



Article

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Cryptocurrency and Bitcoin:
Will It Make MasterCard and
Visa Card Obsolete?

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Cryptocurrency and Bitcoin:

Will It Make MasterCard and Visa Card Obsolete?



*<https://cointelegraph.com/news/visa-ceo-crypto-doesnt-challenge-our-hegemony-in-the-short-to-medium-term>

Globally, more and more people are choosing digital transactions on online shops instead of through physical cash. Moreover, they also order food online, swap money with friends and order taxis online too. Our pockets are becoming more digital in terms of money, than cash. This of course is threatening for payment companies such as Visa and MasterCard that now face increasing threat to being overpowered by cryptocurrency like Bitcoin.

While the companies claim that they have nothing to fear from cryptocurrency, Malta's prime minister told the UN that he believes cryptocurrencies are the inevitable

future we are now headed towards. Already, bitcoin has become a leading payment option for most people who value their privacy, one can only imagine what the future holds for this currency as it leaves behind government issued physical money.

Almost everything is now bought and sold online, and stock investors have now embraced several card companies. When Visa went public in the year 2008, its stock rose by 800 percent compared to 150 percent which was the case of JPMorgan. MasterCard however has rocketed in terms of stock by 1200 percent in the last ten years.

In 2017 alone, both the companies showed double digit revenue growth and are expected to grow even more in the coming years. According to Goldman Sachs, online payment volume may increase by \$500 trillion by the year 2026.

Visa and MasterCard have shown reservations about Bitcoin and other cryptocurrencies deeming them not a threat due to how volatile they can be. Cryptocurrencies fluctuate a dangerous amount which makes them highly unreliable to be owned. Many of bitcoin's initial innovators are now behind bars due to how much this currency is used for illegal activities all over the globe, to its highly anonymous nature.

They do however realize that block chain is the future and is going to hit them soon which is why in order to get ahead of the situation, MasterCard has introduced its own bitcoin technology over the last couple of years and is now opening its own blockchain to few banks and merchants to provide them with better and efficient payment options for goods and services.



*<https://cointelegraph.com/news/mastercard-visa-to-classify-crypto-icos-as-high-risk-increase-monitoring-sources-say>

This is a positive sign that old payment companies are now adopting future technology and incorporating it within themselves. MasterCard is one of the very few Fortune 500 companies to introduce blockchain payments in banks in the South Pacific. Currently, the blockchain by MasterCard can only be used through an invite, however, that might change in the future.

“We are not using a cryptocurrency, and we are not introducing a new cryptocurrency, because that introduces other challenges—regulatory, legal challenges, if you do a payment, then what we can do is move those funds in the way that we do today in fiat currency.”

- ***Justin Pinkham, Senior Vice President at MasterCard Labs***

According to Pinkham, MasterCard has an advantage over bitcoin blockchain, which is a settlement network that contains over 22,000 banks and several financial institutions all over the world. To conclude, while cryptocurrency may be the future, there is no saying that bitcoin is the only way towards that future. Cryptocurrency will not make other form of payments obsolete if they evolve with it and adapt to newer tech.

References

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