

Canadian small-business owners struggle to make cryptocurrencies part of daily commerce

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Priscilla Boulay, the operator of Inuvialuit Carvers, works on a carving in her workshop in Irricana, Alta., on Jan. 11. Boulay does something as a business owner that quite likely no one else in her community has ever done: solicit payments in cryptocurrency.

Gavin John/The Globe and Mail

Priscilla Boulay, the operator of Inuvialuit Carvers in Irricana, Alta., is a third-generation artist: She learned how to carve soapstone and bone from her mother, who learned the skill from Priscilla's grandfather. And the artistic vision she channels into her jewellery and carvings is informed by the Inuvialuit traditions she grew up with in Tuktoyaktuk, NWT.

There is, however, one thing she does as a business owner that quite likely no one else in her community has ever done: solicit payments in [cryptocurrency](#).

Two years into the experiment, no customers have so far made use of the payment option, but Ms. Boulay remains hopeful.

“I have yet to have a sale with bitcoin,” she said. “I can’t wait for that day to come.”

Cryptocurrencies have been billed as a digital alternative to fiat currencies, such as the Canadian dollar, but small-business owners who have tried to conduct commerce in crypto say they have seen little uptake among customers so far, as well as logistical and tax challenges to accepting the payments.

[Regulators grapple with growing world of cryptocurrency lending](#)

This lack of interest suggests those who own cryptocurrencies are still focused on saving and investing them as opposed to spending them as part of day-to-day commerce.

For many small businesses, it hasn’t been for lack of trying.

Kal Khaled, a dentist and co-owner of Southdown Dental in Mississauga, said his practice began to accept the two most popular forms of crypto – bitcoin and ethereum – in May as a way to reach some of his young clientele.

“Some of them were kind of crypto-rich and cash-poor, so to speak,” Dr. Khaled said. “You’d have a young fellow with \$200,000 worth of crypto and maybe like \$200 in the bank.”

He said that the move has generated a lot of talk among his patients, though so far less than 10 have used crypto to pay for a procedure.

Taking payment through crypto, though, can be a little more complicated than having a customer simply use their credit card. Dr. Khaled said his practice takes payments through a phone app. The customer transfers an amount of bitcoin or ethereum into his business partner’s crypto account equal to the dollar value of the bill.

Dr. Khaled said they then work with their accountant to cash out the crypto at certain intervals, such as once a month, to declare it as income.

The Canada Revenue Agency says payments made through cryptocurrencies must be declared as business income. As well, if crypto is bought or sold as an investment, it may be subject to capital-gains tax.

But the value of crypto can also fluctuate over time, which adds risk for business owners taking the assets as payment. Michael Wong, the principal for strategy, risk and performance at the Chartered Professional Accountants of Canada, pointed to May 19, 2021, as a day in which the dollar value of bitcoin dropped nearly 30 per cent within 24 hours.



Ms. Boulay works on a carving in her workshop. Two years into her cryptocurrency experiment, no customers have so far made use of the payment option, but Ms. Boulay remains hopeful.

Gavin John/The Globe and Mail

If a small-business owner had accepted bitcoin as payment that day, and waited days or even hours to convert it to dollars, they would have lost money on the deal. Conversely, it is also possible that a business owner could make a capital gain depending on the timing of the transaction.

Mr. Wong recommended that small businesses use a crypto-payment processor that immediately converts the assets into fiat currency, such as dollars, to reduce the risk associated with the huge swings in value.

For other small-business owners, embracing cryptocurrency is more about a way of life.

Aly Hamam, co-owner of the Tahini's chain of shawarma restaurants in Southern Ontario, said he does not accept crypto payments at his shops because of the hassle. "Keeping track of every bitcoin that would come in and come out is an accounting and tax nightmare," he said.

But in every other way, Mr. Hamam has dived head first into bitcoin. His shops have bitcoin ATMs; he sells Tahini's merchandise emblazoned with bitcoin logos; and he has moved all of his business and personal investments into bitcoin, including funds for his children's education.

He said the rising value of bitcoin – worth three to four times more now than when he first began to invest in it in 2020 – has helped him guard against the inflation he’s otherwise seen in his restaurant, as meat prices rise 40 per cent or more, and oils double in cost.

“We can’t raise our prices by 40 or 50 per cent,” he said. “We’re living in a competitive marketplace. We’d lose all our customers if we did that.”

Mr. Hamam said he became a bitcoin convert during the early months of the pandemic, as he witnessed large companies, such as Microstrategy, make multibillion-dollar bets on the long-term value of the cryptocurrency. Unlike some other crypto assets, bitcoin has been programmed for artificial scarcity with a hard cap of 21 million available units that will be reached around 2140.

“This is a race of accumulation,” Mr. Hamam said. “Most companies are going to accumulate bitcoin eventually. We better jump on this now. ... When you think about it that way, being 100-per-cent bitcoin is the least risky play that you can make.”

But financial experts warn that some features of crypto assets make them extremely risky to invest in. There are stories of investors forgetting the passwords to their crypto accounts and forever losing access to their digital coins – or having hackers steal them and, because of decentralized governance, having no regulators to turn to for help getting the assets back.

There is also the extreme price volatility. Bitcoin, the market leader in crypto assets, has seen its value ride a roller coaster from \$7,000 per unit to \$76,000, down to \$39,000, back up to \$80,000 and now around \$53,000 – all in the past two years.

[Opinion: A finance professor’s advice on investing in bitcoin: Just say no](#)

Janet Gray, a certified financial planner with Money Coaches Canada, said she has so far only heard her younger clients express an interest in investing in crypto assets. She said she would recommend her most adventurous clients only consider investing up to 10 per cent of their funds in crypto, at most, because of the volatility and worries of a potential future crash.

“You’re getting into timing the market,” Ms. Gray said. “Most people don’t time markets well because by the time you actually hear the scuttlebutt, it’s too late. It went down yesterday. That’s where crypto, I think, falls.”

Shopify, the engine of e-commerce for thousands of small businesses in Canada, announced a partnership with a crypto-payment processor in May of 2020 to make it easier for small businesses to accept crypto payments. As a press release put it at the time, the move was aimed at fuelling wider adoption of payments in cryptocurrencies. Shopify declined to tell The Globe and Mail how much commerce has been conducted in crypto coins since the partnership was announced.

For some small businesses who have dipped their toes in the crypto waters, the experience has been a novelty, but not one to take too seriously.

Mike Zimmer, owner of Uncle Mike's All Natural Products, a maker of soaps, deodorants and other body products in Saskatoon, says he first got into cryptocurrencies in February, 2021. He set up the payment option on his online store and even bought a small amount of bitcoin himself. He says he hasn't received any crypto payments yet.

"Honestly, not tons of people are spending their crypto," Mr. Zimmer said. "I see crypto as more of an investment as opposed to a day-to-day currency. I don't see it replacing other forms of payment."

He said the technology does have potential to change the world. But he said small-business owners interested in getting into it should do their research and be cautious of some crypto promoters who might not have their best interests at heart.

"There is a group of people who are kind of taking it like an MLM [multilevel marketing scam] or ... a pyramid scheme," Mr. Zimmer said.

"I think people need to be wary of that. ... Yes, you can win big, but you can also lose pretty big."