

# Buy it with bitcoin in New York, but it's not cheap

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An illustration of a Bitcoin sign in Hong Kong. Investors' interest has been piqued by the cryptocurrency's surging value

At Melt Bakery, a hole in the wall that sells ice cream sandwiches in New York's upscale Manhattan neighborhood, you can pay for your guilty pleasure in bitcoin.

And while a few swipes of a mobile app are all it takes to fill your

electronic wallet, the novelty, for now, comes at a hefty cost.

Melt is one of several small stores in America's biggest city now accepting the bitcoins, hailed by some as the future of currency.

Investors' interest has been piqued by the virtual currency's surging value while industry insiders see it as an alternative instrument for consumers who want to shop online but don't have access to traditional instruments like a credit card.

It has even triggered an expanding ATM network that lets people turn their cash into bitcoins, and their bitcoins back into cash.

At Melt's checkout counter, each transaction can take several minutes to process and trigger varying fees.

That means a \$5 chocolate ice cream sandwich cost \$9.29 for a recent bitcoin purchase.

## **Gift cards**

Though its presence is growing, bitcoin use is still far from widespread at the storefront level.

A New York chiropractor who released a statement in 2014 announcing he would accept bitcoin payments has yet to receive any.



A man walking past a signboard in Tokyo informing customers that Bitcoin can be used for payment, as more and more major companies now accept virtual currency

Nick Allen, head of product development at the Blockchain Technologies startup, acknowledges such use is limited.

"It's just for promotion," said the 24-year-old.

"Bitcoin will never be used largely in real life. Transaction fees are too high and an owner is not able to track the transactions made by its employees."

For his part, Allen converts his entire income into the currency which he then uses to do all his shopping online, including basic groceries.

He buys store gift cards on an online platform where, he says, vendors "want bitcoins more than they want gift cards."

In just a few clicks, he can buy \$100 worth of takeout food delivered by UberEats for just \$36.

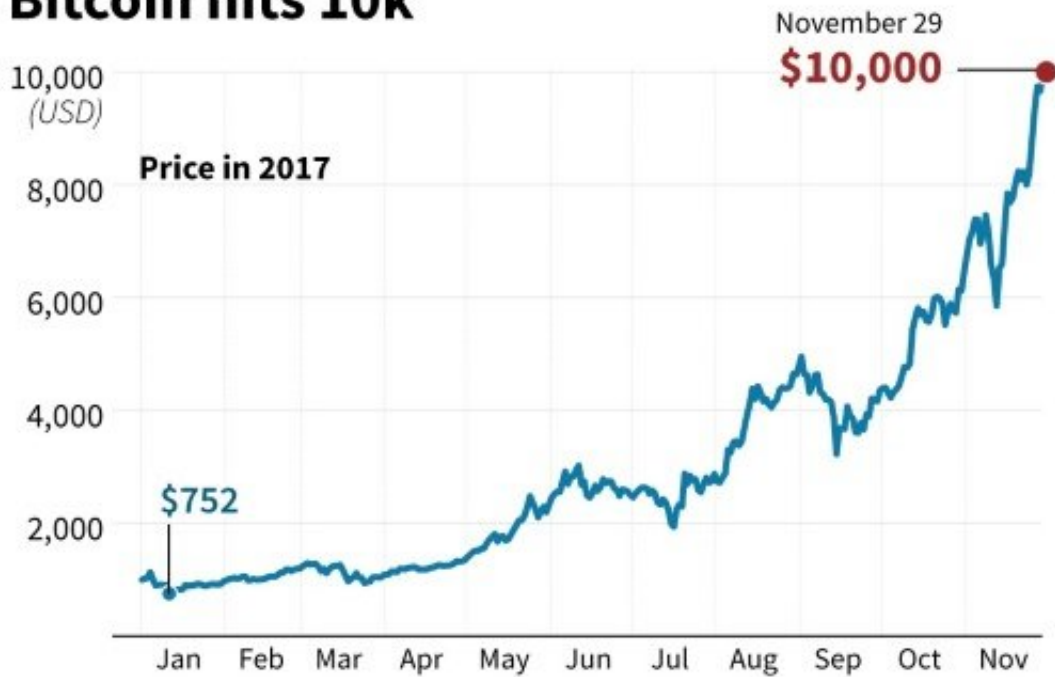
But he found himself in a bit of a bind during a recent trip to Amsterdam, where, without a credit card and just 200 euros (\$238) in cash, he couldn't find anywhere to convert his bitcoins.

## Buy tickets, sofas

More and more major companies now accept virtual currency, including Bitcoin but also others, as a valid form of payment—from booking a flight on Expedia to a new sofa from retailer Overstock.

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### Bitcoin hits 10k



Source: CoinDesk.com

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## Value of bitcoin in 2017

"We are a big believer that it is good for us," said Jonathan Johnson, president of Medici Ventures, Overstock's subsidiary that oversees a portfolio of blockchain technology and fintech businesses. "It is another way for customers to spend money at our stores and it is cheaper for us because we don't have to pay a credit card transaction fee."

The firm initially converted all its bitcoins into dollars, but now retains half in order to pay suppliers, and to take advantage of its surging value.

A bitcoin was worth about \$1,000 at the start of the year, but is now more than \$10,000.

At a small grocery store in Harlem, Matthew, a former financier who now works in tech and who gave his first name only, said he bought his first bitcoins in 2016 and was now withdrawing his profits from an ATM.

"Buying bitcoin at an ATM is the easiest and safest way to do it," he said, adding he did not entirely trust other platforms.

Investors make up 25 percent of the userbase of Coinsource, a nationwide bitcoin ATM network, according to its manager, Sheffield Clark.

The majority of users see the currency as "a medium of exchange to buy things online," explains Clark, who adds that in the future, bitcoin will likely complement rather than replace real money.

It is especially useful for those who "may not have access to a PayPal account or access to traditional financial services such as a credit card or debit card account," he adds.

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