What Bitcoin Is, and How It Can Change Commerce

Jeffrey Bukhari
CUNY Graduate School of Journalism

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The ease of moving money across borders that Bitcoin provides has added a new wrinkle to the way charities can apportion money. The Women's Annex Foundation is an organization set up to help women gain financial independence by taking advantage of that ease. The foundation uses Bitcoin to distribute money to women in areas where their financial options are limited by a combination of ingrained culture and a lack of economic infrastructure.

The foundation, which has around 60,000 registered users and provides free web access in its locations in Afghanistan, Pakistan, Egypt, and Mexico, also doubles as a computer literacy center where women can learn basic computer skills and how to connect with others. Using these new skills, women can share their original videos, blog posts, and other media through the foundation’s website, where viewers can donate Bitcoin directly to the content’s creator.

“This ability to earn money from a computer make a huge difference,” said Fereshteh Forough, co-creator of the foundation. “In places like Afghanistan, which is my home country, women’s education isn’t seen as important. In many cases, they have no access to the internet, and if they do, they don’t know how to use it. We give them the ability to capitalize for the first time on something that was never really an option for them.”

Women in Afghanistan who regularly use the computer labs the foundation provides have earned up to $250 a month, which is a huge sum of money considering the nation’s average income in 2015 was $610, according to the World Bank.

The foundation works in conjunction with Film Annex Networks, which is the first online film network to pay its content providers exclusively in Bitcoin. In addition to providing the payment model for the foundation, the Film Annex also provided financial support that was essential to the creation of the computer labs.

“The Film Annex showed us that it was possible to be able to distribute money through Bitcoin,” Forough said. “Before that, it was quite complicated. The money would be wired to my partner, who would then give it out in person in cash. Often, the women’s families would take the money. With Bitcoin, the money isn’t just up for grabs like that. A lot of the time their families don’t even know they have a Bitcoin wallet.”

In addition to the increased financial security and independence, the usage of Bitcoin also makes holding money substantially easier. A Bitcoin wallet eliminates the need for having a formal bank account, which can require more documentation than most people in Afghanistan could reasonably expect to have, if there is even access to such a service at all.

There are also considerably smaller fees associated with Bitcoin, as opposed to traditional international bank transfers. The transaction cost for a Bitcoin transfer
of any size is an extremely small fraction of a penny, while banks charge considerable fees and sometimes take a percentage of the transfer. The end result is that a much bigger portion of the original donation ends up in the content creator’s pockets with Bitcoin.

“Everything about Bitcoin makes sense for us,” Forough said. “For the first time in many of these women’s lives, they have some sort of control over how they are living their lives, and Bitcoin is a big part of that.”