

Overstock extends bitcoin payment



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One big retailer is about to conquer the next Bitcoin frontier.

Since the beginning of the year, a number of well-known retailers, including Overstock, Expedia and Dell, have started accepting Bitcoin for domestic sales through their websites.

Now, Overstock is preparing to allow international customers to pay in Bitcoin as well, becoming the biggest merchant to extend the payment option beyond the United States market.

On Sept. 1, Overstock plans to introduce a new payments system on its international website, O.co, that will allow customers to make purchases using the virtual currency, said Patrick Byrne, the company's chief executive. The company started taking Bitcoin payments in January from domestic customers.

"I know that's become part of the Bitcoin lore in the United States to shop on Overstock," said Mr. Byrne, who has made no secret of his support for the virtual currency. "My hope is that would happen at a global level."

Many small, more obscure merchants already accept Bitcoin for cross-border transactions. But the move by popular retailers like Overstock into the international space could foretell a more widespread adoption of the virtual currency as a viable payment option.

Dell, for example, which began allowing United States customers and small business to pay with Bitcoin in July, said it wanted to gauge the initial interest in the currency before planning its next steps, which could include rolling out the payment option internationally. "We wanted to expose this to

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our customers and see what the uptake was,” said Paul Walsh, the chief information officer of Dell Commerce Services.

A desire to test the United States market before committing to wider acceptance of the currency may be the reason more merchants have not yet extended the payment option to international customers, said Gil Luria, an analyst with Wedbush Securities.

“ If you’re a big retailer, and you’re trying to embrace a new technology, you’re going to want to be able to do it gradually,” he said, adding that the benefits for merchants once they do start accepting Bitcoin internationally are significant.

Accepting Bitcoin could make international payments easier for companies because it eliminates the need for currency translation. That, coupled with lower payment processing fees associated with digital money, could result in savings for retailers and consumers of up to 8 percent, Mr. Luria said.

Though Bitcoin’s price has been slumping recently, merchants like Overstock are not affected because they accept the currency through a third-party payment processor, which converts the sales to dollars.

Yet even as more merchants are embracing Bitcoin, consumers may still be wary of transacting with the virtual currency.

The total number of daily Bitcoin transactions has lingered around 60, 000 since the beginning of the year, and consumers paying with currency make up a meager percentage of total sales for companies like Expedia and Overstock.

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For example, Mr. Byrne said that only about a quarter of 1 percent of Overstock's sales were in Bitcoin — that's about \$12, 000 to \$15, 000 a day in transactions.

He expects the company, which had \$1. 3 billion in total sales in 2013, to record \$6 million to \$8 million in domestic Bitcoin sales this year and was optimistic that it could pull in an additional \$2 million internationally.

Because Overstock anticipates saving money on processing fees by accepting Bitcoin, Mr. Byrne also said the company intended to give 4 percent of its Bitcoin sales to various foundations that support the adoption of the currency.

Eventually, Mr. Byrne said, he intends to pass on some of Overstock's savings to the consumer as well.

“ Bitcoin saves us so much money that we want to help the community,” he said.