Future Finance: Cryptocurrency: Money of the Future?

Everything you wanted to know about Bitcoin and Cryptocurrencies

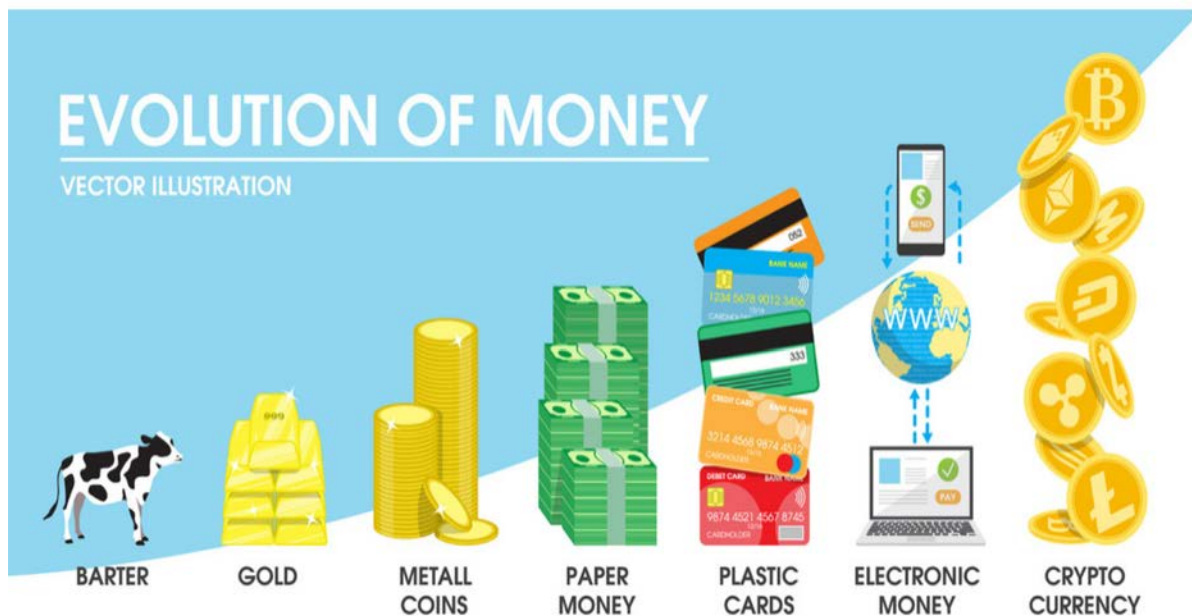Digital Transformation, Collaboration,
Blockchain Strategists

Anthony G. Parker
Founder, Global Blockchain Strategist
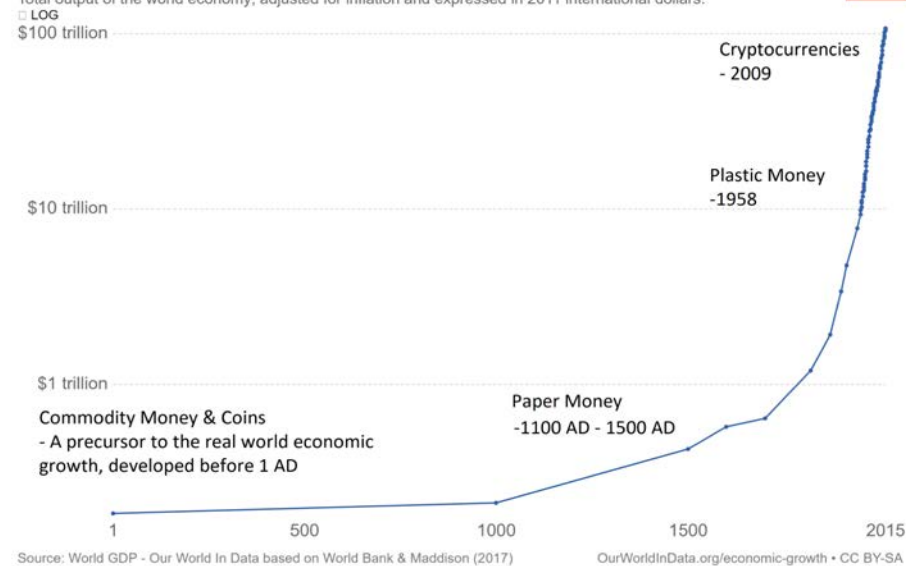#cuberoot64, @antgparker, @cuberoot64, aparker@cuberoot64.com

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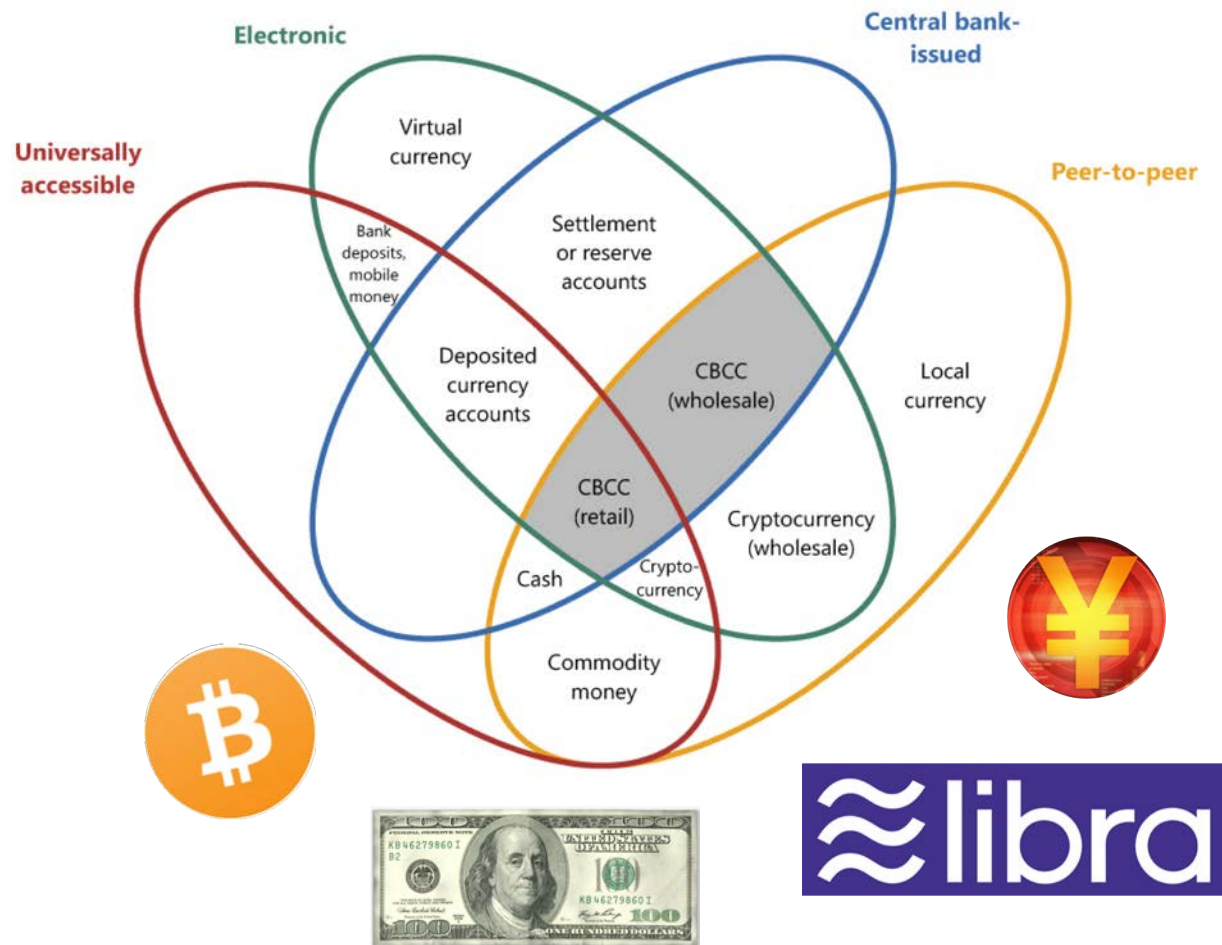# The evolution of money

3 functions of money
- Medium of exchange
- Store of Value
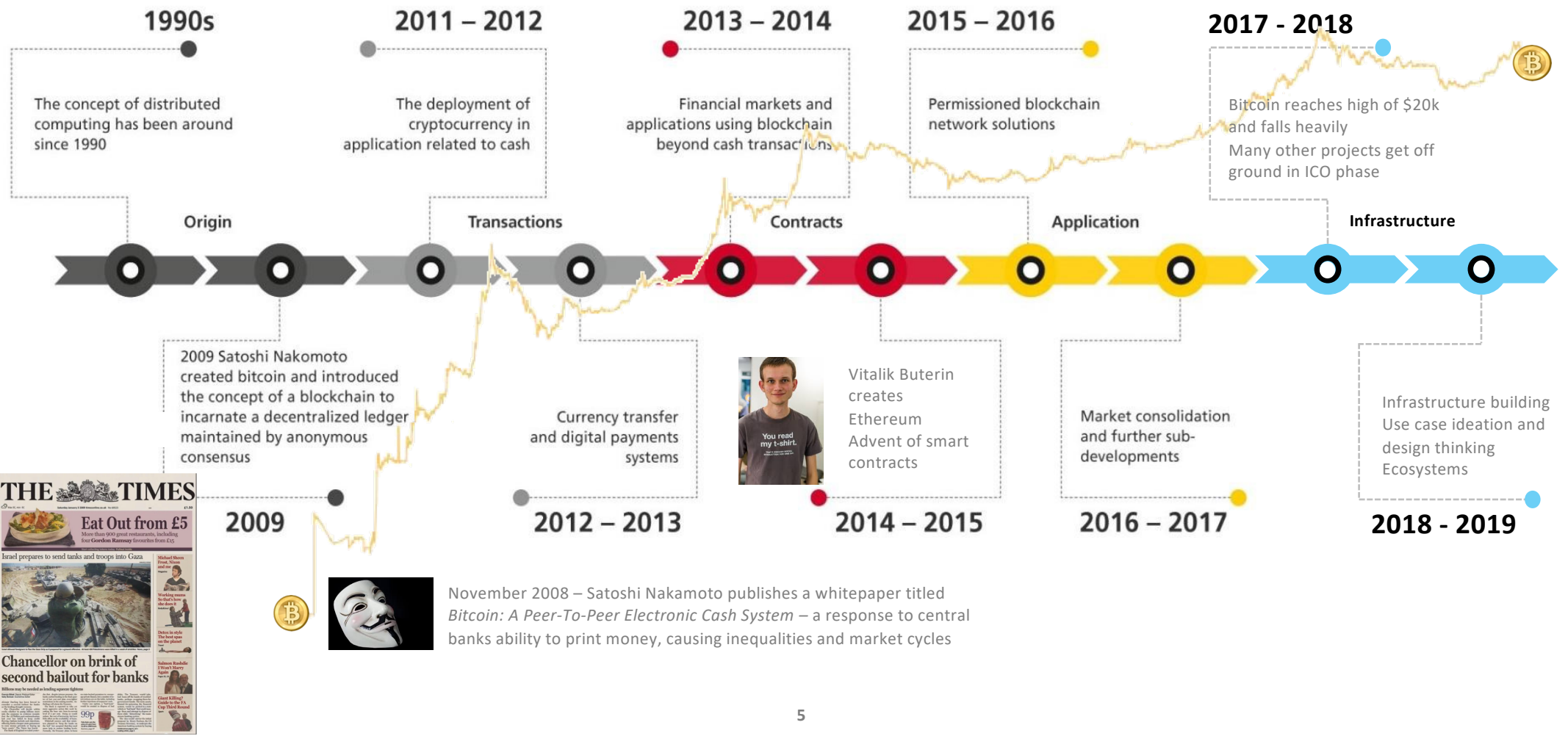- Unit of Account

Characteristics of Currency
- Durable
- Portable
- Divisible
- Uniformity
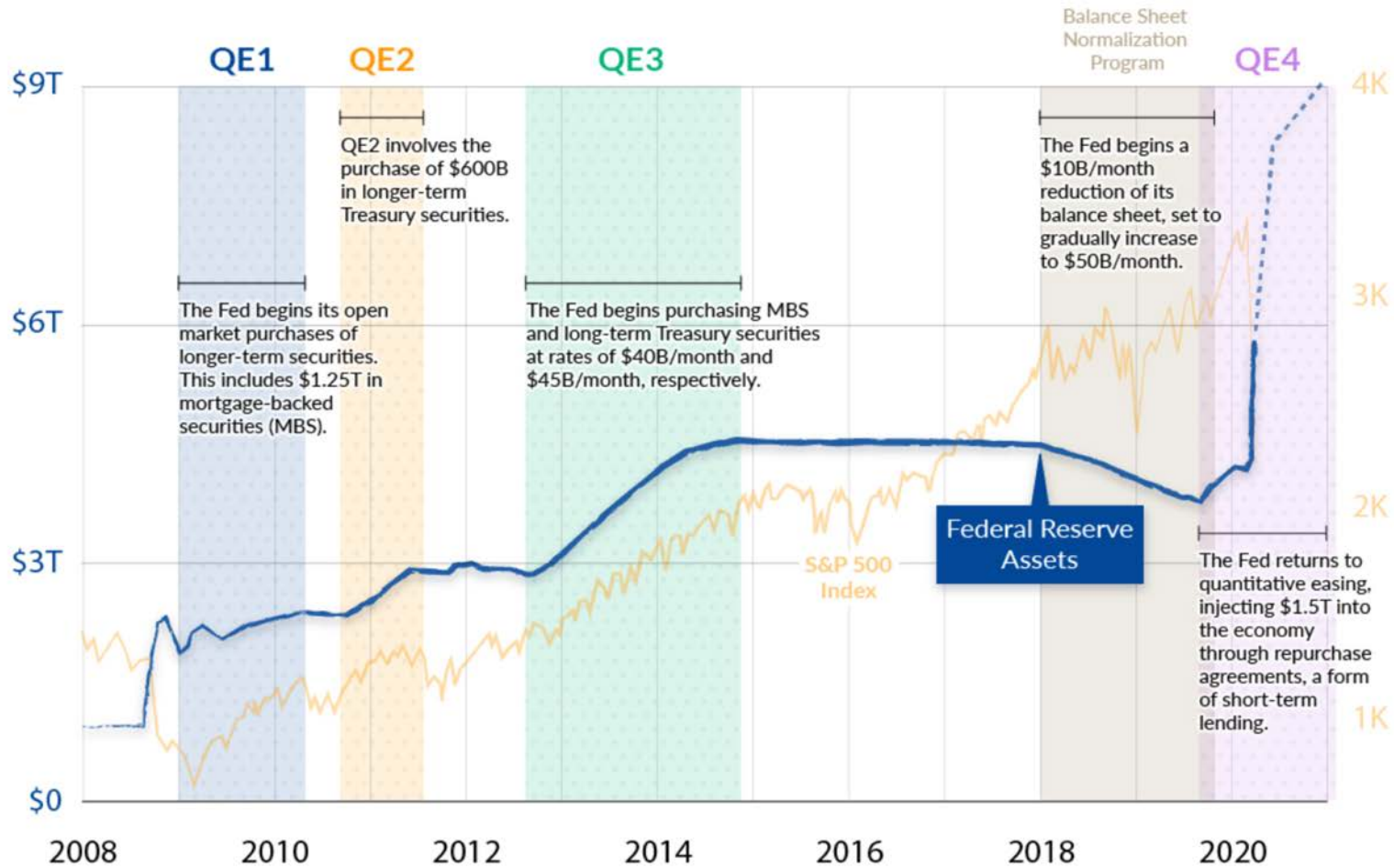- Acceptability
- Limited Supply

Taxonomy of money

- Central Bank Digital Currency

- Cash

- Bank Money (fractional reserves)

- Cryptocurrency

- Commodity Money

- Mobile Money

- Platform Tokens

etc...

Bitcoin's History

1990s
The concept of distributed computing has been around since 1990

Origin

2011 – 2012
The deployment of cryptocurrency in application related to cash

Transactions

2013 – 2014
Financial markets and applications using blockchain beyond cash transactions

Contracts

2015 – 2016
Permissioned blockchain network solutions

Application

2017 - 2018
Bitcoin reaches high of $20k and falls heavily
Many other projects get off ground in ICO phase

Infrastructure

2009 Satoshi Nakomoto created bitcoin and introduced the concept of a blockchain to incarnate a decentralized ledger maintained by anonymous consensus

2009

Currency transfer and digital payments systems

2012 – 2013

Vitalik Buterin creates Ethereum Advent of smart contracts

2014 – 2015

Market consolidation and further sub-developments

2016 – 2017

Infrastructure building Use case ideation and design thinking Ecosystems

2018 - 2019

November 2008 – Satoshi Nakamoto publishes a whitepaper titled *Bitcoin: A Peer-To-Peer Electronic Cash System* – a response to central banks ability to print money, causing inequalities and market cycles

TOTAL ASSETS OF THE U.S. FEDERAL RESERVE

QE1

QE2

QE3

Balance Sheet Normalization Program

QE4

QE2 involves the purchase of $600B in longer-term Treasury securities.

The Fed begins a $10B/month reduction of its balance sheet, set to gradually increase to $50B/month.

The Fed begins its open market purchases of longer-term securities. This includes $1.25T in mortgage-backed securities (MBS).

The Fed begins purchasing MBS and long-term Treasury securities at rates of $40B/month and $45B/month, respectively.

S&P 500 Index

Federal Reserve Assets

The Fed returns to quantitative easing, injecting $1.5T into the economy through repurchase agreements, a form of short-term lending.

Sources: Federal Reserve, CNBC

.... Projected future assets based on BofA Global Research

Bitcoin analysis

Peer-to-Peer?
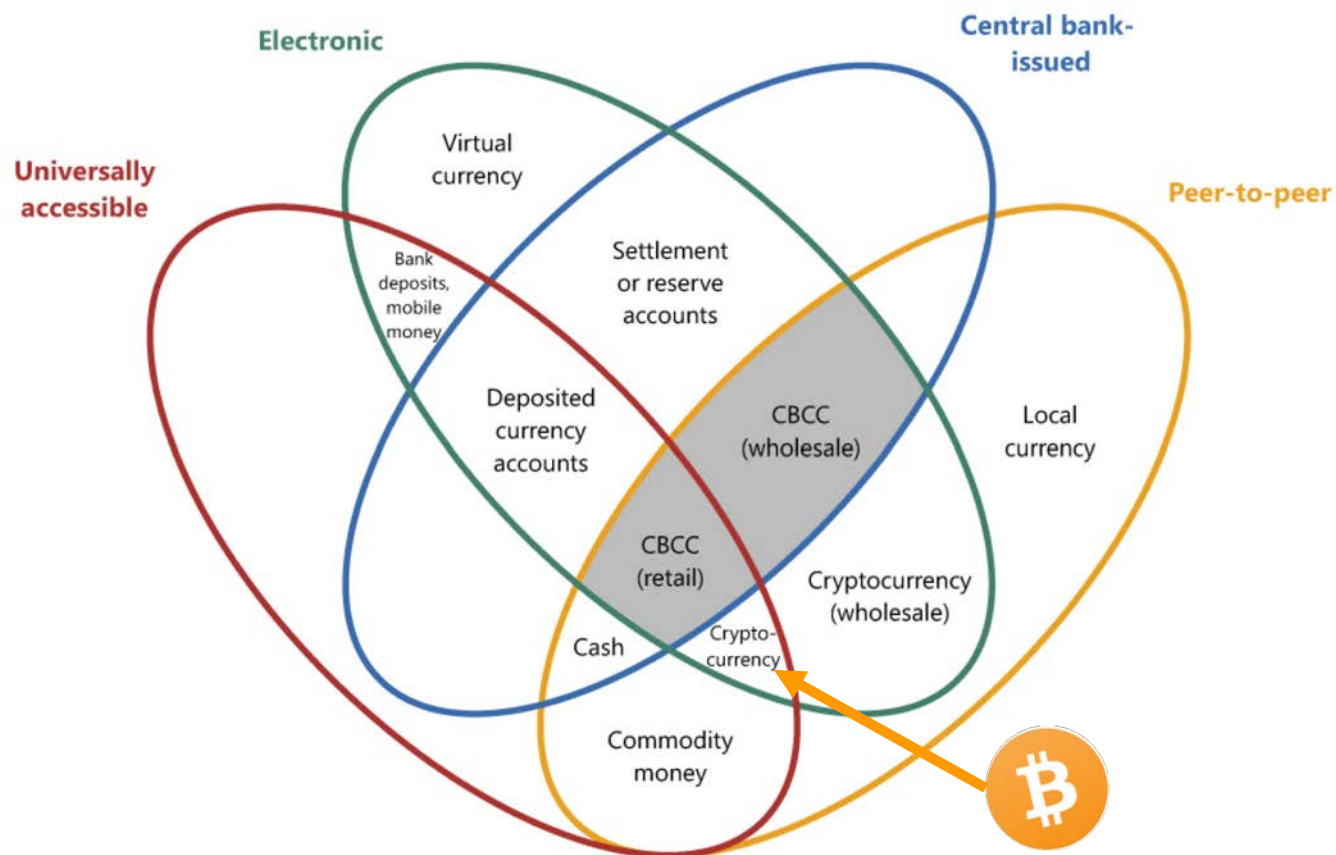Yes - can be transferred directly

Central Bank Issued?
No - done by mining

Electronic?
Yes

Universally Accessible?
Yes - anyone can access the Bitcoin network and transact

Libra analysis

Peer-to-peer?
Yes - can be transferred directly

Central bank-issued
No - reserve exists, but Libra mints coins itself

Electronic?
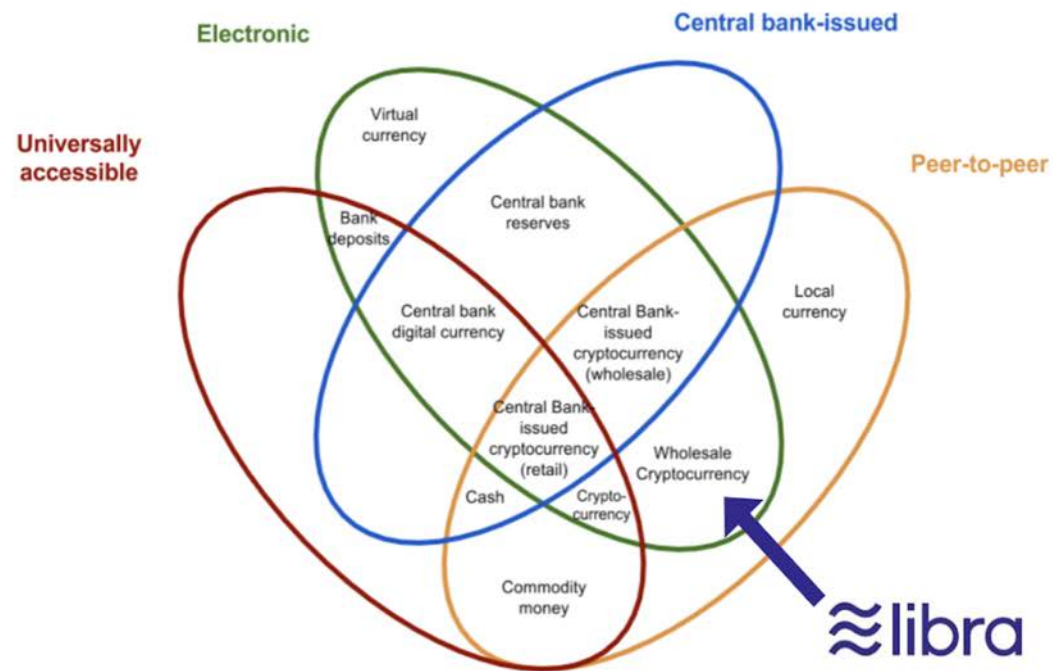Yes - absolutely!

Universally accessible?
No (at this stage) - Libra is permissioned yet but aims to get permissionless

▸ "Wholesale cryptocurrency"

We would also call it:
"crypto money"

The money flower: a taxonomy of money

Adaptation from Bank for International Settlements (2017)

Key Players to learn from

Satoshi Nakamoto

The Winklevoss Twins

Don and Alex Tapscott

Elizabeth Stark

Ivan On Tech

Andreas Antonopoulos

Roger Ver

Vitalik Buterin

Simon Dixon

Anthony Pompliano

Tim Draper

Nick Szabo

Should you get into Mining?

- Nicehash is the company I use – use the QR code above to register an account
- Beware of cloud mining contracts
- Mining is not centralised in China

Bitcoin, Altcoins and Shitcoins

- Nearly 6,000 cryptocurrencies on https://coinmarketcap.com/ as of June 2020
- Many layers of technology to understand – take your time to research to avoid costly mistakes (DYOR – Do Your Own Research)
- Crypto currencies are a digital asset tied to the value of a particular blockchain protocol. If it's public, cryptocurrency secures the value of the blockchain
- Most cryptocurrencies do not survive their first 5 years
- Only a tiny fraction of the world's population owns any cryptocurrency. We are still in the *very* early stages
- Still highly speculative in an unregulated atmosphere – regulations will/do affect prices. Only invest what you can afford to lose
- The **biggest problems** in this space education, adoption, scalability, tribalism and scams

Coins vs Tokens

Cryptocurrencies
Digital or virtual currencies that represent a unit of account, a store of value and a medium of exchange

Alternative Cryptocurrency Coins (Altcoins)

Altcoins refers to coins that are an alternative to Bitcoin. They each possess their own independent blockchain, where transactions relating to their native coins occur in.

Bitcoin Derived Blockchain
The majority of altcoins are a variant (fork) of Bitcoin.

Native Blockchain
Other altcoins aren't derived from Bitcoin's open-source protocol. Rather, they have created their own Blockchain and protocol that supports their native currency. Examples of these include Ethereum (Ether), Ripple (XRP)

Tokens

Tokens are a representation of a particular asset or utility, that usually resides on top of another blockchain.

Tokens can represent basically any assets that are fungible and tradeable, from commodities to loyalty points to even other cryptocurrencies!
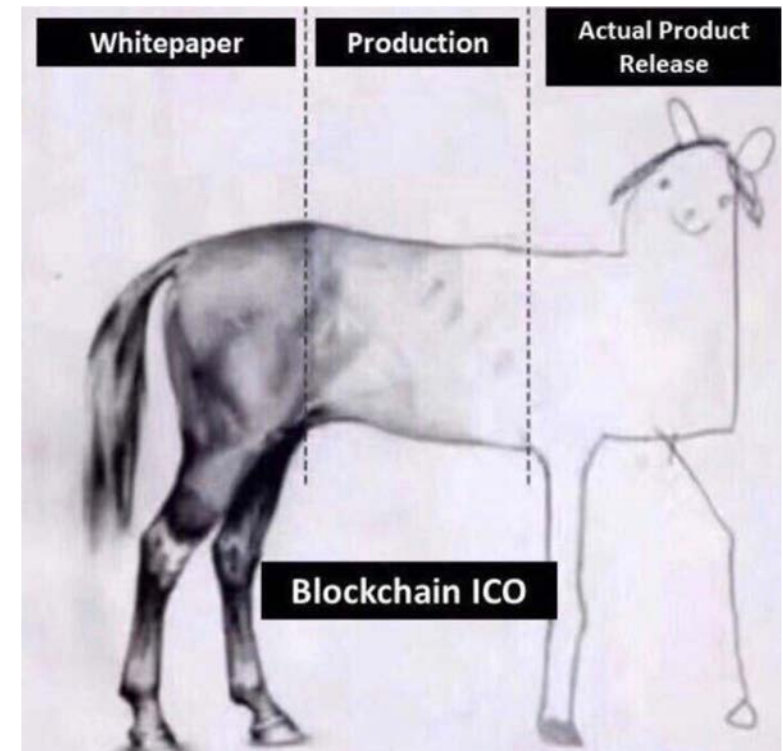
Creating tokens is a much easier process as you do not have to modify the codes from a particular protocol or create a blockchain from scratch. You can follow a standard template (ex. ERC20 Token) on the blockchain (ex. Ethereum). Examples of tokens include Kyber, MakerDAO, Chainlink and Compound
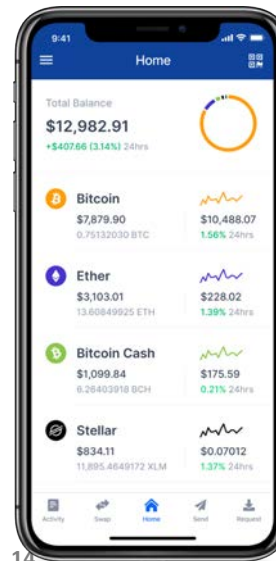
Token uses

ICO or TOKEN SALE

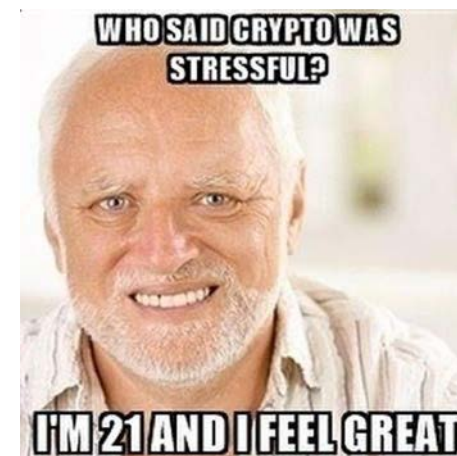|		
New Currency	Medium of Exchange	Bitcoin, Ethereum
Utility or Access	Fuel that runs the platform, signified permission	Ethereum, Crypto.com
Raise Funds	Digital asset sold to support a project	Polkadot, Blockstack, Grid+
Reward Actions	Given to users of platform	Crypto.com, Celsius, Singapore Airlines
Create unique assets	Each token is unique and non-fungible	Cryptokitties
Tokenised assets	Digital versions of physical or intangible assets, usually to show ownership	Tether, MakerDAO

Wallets

- Wallets are a long string of characters called a hash
  - PUBLIC Key: Account number
  - PRIVATE Key: Account password
  - Currency specific
- Online wallets
  - E.g. Coinbase, Binance, Celsius
- Desktop wallets
  - Electrum, Wasabi
- Browser extensions
  - Metamask
- Mobile wallets
  - Blockchain.com, Crypto.com, Trust Wallet
- Paper wallets
  - Printing out your public and private keys
- Hardware wallets
  - E.g. Ledger, Trezor

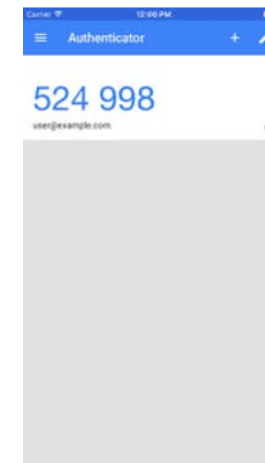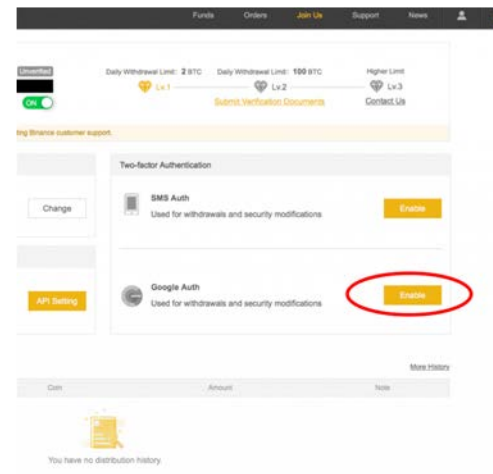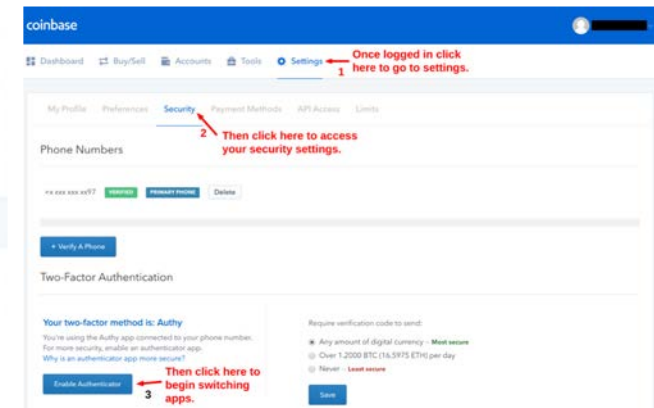# Don't listen to FUD and get FOMO – HODL your way To The Moon for LAMBO!

- **FUD** – Fear, uncertainty and doubt
- **FOMO** – Fear of missing out
- **TTM** (To The Moon) – When a currency increases over 200%
- **HODL** – Hold on for dear life (misspell of HOLD). To hold your currency no matter the swings in volatility
- **REKT** – When a currency bombs
- **Shilling** – The act of talking up a particular currency, without disclosing ownership
- **Shitcoin** – A currency that will not amount to anything
- **Lambo** - The car you go shopping for once you've made your cryptocurrency 'millions'
- **Whale** – An investor with large pockets who can affect the market with their large buy and sells
- **No coiner** – Everyone who does not own cryptocurrency (now, not you!)

https://www.coinsheet.org/glossary/

WHO SAID CRYPTO WAS STRESSFUL?
I'M 21 AND I FEEL GREAT

I DON'T KNOW HOW BITCOIN WORKS
AND AT THIS POINT I'M TOO AFRAID TO ASK

Common mistakes to avoid and beware of your security

- Sending tokens to wrong address
- Sending wrong amount
- Not turning on 2FA
- Using simple passwords
- Believing in free money or the next hottest ICO/Alt coin
- Sharing your private key
- Linking your wallet to a scammers wallet
- SIM swaps
- Stupid passwords
- Social engineering/Phishing
- RESEARCH the team

Registering on respectable exchanges

coinbase

Grab $10 of free Bitcoin

kraken

GEMINI

BINANCE

5% commission back

Make money on your Crypto

celsius

Grab $10 of free Bitcoin
4.5% on BTC
8% on USD stablecoin

crypto.com

- Get £50 in crypto
- Make 4.5% on BTC and 20% on native token, CRO
- 2% cash back

Are Cryptocurrencies the Future Of Money?

- Parabolic growth in interest, especially from digital natives and traditional investors looking for yield. Take a 5 year perspective
- Cryptocurrency market is worth $270bn. Amazon is worth $1.2tn, Gold $8tn, all stock markets $73tn, Global debt around $300tn, Derivatives $520tn
- Cryptocurrencies are affecting embedded financial traditions
  - Transparency of distribution
  - Offering 10% interest rates
  - Fast, efficient reconciliation
  - Security? Commodity? Currency?
  - Represents a transfer of value, not just money
- Feels like the internet before browsers

More information can be found at:
www.antgparker.com/bitcoin
www.cuberoot64.com/resources

"No matter what situation you are in, realise that you are in the most interesting time for money and finance"
Simon Dixon, BNK to the Future

"I see Bitcoin as ultimately becoming a reserve currency for banks, playing much the same role as gold did in the early days of banking. Banks could issue digital cash with greater anonymity and lighter weight, more efficient transactions"
Hal Finney (Satoshi??), 2009

"Bitcoin will do to banks what email did to the postal industry"
Rick Falkvinge, IT Entrepreneur

Thank You – Any Questions?

Cryptocurrency, money of the future ?

CUBEROOT⁶⁴

Digital Transformation, Collaboration, Blockchain Strategists

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