



**Opening Statement of Chairman Graves**  
**Committee on Small Business**  
**Hearing: “Bitcoin: Examining the Benefits and Risks for Small Business**  
**April 2, 2014**

Good Afternoon. The hearing will come to order.

To gain an advantage in an increasingly competitive marketplace, small businesses are looking for innovative ways to cut costs and gain access to customers. One way small businesses are doing this is through use of cutting edge technologies that can provide efficiencies. Bitcoins may be one of these innovative technologies.

Bitcoins are a form of virtual currency first introduced in 2008 that allows users to exchange value digitally through the Internet. Despite not being backed by a government, or holding any intrinsic value of their own, Bitcoins are growing as an alternative payment method. This hearing will examine the benefits and risks associated with Bitcoin as a payment system for small businesses.

While the origins of Bitcoin remain mysterious, it has grown rapidly in the last few years. Businesses choose to accept Bitcoin for many reasons including to be at the forefront of a new technology, to attract customers now using Bitcoin, to lower transaction fees from credit and debit cards, and to eliminate certain kinds of fraud.

Despite these advantages, there are numerous risks that a small business should consider before implementing a Bitcoin payment system. These risks include volatility of the price, security and policy uncertainty. Further, recent developments in the Bitcoin industry have cast a shadow on its security, and sustainability. Hacking attacks have led to the downfall of a leading Bitcoin exchange company, while its use for criminal activity has led to greater scrutiny by law enforcement and other federal and state banking regulators.

We have invited a distinguished panel of experts who will explain what Bitcoin is, how it operates, why it might be a good fit for small businesses and what are the risks associated with Bitcoin. We hope that by providing information about Bitcoin, small businesses will be in a better position to know whether adopting Bitcoin as a payment system might be a way for small businesses to gain more customers. This hearing will also inform Members as we consider implications of policies affecting the use of virtual currency.

With that, I would like to thank our distinguished panel of witnesses for being here today and I now recognize the Ranking Member for her opening statement.