DACFP | Digital Assets Council of Financial Professionals
Connecting the Financial Services and Digital Assets Communities

INSIDE DIGITAL ASSETS
with RIC EDELMAN

Issue No. 4 July 20, 2021 DACFP.com

# STILL HATE BITCOIN? YOU'RE FAST BECOMING A MINORITY

By Ric Edelman, Founder, Digital Assets Council of Financial Professionals

Four percent of U.S. adults 18-65 own bitcoin. That percentage could easily lead you to conclude that there's little consumer interest. But you couldn't be more wrong: 63% of adults describe themselves as crypto curious, according to a recent survey by Gemini, a crypto exchange.

The path to participation begins with awareness. Check. It's now almost impossible to find someone who hasn't heard of bitcoin. But few know what it is, how it works, why it exists and whether it matters. But people now want to know – and they want their financial advisors to tell them. If you can't, your clients will find an advisor who can. That means your AUM is at risk.

Indeed, 82% of investors say they expect their financial advisors to be knowledgeable about bitcoin, and 62% say they would switch advisors to get advice about it, according to a survey by NYDIG, a $6 billion manager of digital assets.

A financial advisor who doesn't know much about bitcoin is becoming as irrelevant and unreliable as an advisor who doesn't know much about annuities. You might not like annuities, but you can certainly explain them to your clients. You need to be equally knowledgeable about blockchain technology and digital assets.

And there's a simple reason for this: bitcoin isn't going away, and it's fast becoming ubiquitous. There are 15,000 Bitcoin ATMs worldwide, and new ones are being installed at the rate of one per hour. PayPal and Venmo let users buy bitcoin on their platforms. Visa and MasterCard are both letting customers buy bitcoin and make purchases with it via their credit cards. AXA is letting European customers pay insurance premiums in bitcoin. The largest department store chain in Switzerland is rolling out bitcoin gift cards. A defense contractor is letting employees receive their salary in bitcoin. On National Burrito Day, Chipotle gave away $100,000.00 in bitcoin. Uber will soon let riders pay in bitcoin.

More than half (58%) of the 3,400 institutional investors surveyed by JP Morgan said digital assets are here to stay and 22% of them said they're planning to buy. Seven percent said bitcoin will become "one of the most important assets" investors own.

A new report from Citigroup says bitcoin could become the currency of choice for international trade. CALPERS, the nation's largest pension plan, recently bought shares in Riot Blockchain, the nation's largest publicly traded bitcoin miner. Ted Mathas, the CEO of New York Life and chair of the American Council of Life Insurers, is now on NYDIG's board. Both New York Life and Morgan Stanley have invested in the company.

No wonder endowment funds are buying bitcoin, including those at Harvard, Yale, Brown, University of Michigan, Dartmouth, Stanford, MIT and University of North Carolina. Billionaires, too, are investing, including Mark Cuban, Ray Dalio, Paul Tudor Jones, Josh Harris, Jeff Yang, Anthony Noto, Vincent Viola, Joe Moglia, Elon Musk and others.

Twitter says bitcoin will be a big part of its future. The Motley Fool has already invested $5 million. And Shark Tank's Kevin O'Leary, who previously pooh-poohed bitcoin, says he's now putting 3% to 7% of his portfolio into this new asset class.

**"A financial advisor who doesn't know much about bitcoin is becoming as irrelevant and unreliable as an advisor who doesn't know much about annuities."**

Kevin isn't the only person who has changed his mind. BlackRock CEO Larry Fink once called bitcoin an index for money laundering, but he now says he's fascinated by it and calls it a great asset class. "We are investing in it at BlackRock. We are studying it. We've made money on it," he recently said.

Even Suze Orman announced, "I love bitcoin." (Okay, that's a sell signal. Work with me here, people.)

MicroStrategy owns billions of dollars' worth of bitcoin and its CEO, Michael Saylor, is encouraging all public companies to do likewise. Following a recent presentation to 1,400 public company CFOs, 5% say they're planning to buy bitcoin this year.

Nexon already did. It's a billion-dollar publisher of video games, publicly traded in the Tokyo Stock Exchange, and it just bought $100 million worth of bitcoin. CNBC's Jim Kramer says it's "almost irresponsible" for companies not to own bitcoin. Every corporate treasurer, he says, "should be going to the board of directors and saying, 'We should put a small portion of our cash in bitcoin.'"

Goldman Sachs says 40% of its clients already are. "Client demand for bitcoin is rising," the firm says, with CEO David Solomon saying digital currencies are, "Important to the future of global financial systems." Goldman's chair of global markets, Mike Daffey, recently left the firm to become chair of Galaxy Digital.

Bank of America, Goldman Sachs, JP Morgan, Morgan Stanley, Fidelity, Deutsche Bank, BNY Mellon and Wealthfront are either letting clients buy digital assets or will before year-end. They're not alone.

So, tell me again why you're still being dismissive of bitcoin and digital assets?