



**32<sup>nd</sup> CIRIEC International Congress**  
**AWARENESS AND ATTITUDES TOWARDS DIGITAL**  
**CURRENCIES IN NON-PROFIT ORGANIZATIONS:**  
**AN ANALYSIS FROM TURKEY**

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# Background of the Research

- By the beginning of 20th century, with exponential rise in technology, the world witnessed tremendous innovations in diversity of fields
- The fourth industrial revolution bringing a digital transformation reshaping economic, politic and social systems

# Background of the Research

- The digitization of money with blockchain technology seem to have an impact on philanthropy
- The aim of the study is to reveal the tendency of non-profit organizations in Turkey towards accepting cryptocurrencies for donation

# Evolution of Money: From Barter to Cryptocurrency

- Fiat money which is the most important element of the modern economic system has also begun to give its place to digital money by having undergone a significant transformation during digitization process
- With the emergence of technologies like big data and blockchain, digital money has begun to be transformed into cryptocurrencies



# Blockchain: the Technology Behind Cryptocurrencies

- The Blockchain is a public and transparent ledger runs on peer-to-peer (P2P) network of computers
- Its decentralized structure allows the users trust the transactions based on mutual agreement in the system, eliminating single authority trust



# Blockchain: the Technology Behind Cryptocurrencies

- First used in 2009 by Satoshi Nakamoto for bitcoin, the first cryptocurrency which caused the blockchain technology and bitcoin used synonymously



# Blockchain: the Technology Behind Cryptocurrencies

- The blockchain technology can be used for smart contracts, the sharing economy, crowdfunding, governance, supply chain auditing, file storage, market predictions, protection of intellectual property etc...



# Cryptocurrency Market

- The number of cryptocurrencies is over 1600 and the number is growing
- All cryptocurrencies have different features and different blockchains based on their algorithmic structure which make them useful for specific purposes



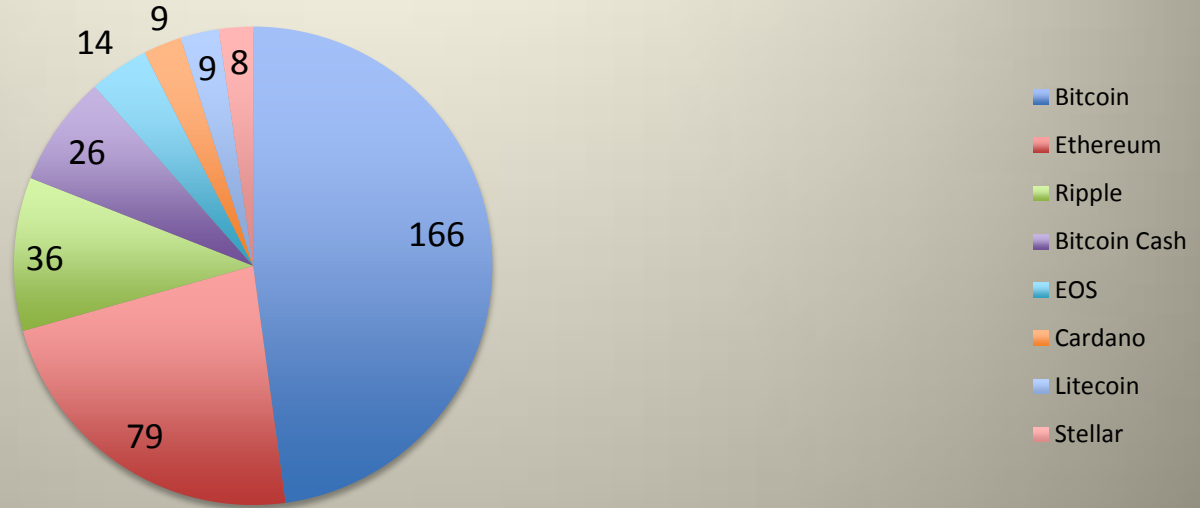


# Cryptocurrency Market

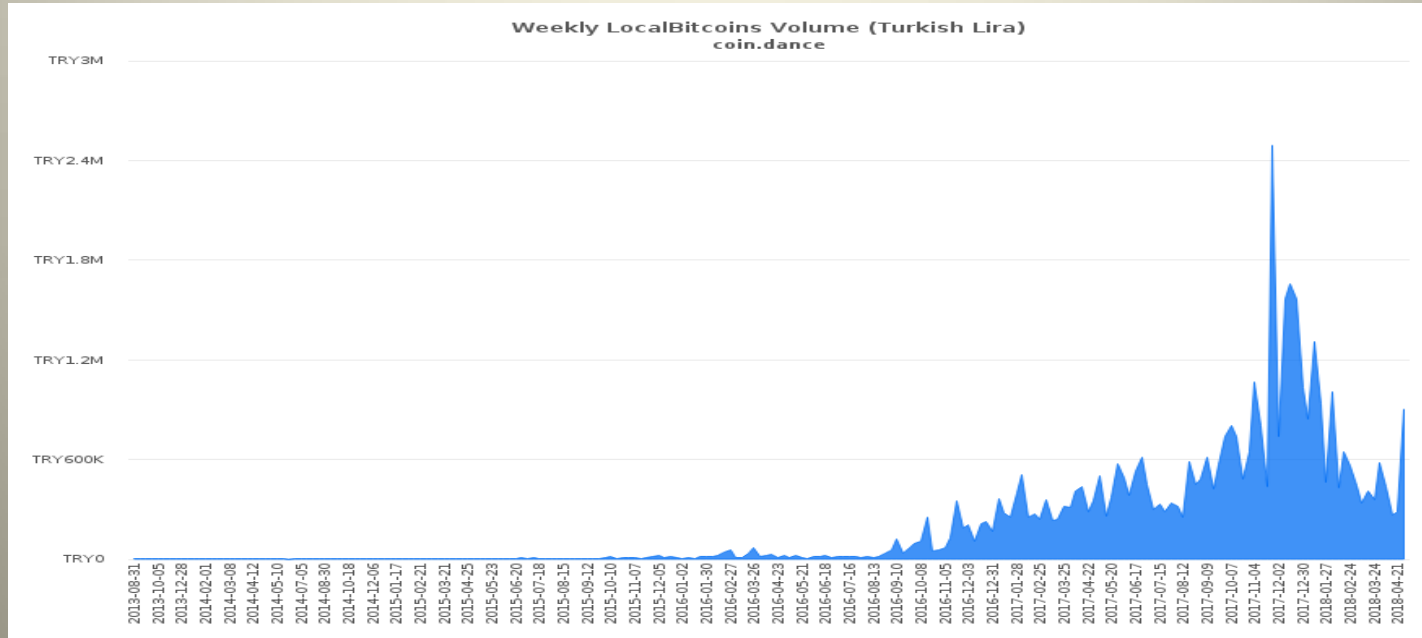
- The total market capitalization value of cryptocurrencies is approximately \$400 billion
- The volatility in cryptocurrency market is very high



## Market Capitalization of Cryptocurrencies (Billion \$)



# Bitcoin Volume in Turkey



Source: coin.dance.com

# Fundraising with Cryptocurrencies

- WikiLeaks was the first non-profit organization accepted bitcoin donations in 2011
- Red Cross, Save the Children, United Way, Electronic Frontier Foundation, the Water Projects are some of the other bitcoin accepting charities
- Fidelity Charitable received \$60 million donation in cryptocurrencies in 2017 while it was \$7 million in 2015 and 2016

# Fundraising with Cryptocurrencies (2)

- According to the report of the UK Charities Aid Foundation blockchains can increase transparency, openness and trust whilst reducing transaction costs and providing new opportunities for fundraising



# Fundraising with Cryptocurrencies (3)

- Bitcoin donations can be received directly online by the organizations or through foundations such as BitHope, BitGive, BitPay, Bcharity and the Helperbit



# Cryptocurrency Donations in Turkey

- In Turkey there exists more than 100.000 charities and 5000 foundations, however currently only 1 of them accepting donations with Bitcoin



# Cryptocurrency Donations in Turkey (2)

- Based on the interviews conducted with the representatives of 114 charities and foundations, the reasons behind the reluctance to accept donations with bitcoin:
- **No awareness about the possibility of accepting bitcoin donation**

Even though most of the non-profit organizations have heard of bitcoin, they are not aware of the possibility to receive donations with bitcoin





# Cryptocurrency Donations in Turkey (3)

- **Bitcoin legislation is still unclear in Turkey**
  - There is no law in Turkey that bans the use of cryptocurrencies except for illegal activities



# Cryptocurrency Donations in Turkey (4)

- Turkish Central Bank stated that bitcoin and cryptocurrencies could contribute to global financial stability thanks to its decentralized and peer-to-peer financial network
- Turkish Banking Regulation and Supervision Agency published a press release to warn the bitcoin users about its risks

# Cryptocurrency Donations in Turkey (5)

- **No adaptation to digital transformation**
  - Very limited number of charities and foundations have a web site and social media profiles
  - Accepting donations digitally is not common within the ones using web sites, they provide an account number for money transfers



# Cryptocurrency Donations in Turkey (6)

- **Skeptical about the potential of cryptocurrencies**
  - Most of the non-profit organization do not believe in the potential of cryptocurrencies to engage more donors
  - Cryptocurrencies' reputation on money laundering



# Cryptocurrency Donations in Turkey (6)

- **Tax and accounting issues**

- It is by the law still unclear how to treat bitcoin; as money or property
- It is not clear how to report bitcoin donations to tax authorities either when kept as bitcoin or converted into cash
- Belief about the anonymity of cryptocurrency transactions



# Conclusion

- Awareness, adoption, and use of cryptocurrencies within the non-profit organizations in Turkey is quite low
- Regulations and tax applications for the cryptocurrencies should be clarified
- Blockchain technology is still in its infancy in the world, however, it has the potential to revolutionize the non-profit sector

**Thank you for your attention...**