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FORUM VIEWS

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GLOBAL INSIGHTS



“When people hear the word Bitcoin, the first thing that typically springs to mind will be the highly volatile, speculative digital asset that has dominated headlines of late because of its dramatic price rises and falls. Often accompanied with vague explanations of its properties as ‘digital gold’ or a ‘store of value’.”

JIMMY NGUYEN
Founding President
Bitcoin Association (Zug, Switzerland)

FINDING REAL VALUE WITH BITCOIN

When people hear the word Bitcoin, the first thing that typically springs to mind will be the highly volatile, speculative digital asset that has dominated headlines of late because of its dramatic price rises and falls. Often accompanied with vague explanations of its properties as ‘digital gold’ or a ‘store of value’, the narrative surrounding Bitcoin (in the form traded under ticker symbol BTC) has shifted significantly since first entering the public conscience barely a decade ago - with the ‘electronic cash system’ described in the original Bitcoin white paper by its pseudonymous creator, Satoshi Nakamoto, largely relegated to a footnote in mainstream press.

But to do so not only discounts the incredible capabilities of Bitcoin as a global payments infrastructure - and more broadly, the blockchain technology that underpins it - it does a disservice to the litany of industries that stand to benefit from it.

Let me explain.

Bitcoin’s vision for an electronic cash system used in daily life

Bitcoin is so much more than it has been previously allowed to demonstrate. Much like the Internet protocol, Bitcoin is a base protocol for a worldwide data network that fuses data (Bit) with monetary value (coin), a system implemented via a distributed timestamp server - essentially a ledger, keeping a chronological record of transactions with a timestamp, maintained by many different parties rather than a single source - known as a blockchain.

In his 2008 white paper, Satoshi Nakamoto explained Bitcoin is intended to make Internet commerce payments more cost efficient, including for ‘small casual transactions’. An efficient online payments infrastructure - a true electronic cash system widely used in daily life - requires a network that can handle huge volumes of fast transactions, processed for minimal fees. Satoshi reinforced this point early in Bitcoin’s life, writing in 2009:

‘The existing Visa credit card network processes about 15 million Internet purchases per day worldwide. Bitcoin can already scale much larger than that with existing hardware for a fraction of the cost. It never really hits a scale ceiling.’

He also expected Bitcoin transaction fees should be very low, and even some free. Yet despite the clear intent of Bitcoin’s creator to scale the network and establish it as more efficient infrastructure for online payments, the protocol developers who assumed control of the project following Nakamoto’s sudden exit in 2011 crippled

Bitcoin’s ability to scale, and subsequently, its capability to serve as an electronic cash system.

They did so by restricting the size of blocks on the Bitcoin blockchain to a tiny 1 megabyte, limiting the transaction throughput of the network to a maximum of seven transactions per second - a far cry from the Visa network, which averages 2,000 transactions per second in standard times and 56,000 transactions per second during peak periods.

With tiny blocks, the network often runs into heavy congestion, with transactions sometimes taking hours to confirm and unpredictable fees that skyrocket in peak periods. In January 2018, it cost as much as USD \$40 (almost 3000 INR) to send a single transaction on the network; three years later in January 2021, that fee was as high as USD \$10 (735 INR) per transaction. That has made BTC unworkable as a daily payments system and driven BTC supporters to perpetuate a narrative that instead of the electronic cash system envisioned by its creator, Bitcoin should instead be a long-term ‘store-of-value’ like ‘digital gold’ - largely, because it is too slow and expensive to use the network for anything else.

This ‘digital gold’ narrative has been reinforced by the recent price rise of Bitcoin in late-2020 and early-2021. In 2020, U.S. public companies such as MicroStrategy and Square announced they purchased significant amounts of BTC coins to hold as a reserve asset and new treasury management tool. Institutional investors then began to do the same, reallocating a portion of long-term investment portfolios to BTC, leading to the coin’s dramatic price spike to over USD \$40,000 in January 2021. But the price is rising for the wrong reason - because big investors are buying large amounts of BTC to hold long-term, rather than use in daily life. This is exactly the opposite of the more efficient ‘electronic cash system’ that Bitcoin was created to be.

Putting aside the logical fallacies of using a digital asset with no utility value and frequent intraday price swings of 15% or more as a reliable store of value, for supporters of Bitcoin’s true vision, it is disappointing to see the incredible innovation that Bitcoin represents, relegated by BTC to fulfilling a function exactly the opposite of what Satoshi Nakamoto intended for his creation.

Unleashing Bitcoin Satoshi Vision

But what if the Bitcoin network removed artificial capacity limits and was allowed to truly scale, enabling it to quickly process an unbounded number of transactions while keeping fees at only fractions of a cent?

With Bitcoin SV (Satoshi Vision), that original design for Bitcoin is finally being unleashed - with a blockchain fit to power an online payments infrastructure and system of electronic cash that is efficient to use for everyone in the world, not just big companies and wealthy investors. Scaling Bitcoin also allows it to function as a powerful data network that delivers blockchain-based innovations for business.

Bitcoin SV (traded under ticker symbol BSV) restored the Bitcoin protocol back to its original form - just as its creator envisioned - with no default limit on the size of the blocks on its blockchain, meaning that its network can grow organically to process an unbounded number of transactions, even in periods of high activity.

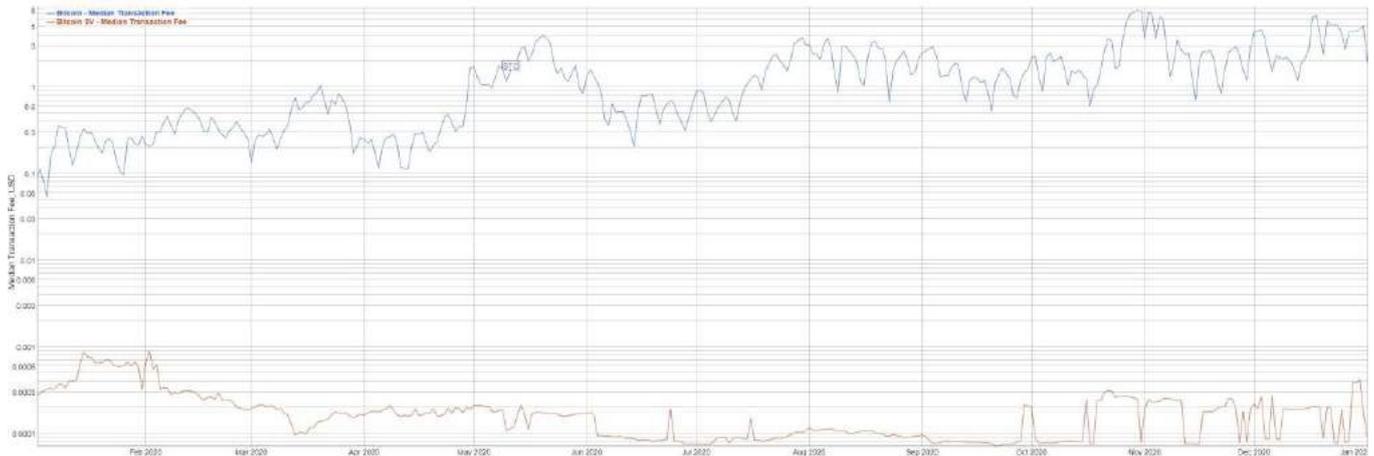
Bitcoin, Bitcoin SV Transactions historical chart



The chart above shows the average number of transactions occurring on the BTC network (blue) and Bitcoin SV network (red) in 2020. | Source: bitinfocharts.com

With the space on each block not a finite resource, scarcity and competition-based pricing factors are not a consideration, meaning transaction fees remain minimal and predictable (the median transaction fee on the Bitcoin SV network in 2020 was less than 1/100 of a U.S. cent). That makes Bitcoin SV a fast and efficient payment rail for financial transactions of all sizes, with the speed and cost of a transaction the same for a payment of USD \$3 million or a micropayment of 3 cents. This means Bitcoin can provide low-cost means for online payments, international remittance, and greater inclusion to financial services for the 190 million unbanked adults in India, and unbanked populations of developing countries worldwide.

Bitcoin, Bitcoin SV Median Transaction Fee historical chart



The chart above shows the median daily fee in U.S. dollars charged per transaction on the BTC network (blue) and Bitcoin SV network (red) in 2020. | Source: bitinfocharts.com

With Bitcoin SV (Satoshi Vision), that original design for Bitcoin is finally being unleashed - with a blockchain fit to power an online payments infrastructure and system of electronic cash that is efficient to use for everyone in the world, not just big companies and wealthy investors.

More powerfully, Bitcoin transactions are not limited to financial payments; a blockchain can record and provide access to any type of data transaction. An agreement between two people can be recorded as a Bitcoin transaction. A social media post can be a transaction. Each step in your Internet browsing history can be a transaction. Virtually every interaction in modern digital life can be distilled down to events that can be timestamp recorded on the Bitcoin blockchain, and subsequently monetised, so individual users can earn small amounts of money from their data and digital activity.

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New blockchain business models with Bitcoin SV

The high throughput capacity and super low processing fees on Bitcoin SV allows enterprises to pursue all-new business models - from micropayment-enabled content offerings, through to high-volume trading of real-world tokenised assets, even creating data marketplaces from writing and reading high volume data streams (such as healthcare, weather, environmental or personal identity information) to a publicly verifiable blockchain.

This is what Bitcoin was always meant to be - and businesses are taking notice. Let's look at some of the enterprise use cases that are already emerging on the Bitcoin SV network.

EHR Data - launched by the founders of PDX, Inc. - a U.S. medical data company with 40 years of expertise working with pharmacy software and technology solutions - EHR Data is leveraging the Bitcoin SV blockchain to power innovation in the healthcare space. The Texas-based business is developing the world's first global electronic health record, which will enable individuals to securely own, control and earn money from their personal medical information, while also furnishing health care providers and researchers with better real-time access to data. The platform can support use cases to produce better health

outcomes ranging from opioid drug to COVID-19 tracking, while ushering in a new era of personal power for patients.

UNISOT - Norwegian business UNISOT has developed a supply chain management platform that uses the Bitcoin SV blockchain to record in real-time data about a product's origin, movement and status. Each participant in the supply chain can ensure that the information they are receiving is accurate, with a permanent and auditable record stored on the blockchain.

UNISOT has launched an industry-specific platform called SeafoodChain that has been tested in-market with three pilot phase customers, each of whom represents a different stage in the seafood industry supply chain. This platform can also help the food industry and consumers track the source of products to achieve environmental sustainability goals.

BitBoss - BitBoss is a U.S. gaming technology company that is using Bitcoin SV to deliver B2B solutions for both land and online casinos, while facilitating provably fair gaming. It has developed a portfolio of products that collectively work to transition all money and game actions for both real-world and online casinos onto the Bitcoin SV blockchain.

BitBoss have pioneered their 'Bridge Link' system, which uses a hardware product inserted into physical slot machines and table games, together with a lightweight server that communicates with the Bitcoin SV blockchain, and a mobile wallet that players install on their smartphones. Players can quickly fund their mobile wallets with Bitcoin SV-based tokens, which can easily be transferred to and from slot machines and table games, and act as a digital replacement for a casino chip or physical credit slip.

Metastreme - Australian start-up Metastreme is bringing big data to the blockchain, with a series of Bitcoin infrastructure tools to make it easier for companies to generate high-volume applications for all kinds of data. Their services enables any application to interact with the Bitcoin SV network without prior knowledge of blockchain, allowing businesses to gain all the benefits of Bitcoin without the need to develop complex or proprietary systems. They have been testing their platform to record data about trees in a city in Australia to support environmental goals and with a voting application to create more transparency in election systems.

Veridat - Veridat are a new U.S. business using Bitcoin SV as the basis for a system designed to bring integrity and data hygiene to the pharmaceuticals industry. Clinical

research is an area which has been subjected to long-standing questions of trust and transparency, with the results of trials and testing generating massive amounts of data which can have a substantial impact on the prospects of the companies developing them and the patients who will be given the resulting medicines. With so much at stake, ensuring the integrity, validity and trustworthiness of that data is essential to ensuring the best health outcomes can be delivered in the most efficient manner. By using the blockchain to timestamp clinical research data, Veridat can impart auditability and trust into the sector.

UNISOT has launched an industry-specific platform called SeafoodChain that has been tested in-market with three pilot phase customers, each of whom represents a different stage in the seafood industry supply chain.

Veridat’s platform is already being trialled with JuvaTech - a behavioural neuroscience company supporting researchers conducting testing of therapeutic compounds - and with a major pharmaceutical manufacturer.

Bitcoin as it was always supposed to be

With a burgeoning ecosystem of companies utilising the Bitcoin SV network as the basis for their business, in

addition to its function as a fast, efficient and cost-effective payments rail, Bitcoin SV creates genuine value - and subsequently, utility. Every transaction on the Bitcoin SV blockchain, whether it’s recording logistics information of livestock products or sending money to a friend on the other side of the world, is recorded using the native BSV token - stoking demand for the digital currency for the emerging use cases it offers beyond just payments.

In contrast to the purely speculative pricing models which the BTC network necessitates due to its lack of use cases beyond a volatile and unreliable ‘store of value’, Bitcoin SV is demonstrating what Bitcoin was always supposed to be - just as the way its creator intended. With its ability to scale unbounded in response to market demand, Bitcoin SV offers the technical infrastructure to provide a true system of electronic cash - with safe, instant and cost-effective transactions - underpinned with tremendous utility its data network provides to enterprise.

Jimmy Nguyen is the Founding President of Bitcoin Association, the Switzerland-based global industry organisation that works to advance the Bitcoin SV blockchain and digital currency. A well-known advocate for Bitcoin, Jimmy was most recently the CEO of nChain - the global leader in research and development of enterprise-grade blockchain solutions. Previously, he had a 21-year career as an intellectual property and digital technology lawyer, and was a partner at three major U.S. law firms.

Bitcoin Association, the global industry body that works to advance business with Bitcoin SV, is a non-profit association (Verein) based in Zug, Switzerland. The Association brings together essential components of the Bitcoin SV ecosystem - enterprises, start-up ventures, developers, merchants, exchanges, service providers, blockchain transaction processors (miners), and others - working alongside them, as well as in a representative capacity, to drive further use of the Bitcoin SV blockchain and uptake of the BSV digital currency.

BITCOIN IS DESIGNED FOR MASSIVE SCALING

