
THE FIXED INCOME CONTRARIAN COMPENDIUM

March 2016

BITCOINS AND THE “UNBANKED”

According to the June 2013 FDIC Third National Survey of Unbanked and Under-Banked Households, there are 9.6 million households in the United States that are unbanked. In other words, they have no bank accounts. There are another 24.8 million households that are under-banked, which is a not insignificant portion of the population. Added together, that is 34.4 million households, of the approximately 110 million households in the United States.

Let us assume that 50% of this group, on average, purchases one Bitcoin. That would be 17.2 million Bitcoins, versus the 15.2 million Bitcoins outstanding. A Bitcoin right now is worth roughly \$440.

For people who remit money to family members, especially those residing outside the United States, there is a real incentive to use Bitcoins. Currently, the costs are high to do so, with fees often exceeding 10%. So, if that group alone and no one else on the planet were to decide to buy a Bitcoin, that would use the entire available supply, and then some. That is an important point, and one that we will continue to examine over time.

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