett, dismiss bitcoins as a “mirage” and liken them to “checks,” which inherently have “have no value” and thus neither should bitcoins. This article counters these claims by first briefly describing how Bitcoin works as a cost-effective remittance system. We then present evidence from both the Federal Reserve and alternative banking systems like check cashing services to illustrate why Bitcoin has the potential to serve as a disruptive financial technology. We conclude by providing an illustration of a successful implementation of a pan-African international remittance system.

Keywords: Bitcoin, Warren Buffett, checks, remittance, Bitpesa[Suggested Citation](#) >[Show Contact Information](#) >[Download This Paper \(Delivery.cfm/SSRN_ID2601621_code604000.pdf?abstractid=2601621&mirid=1\)](https://papers.ssrn.com/sol3/Delivery.cfm/SSRN_ID2601621_code604000.pdf?abstractid=2601621&mirid=1)[Open PDF in Browser \(Delivery.cfm/SSRN_ID2601621_code604000.pdf?abstractid=2601621&mirid=1&type=2\)](https://papers.ssrn.com/sol3/Delivery.cfm/SSRN_ID2601621_code604000.pdf?abstractid=2601621&mirid=1&type=2)

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