



Bank Embracing Cryptocurrency in the Form of Stablecoins

by Denny Murphy, CPA, CCA

JP Morgan is the first major U.S. bank to create and unveil a cryptocurrency. The coin, dubbed “JPM Coin,” will instantly settle payments between clients. This is an exciting development—we’re getting closer to a time when you will no longer have to wait several days for payments to be settled. And with today’s technology, you shouldn’t have to. With JP Morgan moving more than \$6 trillion on a daily basis, they will test the new coin on a small fraction of that movement.

JP Morgan is taking this step to prepare itself as the world is transformed and recorded on the blockchain—the database on steroids made famous by its first application, Bitcoin. It’s ironic, though, that JP Morgan is the first major U.S. bank to create and use cryptocurrency after the bank’s CEO, Jamie Dimon, publicly bashed Bitcoin as a fraud and banned its use by credit card customers.

JPM Coin will closely resemble the concept of stablecoins, where each JPM Coin is redeemable for one U.S. dollar, so its value shouldn’t fluctuate. Stablecoins are a currency that is global, but with no central bank. While stablecoins lack the investment allure of traditional cryptocurrency assets like Bitcoin, they provide arguably a more usable form of digital currency.

Stablecoins limit price volatility while providing users an alternative to their typical government-backed currency and grow industry exposure for crypto and blockchain. However, stablecoins lack the full assurance of decentralization that has become paramount to the crypto community. A major advantage of Bitcoin is the ability to become your own bank, in a manner. You have the ability to transact value on a peer-to-peer basis because of decentralization. JPM Coin doesn’t have this ability because all the coins are owned by JP Morgan. For now only large institutional JP Morgan clients that have undergone regulatory checks, such as corporations and broker-dealers, will be able to use JPM Coins. Overall, this is great news for the financial industry, and there is a purpose and place for these stablecoins as well as the traditional, decentralized cryptocurrencies.

Do you have questions about stablecoins or other Bitcoin, Cryptocurrency and Blockchain Consulting Services questions? Please contact Denny Murphy, CPA, CCA, at 440-449-6800 or dmurphy@skodaminotti.com.