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Mt. Gox USD Withdrawals To Take Up To 22 Months



Since June 2013, the bitcoin exchange Mt. Gox has been struck by severe problems with fiat currency withdrawals. According to their press release of June 20th, cash withdrawals would be suspended for 2 weeks. On July 4th, a press release stated that withdrawals had fully resumed. Despite this positive tone, it was shortly noted by the user community that few withdrawals seemed to be occurring in a timely manner. Queries to Mt. Gox support since that time have normally been answered with a statement that it is taking several weeks for withdrawals and to please be patient.

Unfortunately, as of today, withdrawals of USD via wire transfer are still substantially delayed. Mt. Gox has refused to provide estimates of when these withdrawals might occur. While this has fueled speculation about potential insolvency of Mt. Gox, withdrawals in other currencies appear to be occurring fairly rapidly, with Japanese domestic bank withdrawals often occurring the same day. This argues against the notion of insolvency, but that there is a serious problem with USD withdrawals.

Fortunately, there have been several ongoing threads at bitcointalk.org which permit an estimate of likely delays. On August 29th, user Sturle reported that discussions with Mt. Gox indicated that the processing of international wire transfers "has reached mid June". Looking backward in this discussion, an earlier report on June 19th stated that a USD wire transfer had been completed from 1 week before. Another user had reported that on June 2nd he was making several transfer requests and would report back. As of August 30th, he had only reported that a transfer from June 16th was still "confirmed" but not completed. All of these reports suggest that a serious backlog began around June 12th.

Based on these reports, it would appear that Mt. Gox may have worked from July 4th to August 30th to clear a queue of USD wire transfer requests extending from June 10th (being generous) to June 16th. That is 8 weeks to clear 1 week of the queue of requests. Mt. Gox has stated in both support responses to this author and on IRC that there is a 10 SWIFT transfer per day limit at their bank. So this rate of clearing the queue would imply roughly 80 transfer requests per day being submitted, which seems quite reasonable given an average daily volume of ~\$21M. There is uncertainty in these estimates, since there are no reports of completed transactions in 'mid June', just the indirect report of Mt. Gox support. The situation could actually be worse since "mid June" might be June 12th to some.

What does this imply about current requests for withdrawals? There are 12 weeks between mid June and today (September 16th). Thus one would expect a withdrawal request submitted today to be processed in $8 \times 12 = 96$ weeks, or around June 2015. Now clearly a lot can happen between now and June 2015. Mt. Gox keeps stating that they are working with banking partners and expect things to improve soon. Of course, they've been stating that since June.

Will Mt. Gox be able to establish improved banking relationships? That is unclear. Buttercoin CEO Cedric Dahl stated in an interview with bitcointalk that they had approached 67 different banks attempting to establish a business relationship with a bank for a bitcoin exchange and were unable to do so. The delays in Mt. Gox improving their process also suggest this is a very difficult thing for them to do.

Mt. Gox has unfortunately been opaque regarding these delays. Neither the current delays on USD withdrawals nor the ability to request a quicker "manual" withdrawal for a 5% fee (though only one of these per day may be allowed) is publicised on their site. Thus a new user of bitcoin might well hear that one can sell them on Mt. Gox, look at relative prices, and proceed to sell there, only to find out many weeks later that their USD are effectively stuck in Mt. Gox.

Hopefully users can now realize just how long their USD may be stuck there.

Disclosure: The author owns bitcoins and occasionally trades them at Mt.

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