

# teaching note

## *Bitcoin: Legal issues and usage in the hospitality industry*

### Summary

Bitcoin is a digital currency in which regulation by government entities is evolving. Transactions are done on a peer-to-peer basis and verified through a network of simultaneous users in the form of a public ledger. However, these transactions are done in cryptography form, creating a unique challenge for all areas of business. In addition, numerous governments worldwide have their own interpretation of the law in regulating the use of Bitcoin in their country. Major legal issues, such as money laundering, securities, taxation and the definition of currency are covered in this discussion. Two legal cases were also provided to explain the applications of existing laws into digital currency. Potential applications in the hospitality industry are explained along with their considerations.

### Teaching Objectives

- Describe the use of Bitcoin, and identify the potential impact of such peer-to-peer transactions to the hospitality, tourism, and gaming industries.
- Analyze existing legal issues pertaining to currency, money laundering, and securities.
- Develop, analyze and evaluate a business plan to successfully integrate Bitcoin transactions in hospitality businesses.
- Predict future trends of Bitcoin in the hospitality, tourism, and gaming industries and their significant benefits.

### Target Audiences

The target audience is intended for undergraduates, graduates, or industry professionals in all specializations (accounting, finance, managers, etc.).

### Definitions

- Bitcoin - A digital currency which has no federal and state government regulations.
- Cryptocurrency (or Virtual Currency)- A form of currency using cryptography methods.
- Peer-to-Peer Transactions – transaction directly between two ‘peers’ without the inclusion of a third party.
- Private Key - An encryption key for owners of their Bitcoins to verify transactions current balance.
- Public Key - An encryption key for all users to send and receive Bitcoins.
- Bitcoin Wallet – An application designed to store a user’s Bitcoin data and generate public keys for transactions.
- Bitcoin Miner - An application designed to verify Bitcoin transactions and earn Bitcoins as a reward.

- Public Ledger - A digital ledger of transactions conducted from all users in the Bitcoin network.
- Block Chain – A transaction database shared by all nodes participating in a system based on the Bitcoin protocol.
- Mining Pool - A community of individuals contributing computing resources to solve a Block Chain.

### Teaching Approach

Bitcoin is a broad topic affecting all disciplines. This case study can be applied in various courses to expand knowledge of a rising digital payment platform. Introduce the topic in class and briefly explain the pros and cons of Bitcoin without overwhelming students with in-depth technical details. For each of the related hospitality, tourism, and gaming courses, students should be able to understand different aspects of Bitcoin and be able to apply it to their future careers. Students should be able to perform tasks individually and/or in groups.

### *Hospitality Law Courses*

- Discuss the legal component of peer-to-peer transactions on hospitality industry operations.
- Discuss issues involving regulations related to currency, money laundering, and securities.
- Understand the significance of negligent behavior, torts, and fraud in regards to Bitcoin usage.
- Review related cases that apply to negligence, barter violations, and online laws and regulations.

### *Finance and Accounting Courses*

- Discuss the impact of peer-to-peer transactions on hospitality industry finance and accounting practices.
- Discuss and understand the Bitcoin transaction process and its relation to online transactions.
- Analyze existing bookkeeping processes and determine effective measures for Bitcoin usage.
- Develop a plan to incorporate Bitcoin transactions for proper hospitality bookkeeping.

### *Operations Management Courses*

- Discuss the impact of peer-to-peer transactions on hospitality and tourism industry operations.
- Discuss the Bitcoin transaction process and its connection to strategic management/leadership.
- Discuss the ethics in using Bitcoins for their business.
- Develop a training plan for users in managing Bitcoin transactions.

### *Technology Courses*

- Understand management of information systems and its relation to the Bitcoin transaction process.
- Provide an overview as to how cryptography and cryptocurrency works.
- Develop a plan to provide security and protection of Bitcoins.
- Discuss WAN systems and implementation processes needed to barter in global markets.

### Marketing Courses

- Discuss the benefits of using Bitcoin in a hospitality, tourism, or gaming industry.
- Understand how to market Bitcoins to consumers on websites and social media.
- Develop a marketing plan for accepting Bitcoins in hospitality businesses.

### Discussion Questions

- How does Bitcoin avoid third party transactions such as credit card companies?
- What makes Bitcoin anonymous in its transactions?
- How does a person obtain Bitcoins?
- How does a mining pool work?
- How may peer-to-peer transactions impact, such as Bitcoin, impact hospitality operations?
- What are the advantages and disadvantages of Bitcoin?
- What are the ethical considerations to using Bitcoin?

### Suggested Readings

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