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## THE OPPORTUNITIES AND CHALLENGES OF ADOPTING CRYPTOCURRENCIES IN INTERNATIONAL BUSINESS

### *Abstract:*

This article explores the impact of cryptocurrencies on international business. A descriptive case-study was conducted on several companies that have implemented cryptocurrencies into their payment systems. The article analyzes the reasons, measures, and results of cryptocurrency implementation, with a focus on attracting new customers, speeding up payment decision-making by customers, and innovation in the market. The article concludes that the implementation of cryptocurrencies is more successful for niche products and services targeting a young and tech-savvy audience.

### *Keywords:*

Cryptocurrency, mean of payment, startups, blockchain, case-study

The means of payment have come a long way evolution from seashells to bitcoins. Today, cryptocurrencies have become an unregulated, supranational, anonymous economic instrument. Thanks to ongoing scientific and technological advances, in particular the significant development of IT technology, the world is increasingly paying with digital money.

It is logical to assume that the advantages of using cryptocurrency for payments include the following:

- Fast transactions;
- Low fees;
- Security;
- Unlimited payments;
- Access to a new target audience.

The logical question is why, given all these advantages above, cryptocurrencies are hardly ever used in international business as a means of payment?

For a more detailed analysis of this problem, we will refer to the survey of entrepreneurs. [1] 65 survey participants were asked questions about drivers and barriers to the process of introducing cryptocurrencies as a means of payment in their businesses. Results of it are shown below in Figure 1 and Figure 2.

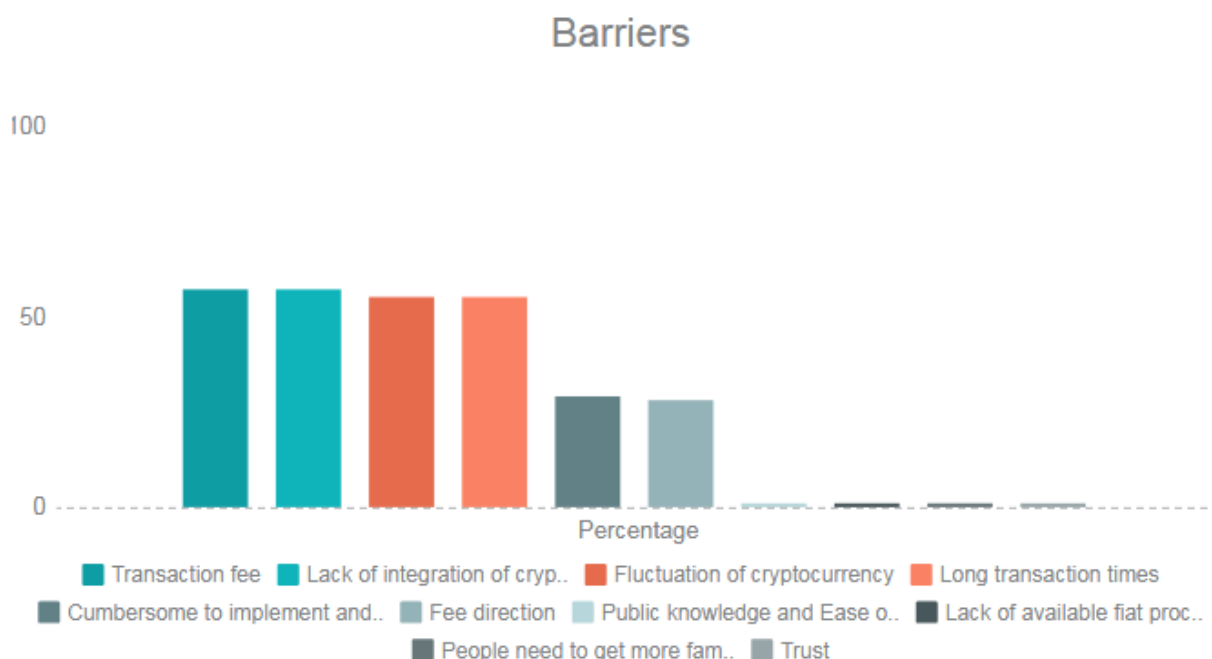


Figure 1 – Barriers of implementing cryptocurrencies in the business

The graph shows the figures for the total number of respondents. Entrepreneurs indicated the following reasons why they have not yet implemented cryptocurrency payments in their businesses. Most frequent are:

- High transaction fees;
- Insufficient integration with payment terminals;
- Excessive volatility of cryptocurrency exchange rates;
- Transactions take too long.

Also, referring to the same survey, it is possible to notice the drivers of implementing cryptocurrencies in the business processes. [1]

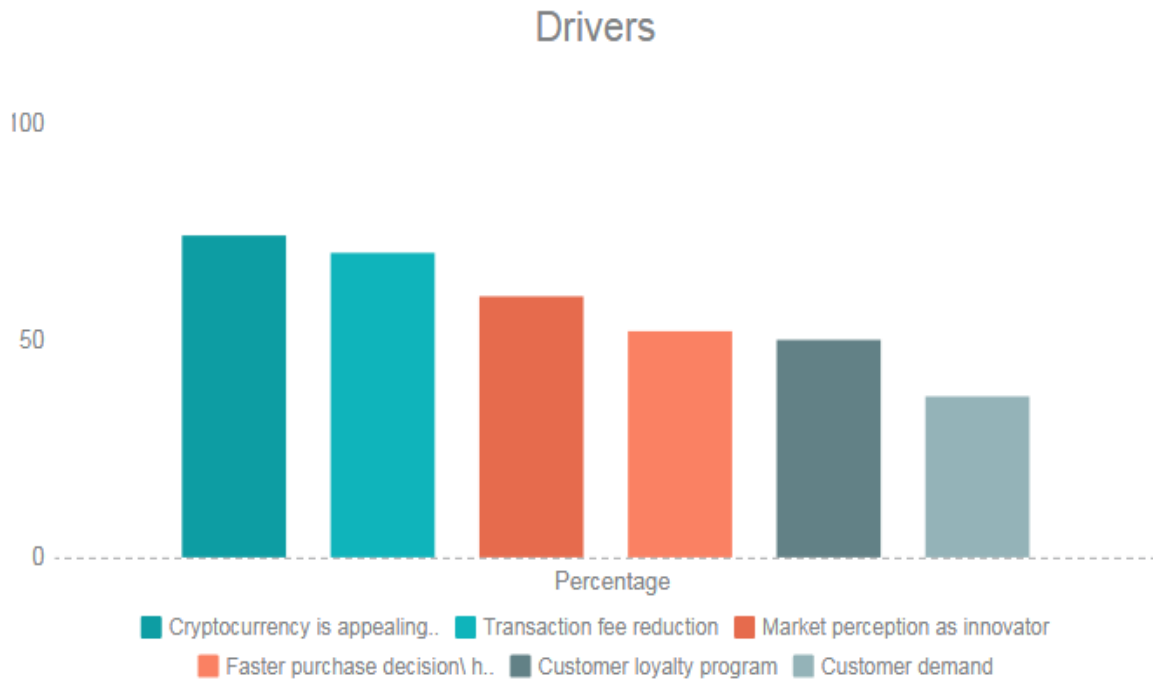


Figure 2 – Drivers of implementing cryptocurrencies in the business

Entrepreneurs admitted that they would be interested in implementing cryptopayments mostly because:

- Cryptocurrencies would attract new customers;
- Transaction fees would be reduced;
- Businesses will be perceived as a supporter of innovation;
- Customers will make faster purchasing decisions and will buy more.

To summarize, it is logically to mention that the main driver of cryptopayments for businesses is increased profits due to appealing new customers (which makes sense). However, entrepreneurs also care about their company's status. That's why some are ready to implement cryptocurrency payments just to make their clients think the company is innovative and advanced. Nevertheless, it also worth of noticing, there is an unclear gap about reducing transaction fees: it was chosen as both drivers and barriers of implementing cryptopayments. It is possible to assume that the situation is different in each industry, but this is all at the level of speculation and conjecture, which is inappropriate to use in a scientific study.

This paper is based on descriptive multiple case study and will examine companies, start-ups, and projects that were guided by the following when adopting cryptocurrencies as a payment method: attraction of new customers, increasing pace of customers payment decisions and the intension to be innovative on the market as these drivers were most frequent among all responses in the survey mentioned before. [1]

Speaking of trying to attract a new audience, it is worth mentioning the Socioz project, which is developing and implementing its own cryptocurrency, Chiliz. Chiliz (CHZ) is a native cryptocurrency designed to issue and trade digital assets for fans of dozens of well-known sports organizations, so-called fan tokens. It is among the top 50 crypto-assets by market capitalization. Mostly it is used by sport organizations. [2] [3]

Mentioning organizations' desire to speed up customer purchasing decisions and make the payment process as comfortable as possible; Kaizen Aerospace is worth noting in the first place. Kaizen Aerospace is a major player in the market of international private flights and logistics, with a desire to speed up customer purchasing decisions and make the payment process as comfortable as possible. Despite the Covid-19 crisis severely weakening the airline industry, Kaizen hopes that a new payment method will attract international buyers. Customers will now be able to pay in bitcoin and other cryptocurrencies, making the payment acceptance as varied and comfortable as possible. [4] [5] TripleA aims to revolutionize the way businesses and customers connect using blockchain technology and cryptocurrency solutions,

with functions including integrating crypto payments with online and physical stores, accepting crypto payments with one link inside invoices, and adding cryptocurrency as a new payment method. [6] TripleA is proud of its case of cooperation with Glocash, a brand-new payment service that simplifies the process of connecting companies with various payment channels and integrates functions like daily transaction management, risk control, account checking, and data analysis. Through their collaboration, TripleA completely eradicated high chargeback rates with Bitcoin payments, demonstrating the effectiveness of cryptocurrency payments in the B2B sector [7].

Organizations	Activities and results
F.C. Juventus & Socios.com	Implementing crypto-token, launching its sells on famous crypto exchange platforms, using token as a mean of online payment for club merchandise.  Result: growing commercial revenue increased by 5% to 190 million euros and became the most among all the clubs of the Italian top soccer league, beating the nearest pursuer by more than 75 million euros during a challenging COVID season.
F.C. PSG & Socios.com	Implementing crypto-token, launching its sells on famous crypto exchange platforms  Result: insignificant effect on commercial revenue.
Turkish F.C. Galatasaray, Trabzonspor, Başakşehir, Alanyaspor, Göztepe, Samsunspor, Gaziantep & Socios.com	Implementing crypto-token, launching its sells on famous crypto exchange platforms, using token as a mean of online payment for club merchandise.  Result: additional TL 700 million together (\$38.45 million) through their partnerships with Socios.com

Figure 3 – Using cryptocurrencies for appealing new customers

In the realm of companies striving for innovation in their respective markets, one noteworthy example is the travel portal Travalala.com. Travalala.com allows customers to book accommodations, flights, and other travel services using discounted cryptocurrency as payment. CEO Juan Otero emphasizes their commitment to decentralization and the adoption of new technologies that increase efficiency in the travel sector, benefiting their customers. This success story highlights the potential of cryptocurrencies as a payment method in various industries. [8]

Organizations	Activities and results
Kaizen Aerospace	Implementing cryptocurrencies as a mean of payment for all their services Result: successful survival through pandemics, increased amount of payments
TripleA & Glocash	Implementing cryptocurrencies as a mean of payment Result: large decrease of chargeback rates

Figure 4 – Using cryptocurrencies for making process of payment smoother

Another area where cryptocurrency payment methods are being explored is in the realm of online gambling. One example is Satoshi Dice, a licensed online casino that has seen 4 millions of bitcoins won and 6 millions of bets placed using blockchain technology since its launch in 2012 and which was successfully sold after for USD\$11.5 million. [9] SoftSwiss, another online casino platform, has also witnessed significant growth in cryptocurrency transactions, with daily blockchain transactions growing from 100 to over 250,000 between 2009 and 2018. These examples demonstrate the potential for cryptocurrencies as a payment method in the online gambling industry. [10] [11]

Organizations	Activities and results
Travala.com	Implementing cryptocurrencies as a mean of payment Result: leader in a unique niche of travels
Satoshi Dice	Implementing cryptocurrencies as a mean of payment Result: successfully sold by its founders
SoftSwiss Casino	Implementing cryptocurrencies as a mean of payment Result: increased amount of transactions and daily visitors

Figure 5 – Using cryptocurrencies for fulfilling intension to be innovative on the market

In the figure below, there are detailed consequences of implementing cryptocurrencies as a means of payment based on the following considered criteria: appealing new customers, innovation on the market, expedite purchase process, increase in revenue.

Organization	Industry	Appealing new customers	Innovation on the market	Expedite purchase process	Increase in revenue
F.C. Juventus & Socios.com	Sport entertainment	Successfully completed	Successfully completed	Partially completed	Significant
F.C. PSG & Socios.com	Sport entertainment	Partially completed	Partially completed	Partially completed	Insignificant
Turkish F.C. Galatasaray, Trabzonspor, Başakşehir, Alanyaspor, Göztepe, Samsunspor, Gaziantep & Socios.com	Sport entertainment	Successfully completed	Partially completed	Partially completed	Significant
Kaizen Aerospace	Private transportation	No information	Successfully completed	Successfully completed	No information
TripleA & Glocash	Money transfers	No information	Not completed at all	Successfully completed	Significant
Travala.com	Travels	Successfully completed	Successfully completed	Successfully completed	Significant
Satoshi Dice	Online gambling	Successfully completed	Successfully completed	Successfully completed	Significant
SoftSwiss Casino	Online gambling	Successfully completed	Partially completed	Successfully completed	Significant

Figure 6 – Consequences of implementing cryptocurrencies as a mean of payment

To summarize, while cryptocurrency technology has the potential to replace fiat and electronic money as a means of payment, it is currently mostly utilized by small businesses and startups. Even medium-sized businesses are using cryptocurrencies insignificantly, mostly for advertising and attracting a young audience. Large international businesses, fully integrated into the banking sector, face obstacles in implementing cryptocurrencies, including the lack of integration of payment terminals and unclear state control over decentralized assets. As a result, such businesses cannot afford the risks associated with cryptocurrency implementation. However, niche businesses that emphasize cryptocurrency in accepting payments, like Travala.com, have found success in creating a new market and becoming leaders in it. Overall, while cryptocurrency adoption faces obstacles, it has already shown its potential in certain niche markets and may continue to do so as the technology evolves.

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