

THE Museum REVIEW

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CUSEUM RESEARCH

VOLUME 3 NUMBER 1 – 2018



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ISSN 2574-0296

WWW.THEMUSEUMREVIEW.ORG

The Museum Review

www.themuseumreview.org

Rogers Publishing Corporation NFP
5558 S. Kimbark Ave, Suite 2, Chicago, IL 60637
www.rogerspublishing.org

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Keywords Cryptocurrency, blockchain, technology, art, museums

Abstract Bitcoin and blockchain technology have recently mesmerized the stock market, and now museums, the nonprofit community, and art world are starting to take notice. This article outlines current and potential uses for cryptocurrencies and for blockchain technology in museums.

About the Author Cuseum helps museums, public attractions, and cultural nonprofits drive visitor, member, and donor engagement using mobile. Cuseum's software platform makes it easy for museums to publish mobile apps, distribute digital membership cards, access visitor analytics, and generate new revenue opportunities. Cuseum is transforming the museum world, partnering with organizations who want to leverage the power of technology. www.cuseum.com

This article was published on April 16, 2018 at www.TheMuseumReview.org

Bitcoin¹ has led the world on a roller-coaster ride of excitement and panic over the past several months as its financial value has shot around like a ball in a pinball machine. This article will take a step back to examine the potential that cryptocurrencies hold for the museum sector, as well as how some museums have already embraced this new trend, and the diverse possibilities it has to offer.

Bitcoin, created in 2009 by an anonymous inventor, was the first decentralized cryptocurrency. There is no central regulating bank, but rather a chain of transactions called blockchain,² which acts as an open record of all transaction. While it remains the most well-known digital currency, it now has imitators and competitors. Other decentralized digital currencies include Ethereum,³ Ripple,⁴ Litecoin,⁵ Dash,⁶ and many more.

Cryptocurrency in the museum

Blockchain technology holds immense potential for museums. The Hammer Museum (L.A.) showcased cryptocurrency in a traditional way in 2017 when it exhibited work by Simon Denny that was based around cryptocurrency and blockchain technology.



Installation view. *Hammer Projects: Simon Denny* exhibition. Hammer Museum, Los Angeles, January 21 – April 23, 2017. Photo: Brian Forrest.

The exhibition, *Hammer Projects: Simon Denny*, was set in three trade show-style booths that together represented the blockchain. Each booth contained a display about a different revolutionary person in the cryptocurrency market, and reflected Denny's own view of the individual's interpretation of how blockchain technology could, or should, be used throughout the world.

How can museums use cryptocurrency?

In 2014, a small number of museums commenced utilizing cryptocurrency in daily transactions. For a time, both the Museum of the Coastal Bend (Victoria, Texas), and the St. Petersburg Museum of History (St. Petersburg, Florida) accepted Bitcoin as payment for memberships, donations, and gift shop sales. At the time, Bitcoin translated to .000675518 BTC for a single admission ticket.



Museum of the Coastal Bend, Victoria, Texas.

Dadiani Fine Art, a for-profit art gallery in London, was one of the first galleries to accept cryptocurrency as payment for art sales. While drawbacks exist (Bitcoin's unstable value, and the uncertain length of time required to complete a Bitcoin transaction)⁷, numerous advantages exist in using cryptocurrency in art-based transactions.

Blockchain technology, upon which most cryptocurrencies are based, acts as a digital ledger that contains records of every transaction that has taken place. The blockchain is spread across a network of computers, visible to all, and is unchangeable.

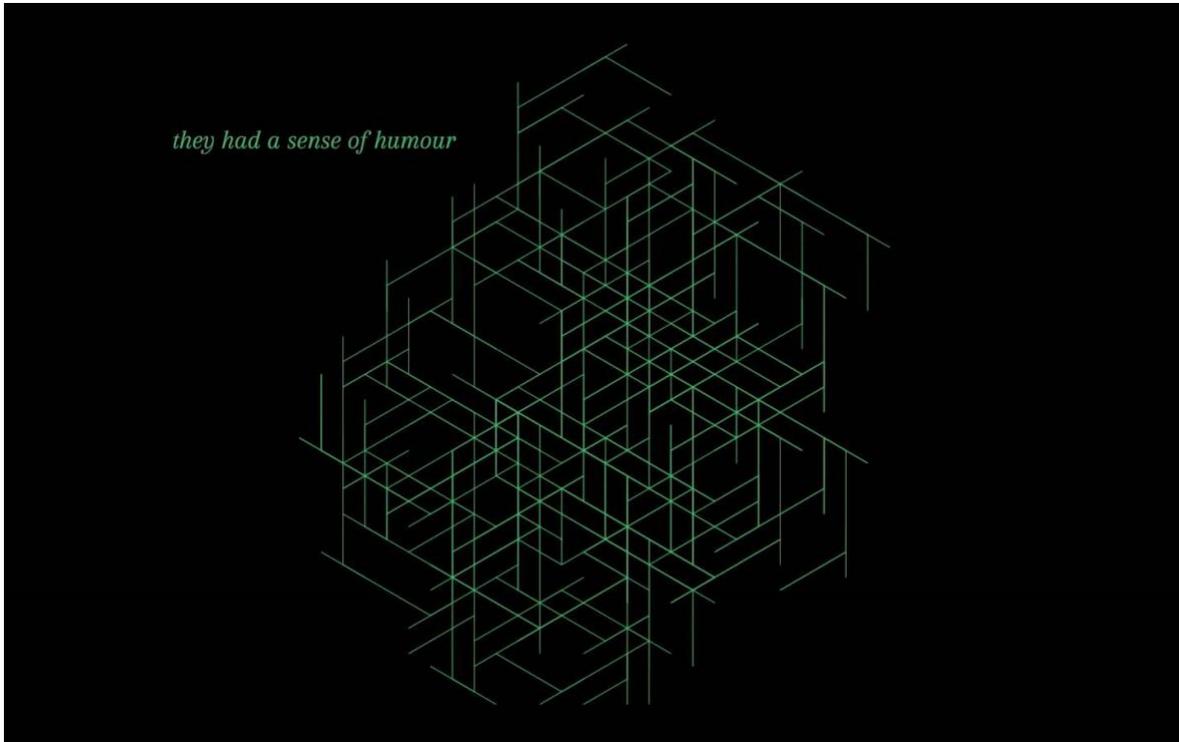
What does this mean for the art world?

Consider this: every sale is easy to track and to validate. Art authenticators will not be put out of business, but after a work is initially verified, its authenticity, provenance, and all future sales will be permanently recorded. Why not cut out the money? While cryptocurrency holds great potential as a currency, it is actually the blockchain technology that makes it so remarkable. It is only likely that museums will begin utilizing blockchain technology for the purpose of art and object authentication, whether or not it is tied to currency.

It is possible to have a comprehensive digital record for the museum community where every work of art and every object is documented, and no information can be forged or changed. Verisart, a Los Angeles-based startup that certifies and verifies works of art and diverse collectible using Bitcoin blockchain, hopes to create just that.⁸

Purchasing art with cryptocurrency

Museums are currently using cryptocurrency to purchase art. The Austrian Museum of Applied Art/Contemporary Art (MAK) (Vienna, Austria) was the first museum to purchase a work of art with Bitcoin.⁹ In 2015, MAK purchased a limited edition screensaver, *Event Listeners* (2015), created by Dutch artist Harm van den Dorpel.¹⁰



Event Listeners (2015), by Dutch artist Harm van den Dorpel.

The work was on display online at Cointemporary.com, an artist-run and curated online platform for the temporary exhibition and sale of art via Bitcoin. The platform is revolutionizing the sale of art where art can be purchased for a fixed Bitcoin price – independent of the current exchange rate. This simplifies the process for international buyers tremendously.

What about other nonprofit organizations?

While blockchain technology offers special advantages for verification in the art world, cryptocurrency also holds enormous potential for nonprofit organizations and philanthropy in general. A donation of Bitcoin incurs no bank charges, no international transaction fees or fees to middlemen organizations like PayPal. The process is instead simplified, and the recipient receives the full donation. Due to its tamper-proof record, donations will never end up in the hands of anyone but the intended recipient. Many nonprofit organizations currently accept Bitcoin donations including the Red Cross, Greenpeace, and Save the Children. CharityWater even created their own cryptocurrency called Clean Water Coin, which donates .1% of every transaction to CharityWater.

What does the future hold?

Although Bitcoin and other cryptocurrencies have not yet become universally accepted, the growing awareness of their usefulness and unique potential will likely prompt an increasing number of institutions, including museums, to accept cryptocurrency transactions. It is clear that blockchain technology, however, is the real power behind cryptocurrency's potential, and it is likely the museum, nonprofit, and art worlds will be seeing much more of it in the future.

Notes

¹ <https://bitcoin.org/en/>

² See: <https://www.economist.com/news/briefing/21677228-technology-behind-bitcoin-lets-people-who-do-not-know-or-trust-each-other-build-dependable>

³ <https://www.ethereum.org>

⁴ <https://ripple.com>

⁵ <https://litecoin.org>

⁶ <https://www.dash.org>

⁷ See: <https://coincentral.com/how-long-do-bitcoin-transfers-take/>

⁸ <https://www.verisart.com>

⁹ <http://www.artnews.com/2015/04/24/mak-vienna-becomes-first-museum-to-acquire-art-using-bitcoin-a-harm-van-den-dorpel/>

¹⁰ <https://harmvandendorpel.com/event-listeners>