Experts discuss cryptocurrency trends, outlook in luncheon event

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An executive with Horicon Bank urged business community members to “pay attention to the utility, not the price” when weighing the pros and cons of cryptocurrencies.

Bob Van Kirk, the bank’s vice president of treasury and commercial payment solutions, spoke yesterday during a Wisconsin Technology Council luncheon in Madison. He gave an overview of cryptocurrencies alongside AmpliPhi founder Spencer X. Smith, a cryptocurrency investor and social media consultant.

Both speakers explained how these largely decentralized currencies differ from traditional currencies as a virtual medium of exchange rather than a physical one. Bitcoin, which Van Kirk said makes up around 40 percent of all cryptocurrencies, supposedly cannot be manipulated by regulators such as central banks. All transactions conducted with the virtual currency are logged in an “immutable ledger” maintained by many networked computers.

“This is a very, very big security feature for Bitcoin and other networks like it,” he said. “And so it’s complicated, but at the same time, when you think about it from a simple level — that we’re trusting a group of people to provide us with good data rather than one central authority that could manipulate the data much more easily — it becomes one of these really big revolutionary things.”

The value of Bitcoin has varied widely in recent years, reaching a peak of over $60,000 last year before falling to under $50,000 later in 2021. Changes in the currency's value are tied to a variety of global factors, the panelists explained. But they put a greater focus on the various ways that people around the world are using cryptocurrencies.

Smith explained these currencies are particularly useful in less stable economies, as their value isn't tied as closely to government policies.

"Look, if I have this money and it's denominated in my local currency, it could entirely wipe out my savings if they decide to change their monetary policy," he said. "So it's this wonderfully empowering idea if somebody can actually own money that the government can't touch, that's a really, really big deal for them."

As another example, he pointed to female cryptocurrency owners in places like Afghanistan.

"If I'm an Afghan woman, and I own Bitcoin, it cannot be taken away from me," Smith said. "That empowers her as well as the people with whom she works, her family."

Van Kirk noted some people are viewing cryptocurrencies as an investment, betting that the value of these virtual tokens will rise as they're used more widely. He said others working in the United States use online crypto marketplaces to send money home to their families, bypassing traditional services like Western Union.

He added cryptocurrency is "still so much in its infancy" that variations in value remain linked to changes in traditional markets.

“People are hoping for that bifurcation between traditional markets and crypto, and it’s not there yet,” he said. “The market will continually show us and give us that feedback, right? We’ll see how people react over time. But I think it’s going to be a while before we see that decoupling.”

–By Alex Moe