

WHY BUSINESSES CANNOT AFFORD TO ACCEPT BITCOIN AND HOLD IT

Mike is running a restaurant and he is proud to have a profit margin of 6.8% after all costs. On average, his revenue per month \$120,000, so he earns more than \$8,000 per month before taxes. He always pays his bills in the first week of each month to play it safe.

Mike decided to accept Bitcoin as a form of payment and as a special campaign, in August 2020 he accepted only Bitcoin. His revenue was \$118,000 and he collected 10 BTC during August. On Sep 2, he had to sell his BTC, but the price dropped to \$11,400, so selling would eat 50% of his profits. He decided to wait another day.

On Sep 3, the price dropped to \$10,700, so instead of making \$8,000 profit, he would realize a \$3,000 loss. No deal for Mike, he decided to wait another day, but he would need to sell his BTC then to pay his bills.

On Sep 4, the BTC price dropped to \$10,200, Mike had to sell, and instead of \$118,000 he received just \$102,000. A 2-month profit of \$16,000 lost just because of accepting Bitcoin.

Because of this risk, most businesses who accept BTC as a form of payment let a service provider convert BTC immediately into fiat currency. In fact, they never hold BTC, not even for a second.

If they would do, they would open their business success and profit for BTC speculation, in other words, they would risk their business.

Bitcoin Charts

