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## Why Should Christians Care About Bitcoin?

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## Why Should Christians Care About Bitcoin?

### Abstract

"Given the strong stances and opinions on Bitcoin and the religious language often attached to it, it's clear we should continue to analyze Bitcoin from a particularly Christian perspective."

Posting about handling cryptocurrencies responsibly from *In All Things* - an online journal for critical reflection on faith, culture, art, and every ordinary-yet-graced square inch of God's creation.

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### Comments

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# Why Should Christians Care About Bitcoin?

Jesse Veenstra

**May 5, 2022**

Bitcoin and cryptocurrency continue to dominate economic and financial conversations. This means that, like most public realm topics today, it also contains polarizing views and opinions. Advocates of Bitcoin claim it represents hope, comparing it to the 16th-century Reformation.<sup>1</sup> The property rights and privacy components of Bitcoin even lead to religious comparisons. However, opponents of Bitcoin point to its use in illegal activities (drugs, gambling, terrorism), energy consumption, fraud and theft, and lack of regulation.

Bitcoin is now considered mainstream and widely adopted, with some countries assigning it as a national currency,<sup>2</sup> and 81 million Bitcoin owners worldwide,<sup>3</sup> Bitcoin is here to stay, at least for the foreseeable future. Given the strong stances and opinions on Bitcoin and the religious language often attached to it, it's clear we should continue to analyze Bitcoin from a particularly Christian perspective. I've found many well-written and thoughtful articles supporting and opposing Bitcoin from a Christian perspective. I recently wrote about my views on Bitcoin as an investment, but this essay will address an intentionally Reformed examination of Bitcoin.

First, we cannot separate Bitcoin from God's creation. Nothing in creation is outside God's domain. Just as we marvel at God's creativity and magnificence when looking at a beautiful sunset or field of flowers, we see His imagination in the development of technology and the creation of Bitcoin. Arne Vester (2021) writes, "we should see how Bitcoin reveals the creativity of God to us, and we should praise Him for that. But, just because something is possible in creation does not mean it is good or permissible. We should look at the motives behind the creation/use of something to make that judgment."<sup>4</sup> Scripture tells us creation and all that dwell within it belong to the Lord.<sup>5</sup> Jesus maintains authority in heaven and on earth.<sup>6</sup> If it is really true that everything belongs to Jesus and everything remains under His divine power, then this authority also applies to Bitcoin. God created a perfect structure for the world and society, extending to business, commerce, and digital currencies. Nothing in life exists outside of this structural order. However, sin tainted creation and we must now carry out our task to serve as God's representatives on earth and continue His work. Everything in creation either moves toward or away from God and His structural order. Because of sin, much of creation moves directionally away from God.<sup>7</sup>

With this creational structure in mind, we examine the pros and cons of the current iteration of Bitcoin.

## **Pros of Bitcoin**

### **Easily Transportable**

Bitcoin is arguably the most transportable medium of exchange ever created. The ability to send and receive Bitcoins anywhere globally provides immense opportunities. Since no bank or financial intermediary is involved, the instantaneous transaction cannot be blocked. One practical way this can be helpful for vulnerable people groups is through Christians sending financial support anywhere to those in need; all that the receiver needs is a Bitcoin wallet, typically tied to a phone number. In 2019, remittances from migrants back to their families in low and middle-income countries exceeded \$550 billion.<sup>8</sup> Unfortunately, fees eat up billions of dollars in the current banking and wire transfer environment. An excessive amount of money never makes it into the pockets of the people most in need. Bitcoin provides a means of exchange that circumvents the current system of inflated transaction costs. Another example of low-cost and private transfer benefits is missionaries in oppressive countries; Bitcoin allows Christians and churches to provide financial support without the fear and risks facing missionaries.

### **Decentralized and Transparent**

The decentralized and transparent verification process discourages the theft of Bitcoin. Critics reference headlines of Bitcoin thefts, but in fact, it does provide more protection from theft and fraud than traditional currencies. The decentralized, fixed-supply nature prevents parties, and especially governments, from corruption or abuse of power by manipulating the money supply. In oppressive countries, governments freeze accounts and confiscate assets. Bitcoin provides some protection from unjust asset seizures.

### **Privacy**

While the privacy of Bitcoin poses risks, its privacy allows monetary transactions while removing a potential barricade of retribution. Monetary gifts can help oppressed people without the fear of government retribution. For Christians, we can support missionaries and churches in the persecuted Church around our globe, especially in countries like China and Afghanistan, without revealing one's identity.

## **Cons of Bitcoin as currency**

### **Convertibility**

Bitcoin, despite the recent growth, continues to have convertibility challenges. Traditional currencies can easily be converted to other instruments through financial service platforms such as Paypal, Visa, Zelle, Wells Fargo. For example, dollars convert to certificates of deposits, or checks to dollars quickly and cheaply. Meanwhile, while improving, converting bitcoin to other financial instruments comes with higher costs than traditional currencies.

### **Instability**

The instability and volatility in Bitcoin's value plague its viability. Like most assets, commodities,

and investments, its value relies on the rules of supply and demand. Speculation in the market, regulatory concerns, and famous influencers like Elon Musk cause massive price movements in Bitcoin. I suspect the volatility will decrease over time as adoption and usage grows.

### **Limited protection against fraud**

Bitcoin creator Satoshi Nakamoto made it clear that transactions are non-reversible, and it lacks a trusted third party to facilitate transactions. Proponents of Bitcoin applaud removing the trusted third party we see in nearly all financial transactions, such as a bank, citing improved efficiency and anonymity, but the non-reversibility poses additional risks. If you do not know the other party in the transaction and have no safeguards against being scammed or taken advantage of, you would become suspicious of online transactions. The growing distrust impacts all merchants, not just the bad apples, and reduces willingness to transact virtually.

### **Wasteful use of capital**

Critics often cite the high energy costs of mining Bitcoin and the PoW (Proof of Work protocol of the Blockchain). News headlines claim Bitcoin's annual energy consumption equals that of Switzerland. A 2021 U.K. report found each transaction consumes 1,173 kilowatt-hours of electricity, calculated to a cost of \$176.<sup>9</sup> If someone uses Bitcoin to buy a coffee from Starbucks, it comes to \$176 worth of energy costs. The incredible computing requirements of PoW require specialized machines, large data centers, and cooling equipment to run correctly. Beyond the energy costs of fossil fuels or alternative energy sources, Bitcoin mining also leads to electronic hardware waste as miners upgrade machines regularly.<sup>10</sup> Likely, as it scales, Bitcoin will improve its energy efficiency and waste as influential individuals, corporations, and governments push for improvements.

### **Illicit & Illegal Activities**

A common criticism of Bitcoin focuses on financing the dark web and illegal activities like gambling, drugs, weapons, and terrorism. The popularity of Bitcoin in 2011 instantly grew after Gawker released an article outlining how it was used to purchase narcotics on the infamous *Silk Road*.<sup>11</sup> While Bitcoin certainly does see use in illegal activities, the narrative has been overstated. A comparison study between digital currency and fiat current used in illicit activities shows traditional fiat currency more widely used in criminal activity. In 2020, only 0.34% of cryptocurrency transactions were tied to illegal activity, compared to an estimate of 2-5% of fiat currency connected to illicit activity and money laundering. It would be unfair to criticize Bitcoin for its role in illegal and harmful activities without considering the role of fiat currency.

### **Bitcoin Moving Forward**

Bitcoin spurred the growth of cutting-edge technologies, methods, policies, and innovations, leading to lasting changes in e-commerce, privacy, security, and peer-to-peer transactions. It has the potential to serve society in a way that glorifies God, either through its use as a currency or through the technological advances it creates. A Christian view on Bitcoin should focus on reforming Bitcoin in a way that glorifies God and fulfilling our cultural mandate to care for creation and develop its latent potential.<sup>12</sup> God entrusted us with financial assets, and we

must act responsibly in making our financial decisions. Christians should carefully weigh the pros and cons of Bitcoin and discern how to develop this technology and currency to further advance God's Kingdom.

The rise of cryptocurrency can cause anxiety, concern, worry, and skepticism. Yet, we still see God's reassurance. As outlined in the Lord's Day 10, God's providence and faithfulness encourage us in all financial matters. His almighty power and presence protect us regardless of our financial success, in "fruitful and barren years...riches and poverty." This comforting reality offers us confidence in the faithfulness of our Lord, and we can be "patient in adversity, thankful in prosperity."

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