



CRYPTOCURRENCY ACCEPTANCE BY MAINSTREAM MERCHANTS

READINESS REPORT

GRAFT  UNIVERSAL PAYMENT
BLOCKCHAIN

WWW.GRAFT.NETWORK

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*GRAFT is a retail-oriented payment blockchain and a decentralized alternative payment processing network that brings cryptocurrency to the point of sale and beyond. GRAFT Blockchain is an Open source, Open-platform, Non-for-profit, Community Project.

Executive Summary

As cryptocurrency is gaining momentum around the world with elements of mainstream adoption already present, we wanted to look at whether merchants are ready and interested in accepting cryptocurrency and what's stopping cryptocurrency from becoming a readily-accepted form of payment.

What we found was that in order for mass adoption of cryptocurrency to take place, those involved in the industry must focus efforts on an integrated effort that jives with with merchants' existing systems and processes, while offering consumers a choice of payment methods.

The three major findings from the survey were:

1. The primary drivers in merchant interest in cryptocurrency were marketing opportunities and the possibility to reduce transaction fees.
2. High transaction fees and long payment processing times are the current barriers to adoption of cryptocurrency, while merchants are also concerned about the process of integrating new payment methods.
3. Merchants want to make it easy to adopt cryptocurrency as a form of payment for their business, via existing systems.

Introduction

In order to support the needs of the growing cryptocurrency merchant community, GRAFT collected qualitative data using an online survey to better understand what barriers merchants are facing in adopting cryptocurrency payments at the point of sale. Over 125 respondents completed the survey which provided valuable insights into what motivates merchants to accept cryptocurrency, along with perceived and real barriers to the uptake of cryptocurrency as a payment option.

Respondents were merchants of various goods and services who incorporate both physical and/or an online presence in their business models. The respondents had not adopted cryptocurrency at the time of the survey.

Methodology

The survey was first published on GRAFT.Network web site capturing the data from the incoming traffic, which reflects the data being skewed towards merchants looking for (or curious about) a cryptocurrency processor solution.

The online questionnaire consisted of 5 questions regarding:

- Which type of business each merchant ran
- What drives the merchant's interest in accepting cryptocurrency
- What are their perceived/real barriers to accepting cryptocurrency
- Features that merchants want to see regarding crypto payments
- Which type of POS/eCommerce system is used in their business

The survey is available at <https://goo.gl/forms/BiBl2rPsT09gmVc02>

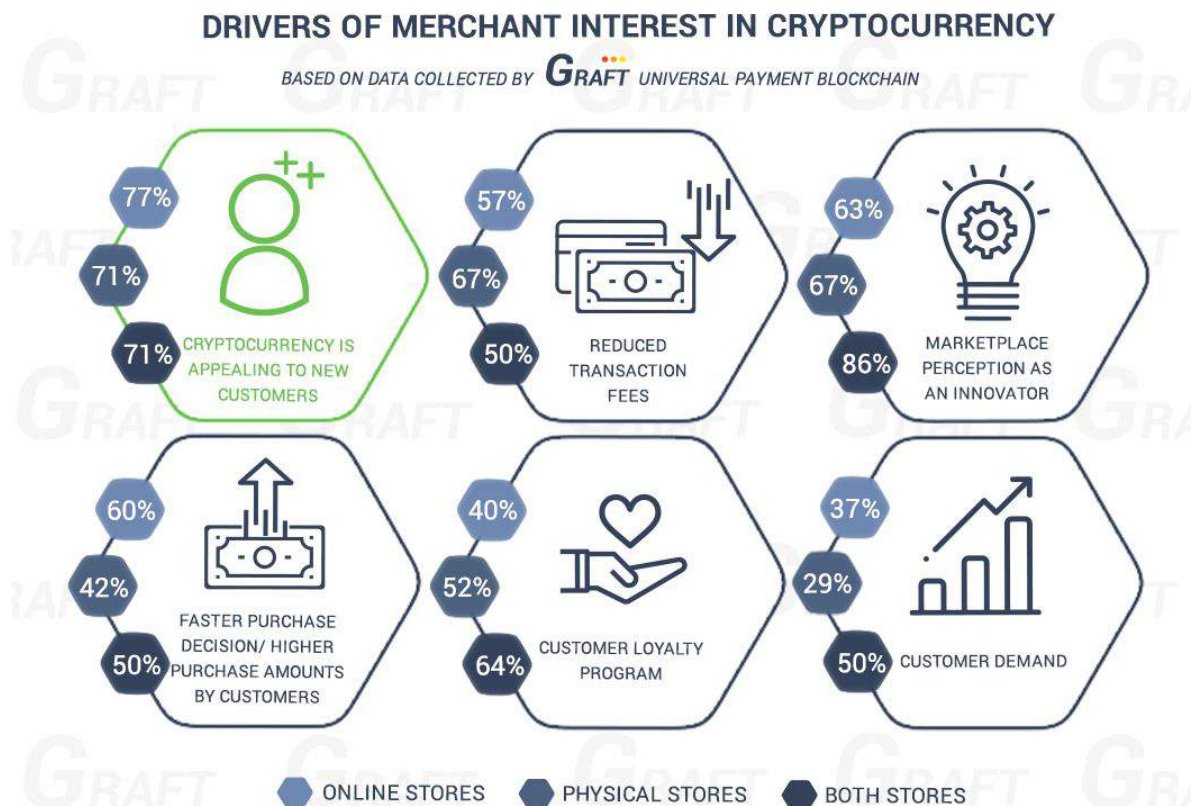
The survey received upwards of 150 responses with responders spanning across 36 countries and 18 different business types. General retail and services were the top two segments in responders business type. The countries included United States, Belgium, United Arab Emirates, Indonesia, Latvia, Australia, Croatia, Switzerland, Canada, Germany, Vietnam, Slovenia, Netherlands, Brazil, Turkey, Taiwan, France, United Kingdom, Singapore, Spain, South Africa, Ukraine.

Objective

The objective of the research carried out by GRAFT Universal Payment Network was twofold. Primarily, it was to understand the drivers and the deterrents the industry is facing when it comes to processing cryptocurrency payments. Secondly, it was to be able to add to the growing body of evidence regarding what it takes for cryptocurrency to become mainstream and to contribute both to the debate and possible solutions.

Survey Finding 1: Marketing and Reduced Fees Drive Merchant Interest in Cryptocurrency.

The merchants who participated in the survey clearly see the potential in attracting new customers by offering cryptocurrency as a payment option at the Point of Sale (POS). Many merchants have considered the potential benefits of offering cryptocurrency and are looking for a way to implement it in their business, whether they are online, physical or both. Merchants contend that increased customer demand, reduced transaction fees and loyalty programs are among the most alluring factors when it comes to adopting cryptocurrency. As such, it is necessary to find ways to roll the option out to vendors and ensure that uptake is as easy as possible. That being said, if cryptocurrency adoption surges, so will the expectations of customers seeking cryptocurrency as a payment option, which is what makes the loyalty program side of the coin so important, as evidenced in the numbers below.



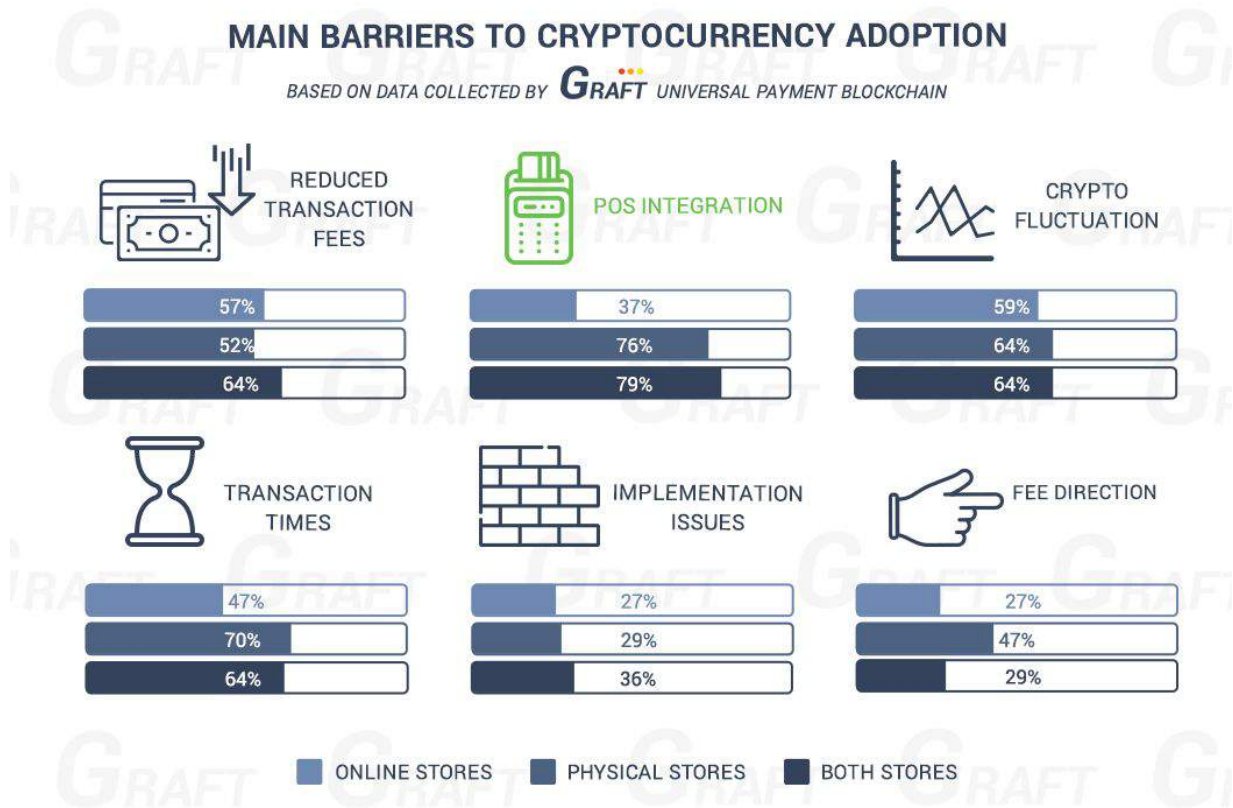
However, what is interesting to note is that the same story isn't always true across the various types of providers. The responses of online, physical and combination stores highlighted diverging priorities for each merchant type. Segregated across store types, there are some different conclusions as can be seen in the above diagrams.

From the numbers above, it is clear that merchants who have both online and physical presence are seeing potential benefits transcending both platforms and focused on the benefits of cryptocurrency in terms of being seen as innovators, and benefiting from loyalty programs and cryptocurrency integration leading an increase in customer demand.

As for online merchants, they believe that cryptocurrency payments can lead to an increase in customers, as well as higher payment amounts and faster decision-making times (which generally leads to higher volumes of sales). This is in fairly strong contrast to merchants with physical locations only, who are not so swayed by the argument that cryptocurrency payments will lead to greater demand for them, but are conscious of being seen as innovators and are interested in lowering transaction fees.

Survey Finding 2: Integration Issues, Transaction Fees and Delays Are The Main Barriers To Adoption

When looking at the barriers to adoption, merchants found that a lack of integration with existing software/hardware to be one of their biggest concerns - no matter the store type. Additionally, long transaction times and cryptocurrency fluctuations consistently ranked higher as the key concerns for all merchants, across the board.



Online merchants were concerned with transaction fees being reduced (or not) and the fluctuation of cryptocurrency causing potential problems, or indeed barriers in uptake. The situation was slightly different for brick-and-mortar merchants, who were far more concerned with integration into existing Point of Sale systems, as well as transaction times at the cash register and who pays fees. These differences appear to be quite self-explanatory and consistent with the nature of the issues that confront an online store versus a physical one.

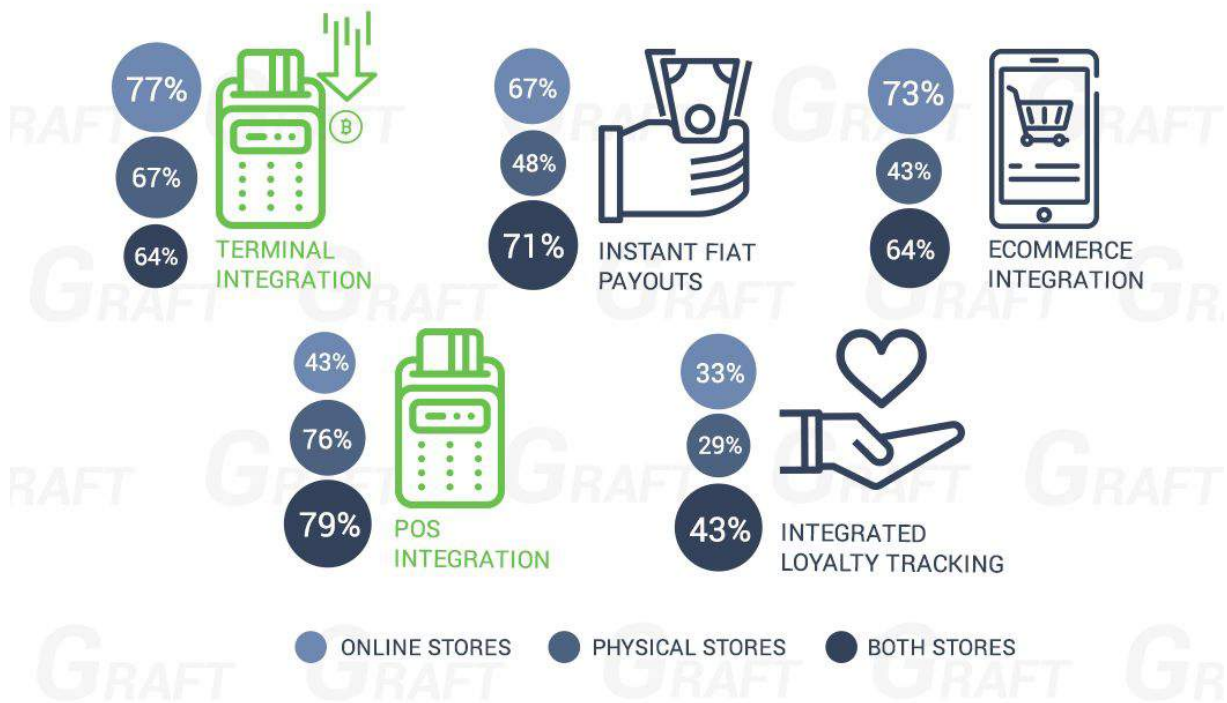
For those merchants who have both physical and online stores, interestingly, their concerns almost mirrored those of online merchants. While they were also concerned with Point of Sale integration like those who owned physical stores, they were more concerned with crypto fluctuation and less concerned with fee direction.

Survey Finding 3: Merchants Want Cryptocurrency Integrated Into Existing Systems To Facilitate Uptake

Research showed that merchants want to see cryptocurrency fully integrated into existing payment systems. To be more precise, both Point of Sale and terminal integration is a high priority for all merchants and constitutes the most significant barrier, as well as the most desired feature for merchants when it comes to accepting cryptocurrency. In this context, ecommerce integration only serves to further underscore that point. Another recurring issue for traders was instant fiat payouts and the fluctuating rate of cryptocurrencies.

THE MOST DESIRABLE CRYPTOCURRENCY FEATURES FOR MERCHANTS

BASED ON DATA COLLECTED BY **GRAFT** UNIVERSAL PAYMENT BLOCKCHAIN



Conclusion

In conclusion, the survey shows a healthy appetite for cryptocurrency acceptance among both on and offline merchants, mainly driven by the new customer and demographic appeal. Business owners find digital money innovative and perceive cryptocurrency as a potential driver of their business development. Furthermore, the desire to use cryptocurrency is driven by its attractiveness to new customers, transaction fee reduction, potential for easy to integrate loyalty programs and positive perception by customers.

One of the key takeaways from this report, is that integration is both the biggest barrier and most desired feature for all merchants.

However, this acceptance and interest comes with conditions. Merchants want to see the full integration of cryptocurrency into existing POS/eCommerce software and hardware. Moreover, they are interested in instant fiat payouts or flat value token conversions. This will not be possible if barriers like high transaction fees, cryptocurrency market fluctuation, high transaction times and lack of integration with existing POS/eCommerce software make business owners feel uncertain about adopting cryptocurrency in their businesses. Overcoming these major hurdles could certainly usher in a new era for cryptocurrencies.

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