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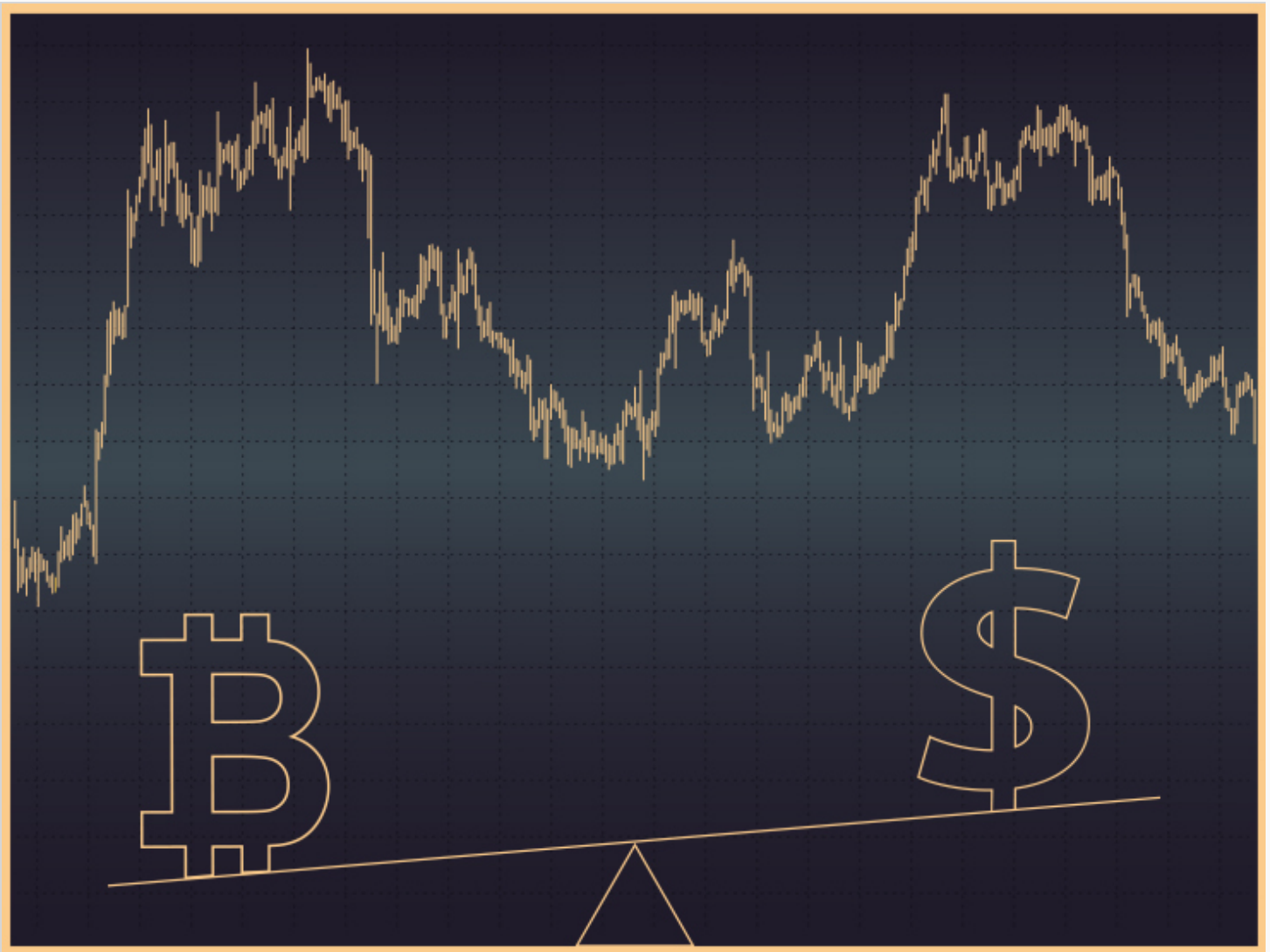
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Bitcoin Vs. Wall Street: A Love-Hate Story

Posted yesterday by [Phillip Kim \(@phillipkim\)](#)

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Editor's Note: Phillip Kim is a marketing analyst at Snapcard, a [bitcoin wallet](#) and bitcoin

payment processor.

"First they ignore you..."

For the first few years, there was no response from Wall Street. The Wall Street Journal didn't mention bitcoin until [a blog post](#) in June 2011. As the bitcoin community waited, advocates and enthusiasts speculated as to why America's financial strongholds weren't talking about the digital currency. Did banks not take bitcoin seriously enough to acknowledge it or feel threatened by its potential? Were they passing it off as a trend or trying to censor it from mainstream adoption? Surely they weren't oblivious to the new technology that was coming to eat their lunch.

Things began to change in December 2013, when Bank of America Merrill Lynch became the first major U.S. bank to publish a report on bitcoin. The report, called "[Bitcoin: A First Assessment](#)," acknowledged bitcoin's potential to become "a major means of payment for e-commerce" and "a serious competitor to traditional money transfer providers." It also stated "Bitcoin has clear potential for growth," with a comprehensive analysis of the benefits of bitcoin.

This gave some believers a light of hope that Wall Street would embrace the technology, further reinforced when JPMorgan Chase [filed a patent](#) that same month for its own cryptocurrency similar to bitcoin.

"...then they ridicule you, and then they fight you..."

In January 2014, JPMorgan Chase CEO Jamie Dimon debunked that hope by [claiming he wasn't a fan of bitcoin](#). Soon thereafter, the firm released [a report slamming bitcoin](#), calling it "vastly inferior" to fiat currency.

Citigroup currency strategist Steven Englander [noted to clients](#) that bitcoin faced three major risks: security; competition from other digital currencies; and competition from conventional financial institutions.

Goldman Sachs also [attacked Bitcoin in a report](#), claiming it "likely can't work as a currency," although "the ledger based technology that underlies it could hold promise."

In March, Morgan Stanley CEO James P. Gorman called bitcoin "[totally surreal](#)" and admitted he didn't understand it. This series of events made bitcoin enthusiasts doubtful

that Wall Street was ready to embrace the technology or even take it seriously.

But soon after that, the tides started to turn once again. Morgan Stanley hosted [a bitcoin event in New York City](#) in March, just a month after its CEO dismissed the currency. Citi [released a report](#) in May that recognized bitcoin as a threat to debit and credit card issuers. Deloitte, which had been quiet about the topic, released a [report in June 2014](#): “Bitcoin is best thought of as a natural step in the evolution of money.”

The Year of Bitcoin

In January 2015, the New York Stock Exchange, USAA, BBVA and Citigroup chief executive Vikram Pandit shocked the world by [investing in bitcoin services provider Coinbase](#), which then opened the first licensed U.S. exchange. A few days later, Cameron and Tyler Winklevoss [launched Gemini](#), “a fully regulated, fully compliant, New York-based Bitcoin exchange” that some call the “[Nasdaq of bitcoin](#).”

In March, Nasdaq announced it would [power Noble Markets](#), giving traditional investors the tools to trade digital currencies as they do with stocks. That same month, Goldman Sachs [suggested in a report](#) that bitcoin could shape the future of finance, taking a much more optimistic approach than it had a year earlier.

Even more evidential than public statements and investments is when Wall Street began hiring job candidates with expertise in digital currencies. In January, finance employment agency Glocap posted a [“junior bitcoin execution trader” position](#) for a hedge fund in San Francisco, and JPMorgan Chase [sought an associate](#) with “an opinion on Bitcoin and other cryptocurrencies” who is “probably ambivalent about the prospect of working for a large financial institution.” If, at first, the banks didn’t acknowledge bitcoin as a threat to their financial systems, surely they noticed companies in the emerging industry as competition for their top talent.

Traders Have Loved Bitcoin Since the Beginning

On the same token as new hires, existing traders at prestigious financial firms were attracted to bitcoin. By 2012, bitcoin was so popular among Wall Street traders that employees at Morgan Stanley and Goldman Sachs had been visiting bitcoin exchange websites [as often as 30 times a day](#).

Some enthusiasts on Wall Street had even joined together to raise awareness for bitcoin. The [Digital Currency Council](#) opened its doors in Manhattan in September 2014 to offer consulting, trading and accreditation to financial professionals. In March 2015, a group of Wall Street bankers formed the [Wall Street Bitcoin Alliance](#) as “an advocacy group for Wall Street in the Digital Currency Age.”

While Wall Street scrambles to adapt to the changing environment, several high-profile bankers and executives were leaving their prestigious jobs for bitcoin companies.

In December 2014, former JPMorgan Chase global head of transactions Paul Camp left the firm to [become CFO of Circle](#), a digital currency wallet company. Former head of global commodities Blythe Masters also left JPMorgan Chase in March 2015 to [become CEO of Digital Asset Holdings](#), a company looking to use bitcoin technology to make trading more efficient for financial institutions. In April, former Morgan Stanley investment manager Jacob Dienelt [became head treasurer of Factom](#), a bitcoin auditing company. [The list goes on](#) as industry veterans begin to recognize a shifting paradigm toward digital currency.

A Bright Future for Bitcoin and Wall Street

In March, Noble Markets investor [Matthew Roszak told Inside Bitcoins](#), “There is not one single whiteboard on Wall Street that does not have the word ‘bitcoin’ on it.”

The love-hate relationship between Wall Street and bitcoin has seen a rough start, but it is only beginning. The two forces have an opportunity to make each other better instead of take each other down. Wall Street’s influence can bring bitcoin to the mainstream, and bitcoin can help bankers provide better banking services that are efficient and trustworthy.

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