

CoinGate CEO says Frequency of Paying with Crypto Unmoved by Crypto Winter

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In an exclusive interview with Finbold, Justas Paulius, the CEO of crypto payment processor firm CoinGate, shared how the digital asset payments space has reacted to the prevailing market downturn. Paulius also highlighted the newfound role of stablecoins as cryptocurrencies like Bitcoin (BTC) continue correcting.

At the same time, the executive pointed out some of the key factors that can foster crypto adoption by delving into the important role businesses can play in driving general cryptocurrency adoption among the masses. Furthermore, Paulius stressed the importance of betting on the crypto sector technology rather than focusing on the prices of specific digital assets.

With the cryptocurrency space marred with fraud cases, the CoinGate CEO described the platform’s adopted measures to curb risks. Finally, the executive delved into CoinGate’s expansion plan across the United States and the regulatory hurdle.

Firstly, congratulations, as CoinGate has been given the green light to join the U.S. market with licenses to provide payment processing services in 21 states. Do you have any special deals or products that are only available to customers located in the United States, and how soon do you anticipate adding support for customers in the other states?

“Thanks; it’s only the beginning of our journey in the U.S. market. Our goal is to service 21 states on our registration documents. We have heard back from a few state regulators and are still awaiting a response from most of them, and hopefully, we will hear back from them soon.

The remaining states will be added throughout 2023. We are a regulated business, so it takes time to get all clearances that we require.”

Do you see a clear shift in the adoption of cryptocurrencies, such as a rising enthusiasm on the part of not just tech merchants to accept crypto but an increasing number of merchants in other industries as well?

“We notice that cryptocurrencies are still the most popular amongst tech companies. As a recent example among tech merchants, the Lithuanian-based unicorn Nord Security started accepting cryptocurrencies through CoinGate. This, in a way, shows that tech giants are ready for crypto adoption, with Nord Security leading the way.

A particularly interesting observation from this year is that our solution is also being used in a B2B environment. Businesses are taking advantage of borderless distributed ledger technology (DLT) technology to shorten the settlement time tremendously to their suppliers compared to a centralized financial system. It’s as simple as mailing an invoice to your partner and then receiving your desired currency directly to the bank account; the merchant does not even know that DLT was utilized to make the payment.”

Amid the crypto winter, have you seen a difference in the number of clients who are interested in making payments in cryptocurrency when they purchase online?

“We definitely notice a change in people’s behavior. Of course, the crypto winter is just one of many things that impacts shopping trends. For example, tightening

regulations continue to build trust between the crypto industry and the general public, which also contributes to the shift in behavior.

That being said, there were a few different insights during this year – despite the crypto market shrinking by more than half, people didn't really reduce the frequency of their purchases. However, they haveshifted a bit from free-float coins to stablecoins."

Can you provide a figure or an example illustrating how much the number of merchants using CoinGate payment services rose in 2022?

"Our active monthly merchants grew around 80% YTD. I hope we'll achieve 100% growth by the end of the year, but 90% growth is more realistic with our current pipeline.

Meanwhile, we've been polishing our solution to be ready for a different kind of client – Financial Institutions. By removing the technological and regulatory barriers for them, we hope that this new product will enable even more businesses to take advantage of the DLT."

Do you see the growing number of businesses that are embracing cryptocurrencies as evidence of the industry maturing, and what work still needs to be done to increase adoption?

"The growing interest in crypto from businesses is only one of the indicators that the industry is maturing. The formation of supporting industries, increased public awareness and understanding of how crypto is utilized, and other factors also show that the industry is maturing. Step-by-step, but we are getting there."

In light of the growing amount of fraudulent activities around cryptocurrency transactions, what tools and processes do CoinGate use to prevent illicit payments from being processed?

"There are many tools that we use to evaluate the risks of the crypto that are hitting our infrastructure— starting from device examination to behavior study to blockchain analysis, all happening behind the scenes.

Meanwhile, as an obligated entity, we collect the required information during the

onboarding process of our clients to understand their business model and the people who stand behind or manage the company."

How difficult is it for the typical retailer to accept cryptocurrency payments on their online store, and what level of expertise in cryptocurrency is required to do so?

"The difficulty depends on the tech-savviness of the clients and how motivated they are to start using the CoinGate solution.

This process can be split into two separate parts – technical and compliance. In my opinion, both are quite easy to do but require some time investment. Tech integration can be done via plugins on the most popular e-commerce platforms-it's as simple as clicking a button.

For the second part, our clients have to fill in a know your business (KYB) questionnaire and submit some business documents. It's usually more exhaustive for our clients-to-be, as they do not necessarily have the documents required immediately, and it takes some time to collect."

Do you sense a trend among people purchasing more gift cards than ever before using digital assets now that cryptocurrency is quickly growing as a form of payment?

"Our gift card business is growing every month. Of course, there are many different factors in play when it comes to growth, and adoption is one of them.

Nonetheless, the daily work that we put into the UX improvements, increasing the stock of gift cards and focusing on client satisfaction are key points of our growth as well."

Finally, what's ahead for the crypto market, specifically Bitcoin, in 2023?

"I am not qualified to make those predictions and do not want to speculate on the price of any asset. And I don't really think that it's possible to predict the price with any degree of certainty.

With that being said, we bet on the technology itself rather than the price. More

startups are coming into the market that helps support the crypto ecosystem every day, and as we can leverage their technology, we can offer better solutions and experiences to our clients as well.”

Thank you for the conversation!