

# CRYPTO A.M.

Our series on AI, Blockchain, Cryptoassets, DLT and Tokenisation

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## CITY A.M.'S CRYPTO INSIDER

JAMES BOWATER



Greetings from Monaco! A fitting location to celebrate today's first birthday edition of Crypto A.M. - I'm attending the Global Family Office Summit where Over 450 Elite Family Offices, Sovereign Wealth Funds and industry professionals from around the globe are scheduled to attend, representing over \$4 trillion in investor wealth. Among the event sponsors from London I noticed Hambro Perks who backed 'What 3 Words' and I noted too Chainstarter Ventures run by Crypto AM contributor Nick Ayton. He is also giving a keynote on Deep Tech which I will find out more about and report!

Since last week's Crypto AM, the Crypto Markets have been in a seriously revved up bullish state as the price of Bitcoin (BTC) has been testing, breaching, falling back and punching through the \$9,000 resistance mark and, at the time of writing, is trading at US\$9,289.03. In fact the whole top ten excluding Tether (USDT) is in healthy green candle territory - Ethereum (ETH) is at US\$272.65; Ripple (XRP) is at US\$0.4323; Binance (BNB) is at US\$33.51 and Cardano (ADA) is at US\$0.09321. Overall Market Cap is up circa 14% at US\$289.65bn (data source: [www.CryptoCompare.com](http://www.CryptoCompare.com))

It's difficult to single any one particular reason for this positivity but more, I think a collection of events and anticipation. For example the ongoing trade war between the USA and China, the heightened tensions in the Straits of Hormuz, the S&P500's continuing to perform badly, the protests in Hong Kong have seen a spike in local Bitcoin activity, the fact that Facebook is scheduled today to announce its Libra Project (also known as GlobalCoin) are all collectively turning investor attention towards alternative assets and the more Crypto features in headlines, the more their appetite grows.

Something else, 'Scarcity', caught my eye in a tweet of Crypto AM's friend Anthony Pompilano (aka Pomp) who noted "There have only been 661,862 BTC mined in the last 12 months, but there were 1 million daily active addresses yesterday, that is less than 1 BTC per daily active address per year. Scarcity is a beautiful thing." I found this interesting as it does show that whilst the 'big whale wallets' are absolutely out there and wielding their authority, there is a wide user base but I think for long term 'pension hold' rather than what Bitcoin was originally created for - a peer to peer electronic payment system - scarcity is indeed a good thing for a store of value.

Finally, given its Crypto AM's first birthday I wanted to say a massive thank you to the team at City AM - Lawson Muncaster, Jens Torpe, Harry Owen, Bridie Wilson, Taylor Campbell, Linda Telemaque and Lillian Swatton. I could not do any of this without you!

## Crypto A.M. shines its Spotlight on Trippki Travel Club

With certain well-known companies announcing their move into the Crypto space, it is refreshing to see a UK company already arrived and seeking to achieve mass adoption in a mainstream business sector. Since its launch only last month, Trippki has already established itself as the world's leading, crypto-friendly hotel booking site. Its booking platform has over 1.6 million hotels across the world, from the biggest brands to small B&B's, available to book, mostly with one of 8 leading crypto currencies. Already, bookings are rising exponentially. It is partnering with a number of Blockchain and Crypto events worldwide and is looking at growth in both the Fintech and wider business and leisure travel communities as Crypto moves towards mass adoption.

have also signed a deal with CommerceBlock to develop a security token on a Bitcoin sidechain and will be raising funding with CrowdfunderAngels. Our aim at Trippki is to innovate and bring benefits to Crypto users that will help mass adoption across the sector." Hotel booking sites have been telling us for some time that we can get better hotel room prices through them or via so called hotel "price comparison" sites. The truth is that it is very difficult for the general public to access discounted hotel rates as they are



**Trippki estimate that booking 12 room nights will justify the membership alone**

Soon will see the launch of its own Crypto reward token TRIP and then a blockchain-enabled trusted review system powered by the sites own Proof of Stay protocol. They

Stablecoins are the brown brogues of crypto assets: practical, sensible, versatile. One thing they are not is exciting. Ask anyone their thoughts on stablecoins and you'll get a response ranging from "What?" to "Meh". It's hard to muster enthusiasm for a digital token that replicates the role fiat currencies have faithfully performed for centuries.

The majority of the world's monetary supply is already digital, so stablecoins - crypto assets pegged to the dollar, pound or a basket of currencies - aren't even the first to claim that mantle. Besides living on a blockchain instead of a central bank ledger, it's hard to see what stablecoins offer that's so novel. And therein lies their beauty.

Within the fast-paced and volatile world of cryptocurrencies, stablecoins provide a safe haven. They are a sanctuary in times of turbulence, a bridge between crypto networks, and a reliable internal currency for decentralised platforms, bringing the benefits of fiat currency to the blockchain. Within the world of traditional finance, meanwhile, stablecoins facilitate instantaneous payments between organisations, or, in the case of JPM Coin, between institutional accounts.

This isn't cutting-edge tech, but it is very handy. But if stablecoins are the brown brogues of cryptocurrencies, why is everyone losing their minds over Facebook's foray into the field? GlobalCoin, according to some of the more hyperbolic headlines, will destroy Ripple, kill Bitcoin and cost \$10 million per node. That's a lot of brouhaha over a stablecoin.

To dismiss Facebook's token as just another stablecoin, of course, is disingenuous. While it's true that GlobalCoin (or Libra coin as it's also known) is technically unimpressive, it's the name - not the nodes - that has made the fiat-colateralised token such a talking point. If GlobalCoin succeeds (and given the might, money and retinue of lawyers and lobbyists behind it, that seems likely) it could mark the biggest evolution of money since Bitcoin itself. Google wasn't the first search engine.



Designed by **Phill Snelling, Bowater Media**

The iPhone wasn't the first smartphone. And Facebook wasn't the first social network. Despite being late to the game and lacking any innovative features, GlobalCoin will reach more users in its first month than Bitcoin has in its first decade. Despite boasting network effects that other cryptocurrencies can only dream of, however, GlobalCoin is not about to "kill" anything - this isn't a zero sum game.

Facebook effectively ended Myspace and Bebo, but GlobalCoin won't lay a glove on Bitcoin. In fact, it is my belief

that the reverse will happen, with GlobalCoin serving as a trojan horse for cryptocurrency adoption. When the world's largest social network rolls out a blockchain-based coin to 2.4 billion people, things start to get very interesting very fast.

Pretty soon you'll have Apple, Google and all the rest weighing in with their own dollar-pegged tokens, be it due to institutional FOMO or the more pragmatic desire to reduce fees and improve settlement times. By that point, the generation who were raised on touch-

protected through what are known as rate parity agreements. These legal bindings stop the hotel selling cheaper rooms to the customer direct, as this would impact the business model of the traditional booking sites, and their gargantuan spends on SEO and advertising. Room prices are therefore very similar across the board whichever booking site you use. That is until now.

This week sees the launch of the Trippki Travel Club, the world's first crypto friendly travel booking club. For a small monthly or annual fee, payable in Crypto or fiat, members get access to the discounted rates that the hotels aren't allowed to show to the general public. Those discounts can be as high as 70%, again payable in crypto or fiat, so for any form of regular traveller the membership pays for itself very quickly. Trippki estimate that anyone booking 12 standard room nights a year will justify the membership cost alone. Membership also gives other benefits such as Best Price Promise and Trippki will soon be adding other features such as airport lounge access, concierge services and more. Say's Trippki CEO Ed Cunningham: "The Trippki Travel Club is a very exciting addition to our existing hotel booking platform and we already have a high volume of member requests from our existing community. We expect good adoption as these are wide ranging and significant room discounts not available on any other existing platform. Our aim at Trippki is to innovate and bring benefits to Crypto users that will help mass adoption across the sector."



Edward Cunningham, Founder & CEO of Trippki

no longer refer to "camera phones" because every device now sports this functionality, soon we'll stop referring to "digital currencies" and just call them what they are - currencies. It's too early to tell whether GlobalCoin will mark the tipping point that sends us over that Rubicon. What's clear is that for an unexciting financial instrument, stablecoins are surprisingly useful. Let's just call them what they are: able coins.

In August 1902, the Washington Post dismissed bicycles as a fad, predicting "the popularity of the wheel is doomed." This suggestion wasn't so outlandish at the time, since roads were



**The majority of the world's monetary supply is already digital**

bumpy, bicycle tyres poor and accidents prevalent. Of course bicycles didn't die: we simply built better wheels and smoother roads.

At AmaZix, we believe that iteration is just as important as innovation. That's why we're focused on helping businesses incorporate blockchain-based networks and tokenised assets, including stablecoins, into their existing systems. Not to tokenise the world or force a crypto revolution, but because this is the way things are heading. You can protest on the sidelines, or you can roll up your sleeves and build a better bicycle.

Luke Saunders, Founding Partner of AmaZix, in conversation with James Bowater. For more information see [www.amazix.com](http://www.amazix.com)

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## CRYPTOCOMPARE MARKET VIEW

### Details Emerge of Facebook's Libra Blockchain

Last week saw details revealed about the highly-anticipated cryptocurrency and blockchain from Facebook. Documents sent to several major publications revealed that the "Libra Blockchain" will likely be announced today (Jun 18), and will be backed by "a reserve of real assets," to provide a stablecoin that will offer "stability, low inflation, global acceptance, and fungibility." Companies reported to be in the governing consortium include Visa, MasterCard and PayPal and crypto exchange Coinbase.

Bitcoin began the week by pushing past the \$8,000 mark, steadily climbing throughout the week before seeing a major surge over the weekend to push to new yearly highs just below the \$9,400 mark - levels not seen May 2018. Bitcoin's surge largely eclipsed those of altcoins, although many did see reasonable gains - with Ethereum trading at the time of writing at

\$271. Leading crypto exchange Binance announced that it will begin blocking US customers from trading on its global website [binance.com](http://binance.com) from September, as it moves towards greater US regulatory compliance. The restriction will accompany the launch of a new dedicated Binance platform catering to US customers, in cooperation with BAM Trading Services, a San Francisco-based company registered as a money services business (MSB). Bakkt, the long-awaited Bitcoin futures exchange from NYSE parent company Intercontinental Exchange (ICE), announced last week that it is moving into its testing phase in July. The new platform - which will be the first to settle contracts in Bitcoin as opposed to cash - is considered by many to be a significant step forward for the crypto industry as it hopes to usher in a new influx of institutional money.

## CRYPTO A.M. INDUSTRY VOICES

### Stablecoins: A solution to Venezuela's economic woes?

With Venezuela facing a hyperinflationary economic collapse and a relentless weakening in the bolivar currency, economists are wondering how the country can return to stability.

One of the first recommendations was the introduction of the state-backed cryptocurrency Petro. Launched in 2018, this cryptocurrency was introduced to stem the bleed of the bolivar, with the country's president, Nicolas Maduro, claiming the Petro would allow Venezuela to "advance in issues of monetary sovereignty". While grand claims were made, an investigation found little evidence that the coin was being used in mainstream society, and it has since been widely criticised for its lack of transparency and centralisation by the Venezuelan government. With some critics calling it a fraud, unsurprisingly the Petro quickly failed.

More recently, another digital asset, stablecoins, have become part of the conversation with many claiming these could solve Venezuela's economic woes. Stablecoin start-up Reserve announced in May that in the coming weeks Android users in Venezuela will be able to download the latest cryptocurrency payment app. Anchored to the market price of the US dollar, individuals and companies can swap fiat to the firm's stablecoin, the Reserve Dollar (RSD). With the firm noting that hyperinflation is the exact problem Reserve was built to fix.

We take a look at whether stablecoins can provide a solution to some of Venezuela's problems.

Stablecoins are a cryptoasset pegged in value to fiat currency or other assets, designed to avoid the volatility inherent in other cryptocurrencies whose price is entirely market driven. Whilst some might see stablecoins as the new tech alternative, in reality, there is no economic difference between stablecoins and the underlying fiat currencies. In the past, citizens of countries suffering an economic crisis used to stuff dollars under the mattress, and some tried to obtain foreign currency, usually

the US dollar, in other ways. Now that we are in the digital age, unsurprisingly, we are now seeing the emergence of a crypto solution.

While the tech-savvy might prefer this alternative way to preserve their wealth, the major hurdle stablecoins need to overcome is digital literacy; similar to the problem the wider cryptocurrency industry is experiencing. If the average citizen cannot fully grasp the technology and, more importantly, have confidence in the solution, then stablecoins will quickly fail like the previous Petro cryptocurrency offering. The average citizen will always use the solution that is most easily accessible, and for Venezuela, this is going to be accessing foreign currency. However, as people become more familiar with the cryptocurrency industry, then yes, stablecoins could become an attractive alternative.

We also need to consider how regulation and government policy could impact stablecoins. Venezuelans looking at this form of alternative are suffering from an unstable political situation, caused by an oppressive regime. Taking this into account, can citizens be 100% certain that the government won't enforce a cryptocurrency ban in order to reign back control? This could significantly impact citizens' ability to access their savings, causing further issues in a time of crisis. Although this is an extreme scenario, it is definitely food for thought for those looking for financial security.

For those that believe stablecoins can be a new form of global currency which solves global economic problems, unfortunately, this is not the case. Stablecoins are not a global currency and can never be. As long as they are pegged to fiat, they will always be affected by the negative aspects of traditional currency like inflation, deflation and poor fiscal policy. Quite simply, stablecoins are just another form of fiat currency governed by another nation-state.

Barry Topf, Former Bank of Israel monetary policy committee member, now Chief Economist at the Saga Foundation.



## GOVERNANCE FOR BLOCKCHAIN

Troy Norcross, Co-Founder Blockchain Rookies

Corporate Governance. Love it or hate it, good governance provides the structure necessary to ensure that an organisation functions properly. Good governance is equally important in blockchain projects.

Effective blockchain projects are established not for a single organisation, but between multiple parties for the benefit of the collection of stakeholders. When organisations collaborate with their competition it is called cooptation. Blockchain provides a platform for cooptation. One reason cooptation works is because the blockchain and the participants are managed through good governance.

In the context of a foundation, consortia

or working group, Blockchain governance defines who can participate in the blockchain, what data and will be stored, how will consensus be achieved, how will the infrastructure be distributed and how will value created through the blockchain be apportioned back to the participants.

A pair of opposing challenges in blockchain projects are two key areas where governance adds unique value: defining equality amongst participants to ensure the broadest possible adoption, whilst not falling afoul of laws relating to competition and collusion. Establishing a fair and balanced method of reaching consensus and assuring corporate privacy make it possible for both large and small enterprises to participate. By defining

participation in a fair and open way, regulators can be assured there are no unfair business practices taking place. Whereas public blockchains benefit from openness and transparency, private blockchains need to add special governance related to engaging and providing access to regulators.

Just like good corporate governance ensures the smooth operation of the business, good blockchain governance ensures the long-term success of the blockchain project including the value both contributed and received by its members.

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