

A project-based evaluation of cryptocurrencies using the example of the Sand Dollar project

Ágnes Csiszárík-Kocsir

Associate Professor, Vice-Dean for Research, kocsir.agnes@kgk.uni-obuda.hu

Abstract: The greatest achievement of the 21st century is embodied in the advancing digitalisation efforts. Digitalisation is taking hold in all aspects of life and is also bringing significant relief to all economic actors. But to reap these benefits, we need to be comfortable in the online space and in the digital world. Banks and Fintech companies are among the most visible players in digitalisation. In addition to Fintech companies, there are also Regtech companies and Bigtech companies, which are bringing innovative solutions not only in banking but also in various payment solutions. Following this line of thought, this paper aims to present an evaluation of a project from the users' perspective that is related to digitalisation, crypto money, and yet represents innovation and novelty value. The aim of the paper is to present the Sand Dollar project, a project of high importance and exemplary, the evaluation of the scope by users, the assessment of the usefulness of the project and its purpose.

Keywords: Project, scope, users, cryptocurrencies, Sand Dollar

1 Introduction

Thanks to today's advancing digitalisation, more and more financial innovations are appearing in every sector of the economy, and the financial sector is no exception, where the digitalisation imperative is perhaps the strongest. With the emergence of new players, traditional banking players have faced a competitive challenge that they have never seen before. New players have emerged as competitors, from services to payment instruments. In contrast to organisations that are flexible and able to adapt quickly, the traditional financial sector, which is rigid and heavily influenced by rules, can only compete with great effort (Pintér-Bagó, 2020; Pintér et al, 2021). In this paper, I will present a project that aims to introduce a money substitution tool in the wake of digitalisation efforts, drawing attention to its novelty and message. Before discussing the topic, however, it is worth saying a few words about money, clarifying its many functions and explaining in detail the concept of cryptocurrencies and the most important things to know about them. Before we go into these factors in detail, it is important to mention the importance of regulatory

issues. One of the major problems of the crisis that escalated in 2008 was that financial markets were left to their own devices by regulators who relied on the self-regulating nature of the market, at a cost of huge losses (Bunikowski, 2015; Lentner et al, 2011; 2015). Cryptoassets, including securities, currencies and other instruments, are not well placed to be regulated. Many studies and research have already drawn attention to the lack of regulation, which poses a threat to the practical functioning of these instruments in many respects.

Money plays a role in the economy like blood in the human body - it moves it, keeps it alive, and controls transactions (McLeay et al, 2014). For money to fulfil its role in the exchange of goods and payments, it must have four basic characteristics (Lee, 2009): it must be durable, sharable, portable, and have intrinsic value. If we look at the traditional functions of money, this is reflected in four characteristics based on the classical economic grouping. Money has the functions of a general measure of value, a medium of exchange, a means of payment, and a medium of circulation (Gillányi, 2006). This means that the instrument called money is capable of all or most of these functions. In the course of the development of money, many instruments have fulfilled the functions of money, ranging from the exchange of goods to money with no intrinsic value. However, the common feature of all money was that it was accepted by members of society and for which they were willing to exchange value. When commodities fulfilled the function of money, the use-value dominated, and in the case of precious metals, their metallic content. In the case of money without intrinsic value, it is trust that keeps the medium of exchange moving and in circulation. It is important to note, however, that confidence requires the state to play an active role in the process. Market participants must have confidence in the issuer of the money and accept that the issuer, even if it is the state, is able to preserve the value of the money by all means. In addition to all this, money has other functions, such as the function of world money, the function of an accumulation instrument and the function of credit. Very few types of money can perform the function of world money, which is significantly limited to the dollar and the euro. However, the credit money function is very important, as commercial banks can increase the amount of money in circulation by creating credit money through their lending activities. This can only be done in the form of banknotes and coins, as central banks are the only ones authorised to issue cash. The accumulation function is also very important, since the treasury function of money is also essential, as it is the basis for the formation of savings (Clower, 1984). It is perhaps with regard to this latter feature that the nature of digital money raises the greatest question. The price of digital currencies, cryptocurrencies, is capable of significant movements, not only over time, but also within days. All these features make it very difficult for the function of accumulation to be exercised, which is also very difficult to control, since the value of the money saved in this form is constantly changing and fluctuating, making it impossible to determine the exact value of the assets. In favour of cryptocurrencies as a store of wealth, it is argued that they are independent of states and are not affected by inflation (Margo, 2016), as their value is entirely determined by supply and demand.

If we take a closer look at the functioning of cryptocurrencies, we can see that among the above listed functions of the monetary instrument, not only the world money and the accumulation instrument functions are in trouble, but all other functions are limited. If we understand money in the function of a means of payment, we have to see that their acceptance is very limited, even though the general consensus is that they are valuable and tradable financial instruments (Kelly, 2014). It is also important to state that the value of cryptocurrencies exists only in a specific ecosystem, as we have seen in the case of the kaori shell. A significant barrier to widespread adoption is also the technological background itself, as well as the various restrictive measures that have been put in place by states (China and India have taken and are taking significant steps to restrict the use and spread of these monetary instruments). When looking at the value-measurement function of new financial instruments, it is important to mention their volatility (Desjardins, 2016), which limits their potential even as a short-term value-measurement function. If we look at their exchange function, we have to see that these funds are very difficult to break down into smaller units, which calls into question their ability to adapt to their commodity value. This is compounded by the existence of the necessary infrastructure. The possibility of a power cut, which could lead to a failure of transactions, would also work against acceptance.

Nevertheless, significant steps are being taken towards the spread and adoption of cryptocurrencies, but it is important to recognise the risks that these solutions entail. Many believe that blockchain-based technology makes fraud and counterfeiting impossible. However, this is not true, and has been confirmed by a number of studies and studies. There are invisible actors behind these solutions, there is no customer insurance behind the assets, which can also be a problem, especially if there are large assets behind these funds. The shirking of the regulatory backdrop also reduces confidence in financial solutions. It is also important to note how different generations of customers perceive these solutions. The use of digital tools is a fashionable and innovative solution for young people from Generation Z (Pintér - Bagó, 2021; Csiszárík-Kocsir, 2022a; 2022b; Garai-Fodor, 2022a; 2022b). Young users are often unaware of the risks and pitfalls of crypto tools. Older users, however, are more cautious, prefer traditional solutions, are more aware of the risks and are more cautious about the purchase and use of alternative payment instruments. The financial literacy and awareness of the user is very important here. It is precisely for these reasons that it is important to assess the project presented below.

2 Material and methodology

The project presented in this paper is one of the top 50 projects published by the Project Management Institute (PMI) (PMI, 2021). The cryptocurrency presented in this paper, the Bahamian Sand Dollar, is unique in that it is the result of a joint

collaboration between the government and a card issuing company. It is designed to counter the criticisms made above by providing greater security to the cryptocurrency thus created. The evaluation of the selected project was carried out from the perspective of ordinary people, i.e. there was no prerequisite for inclusion in the sample, neither educational qualifications nor previous knowledge of project management, so that the questionnaire on which the evaluation was based could be completed by anyone. Respondents were asked to rate the selected projects on the basis of some of the factors of project scope (novelty, relevance, feasibility, etc.). Respondents rated the factors listed above on a scale of 1 to 4, with a score of 1 indicating a very weak factor and a score of 4 indicating a very strong factor. There were 172 evaluable responses to the questions. 39.5% of the respondents in the sample had a tertiary education, while 60.5% had a secondary education. 12.2% of the respondents are Generation Y, 23.3% are Generation X and 64.5% are Generation Z. The survey was conducted in April and May 2022.

3 Results

The sand dollar is the first government-backed digital currency. The motivation behind the creation of the currency was that the Bahamas, as an archipelago of more than 30 islands, was a particularly dangerous place to transport cash due to the atrocities that were being committed against shipments. Another objective was to guarantee the security of tourism through the use of digital currency. The introduction of the currency itself is the first government-backed, blockchain-based digital currency. The sand dollar allows citizens to receive and make payments electronically from a digital wallet created for them. All they need is their mobile phone or they can make these transactions using a physical payment card. The project itself was launched in 2018 amid considerable bank resistance. The future goal of the project is to fully integrate the digital currency into Bahamian tourism. The aim is to have widespread acceptance by hotels, taxi companies, cruise operators, tour operators and to be able to pay at major attractions. The sand dollar project could also serve as a learning experience for other countries. There are countries such as China and Sweden that are testing digital currencies, and the lessons that can be learnt from the project could be of interest to them. Mastercard has also joined the project, working with the government to issue prepaid cards that allow users to convert their sand dollar into Bahamian dollars and pay anywhere.

As a first step, we asked users involved in the research to describe the scope of the project in their own words. The result of the word cloud of responses is shown in Figure 1. The most frequently used term, according to the respondents, was digitalisation, followed by the appropriate adjective and the innovative rating. The terms currency, means of payment, cryptocurrency and Bahamian dollar also appeared in many cases. In addition, the project was rated by a smaller number of

From a project management perspective and considering the project cycle, the stages of the project are also important. Every project starts with an initiation phase, followed by a planning phase, as recommended by PMI, which must be very thorough to ensure the success of the project itself. With good planning, the third stage, implementation, is a relatively easier task to manage on a day-to-day basis. In addition, continuous monitoring and feedback is very important, and finally, closure is essential, as it is there that we can draw the conclusions that are important for future projects. Respondents also consider that the most important stage of a project is its implementation, rated on a four-point scale. Next to this, they also ranked control as essential, with design ranking only third on average. Initiative, which is the birth of the project idea, scored even lower. These are the stages on which the fate and success of a project depends. This is an important message, as these stages need to be given more prominence in educational activities in order to ensure that future projects can be successful.

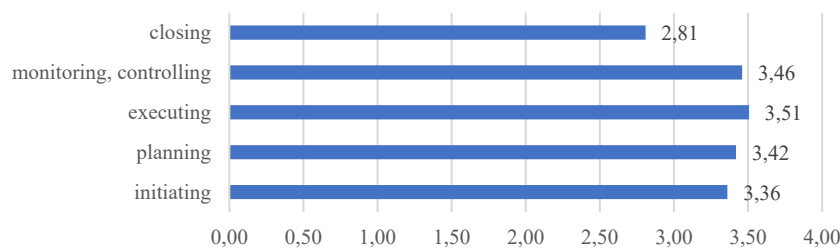


Figure 3

User evaluation of each project phase

Source: own research, 2022, N = 172

4 Summary

Overall, the results of the survey show that the sand dollar project, which is considered to be unique, was well evaluated by the respondents. They understood the essence of the project and also rated its scope positively. However, it is very important to reinforce the importance of planning in the project management phases, as this is not only essential in project management, but also in everyday life. It can also be seen that the vast majority of Generation Z respondents were very positive in welcoming the essence and purpose of the project. This means that young people are open to innovation. However, this puts an additional burden on their education system, where financial literacy is key. Young people need to be made aware of the risks of the digital world in order to become informed users and managers in their future lives and work.

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