

A lay person's view of Bitcoin

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I have been following bitcoin since its early days after the financial crisis of 2008. I actually installed a Bitcoin wallet in 2013 on my PC and attempted to 'mine' bitcoins. Unfortunately, the power of my PC was not up to the task and the wallet seemed to take forever to synchronize as it was a fully independent node. I could have invested in Bitcoin by buying some through the early exchanges like Mount Gox at about \$300 but felt the technology was too clumsy. Since that time I have seen the collapse of Mount Gox as it was hacked losing millions of dollars worth of Bitcoin. I have seen a subsequent 'Klondyke' rush to acquire Bitcoin pushing its price to nearly \$20000 at the end of 2017. Since then we have seen the price collapse testing lows below \$4000.

I have now purchased a hardware wallet which is basically a USB stick with added security features to prevent physical access to the Bitcoin. The reason for using a hardware wallet is to allow the Bitcoin to be normally stored away from the network once one has completed a transaction. It can also be recovered in case of theft or destruction using a series of words that can recreate its Bitcoin content (i.e unique Bitcoin numbers). For anyone who is comfortable with using computers and has a methodical approach this is a convenient way to store Bitcoin and many other crypto currencies on the same wallet. However, I cannot see it being suitable for mass adoption and therefore many investors will have to rely on third party exchanges which to my mind leaves them vulnerable to loss

through hacking and general rehypothecation – do the third parties actually hold your Bitcoin in the event of a liquidity crisis?

Long term I see other platforms offering day to day ease of transactions with Bitcoin as a foundation and perhaps end of day, weekly or even monthly settlement of any balances. A user could use their iphone or other electronic devices to make payments only risking a short period between settlement dates where there may be fluctuations between Bitcoin and the local currency being used to finance transactions.

There may be other cryptos that offer better ease of use but Bitcoin is the only truly decentralized currency that can be free from central or third party manipulation. Its peer to peer transaction is independent of the current banking system and more importantly there is a finite amount of 21 million that can be mined. With the 17 million already mined any future price through supply and demand is inevitably going to be affected by demand.

If we eventually arrive at a Bretton Woods type agreement with a new global currency I cannot foresee Bitcoin being adopted, governments are more likely to rely on gold or physical commodities for international settlement of trade imbalances. However, many individuals and financial groups may use it as a low cost means of fiscal transfer and a global store of value.

Longer term we may see extremely powerful AI machines that are able to undermine the system with raw power of decryption but that is unlikely to arrive for many years and by that time there could be a fork (code enhancements) to mitigate any threats. It is something to be aware of but for the medium term I see it as a safe bet.