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Don't Call Me 'Crypto'

The Importance of Language in an Evolving "Crypto" Economy

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Digital assets hold a significant yet uncertain place in the future of finance and they are worthy of the controversy they attract. Yet, vague language and sweeping generalisations have become commonplace amongst commentators - decreasing comprehension and stifling discourse.

Language should help us communicate, but complex language is often hijacked and deployed as a means of shutting a dialogue to outsiders. When negotiations fail, or relationships dwindle, we might say that we “don't speak the same language”, capturing the association between communication, consensus, and collaboration. The language around ‘crypto’ often fails to serve this primary purpose by preventing conversation.

Discussion of crypto is vital in developing the increasingly digital economy we are moving towards. The discussion is as important for the layman as it is for the expert, but newcomers to the crypto industry encounter a language barrier. This barrier is impeding even the most basic “crypto” principles from being communicated.

On top of the abundance of technical language, a culture has emerged where memes drive narrative and value. The ‘crypto-native’ community who speak this language has benefited the industry by building a coherent community and an attractive narrative. But it also creates a substantial barrier to widespread comprehension of the critical questions surrounding crypto's place in society.

A vibrant sub-culture has cultivated the type of enthusiasm that has become the breeding ground for scams, ponzinomics, and other ‘froth’. Lazy use of language allows these negatives to distract from this industry's important conversations and leads to inaccurate blanket judgements of all things crypto.

In this article we explore the role of language in this evolving economy, and highlight some crucial conversations that too often get distracted by the noisy nature of the industry.

Bitcoin at Sunday Lunch

When you tell family members that you ‘work in crypto’, it's almost impossible to predict what they will say next. Everyone has varying degrees of familiarity that are hard to gauge. You might find yourself answering “why should I invest in bitcoin?” or you may jump straight to a detailed evaluation of the “gas fees” your cousin paid when they “bridged” their new favourite “altcoin”, and the “APY” they receive for “staking” it with the relevant “DAO” – see the problem?

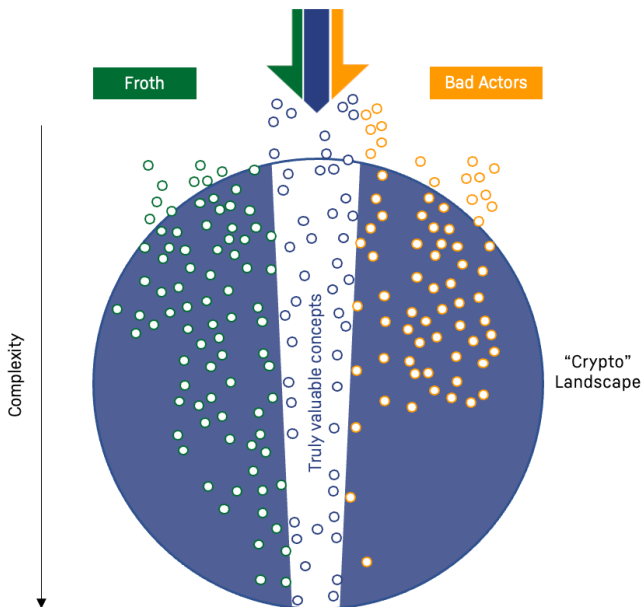
“Crypto” is a blanket term encompassing a broad spectrum of diverse digital assets. As a collective term, ‘crypto’ is fine, but the universe it refers to is so broad that any assertion about ‘crypto’ as a whole is futile. Suffice to say; not all “crypto” is created equal.

The term ‘crypto’ is a failure of language and blanket terms like this melt the concrete into the abstract and create uncertainty. There are pockets of real value across the “crypto” landscape, but irrational exuberance or ‘froth’ is widespread. Inputs to many crypto dealings are increasingly ill-informed or insincere and these inputs can mask the valuable concepts crypto offers, as depicted in Exhibit 1.

Amongst mixed company, “why bitcoin?” gets to the heart of the “crypto” conversation far better than technical questions, and it avoids the language trap. Discussions about obscure altcoins, DAOs, NFT's, and other “crypto” tech often get lost in translation as participants run out of technical knowledge or tie themselves in knots. Even if everyone involved is fluent in ‘crypto’, conversations can get lost in detail and go nowhere before fizzling out.

Exhibit 1

Conversation inputs in “crypto”



It is also valid to debate other technologies under the banner of “crypto”, but these technologies have different properties, use cases, and merit separate discussions. This article will therefore focus on a valuable conversation about Bitcoin. Note “bitcoin” with a small *b* is used to denote the unit of currency, and the overall system and network is called “Bitcoin” with a capital *B*.

Bitcoin is a complex technology. Diving into the technical aspects of the network can lead the uninitiated down blind alleys despite widespread media coverage having turned ‘Bitcoin’ into another catch-all term. Suppose you can focus on the concept of Bitcoin and use accessible language. In that case, there’s a meaningful conversation to be had about whether we should trust central banks, whether national borders need to apply in a digital world, and where the growth in bitcoin’s value might go – but all too often, language gets in the way.

We focus on Bitcoin to illustrate that being specific matters if we want to have meaningful, participatory discussions about the industry’s future.

What’s important about Bitcoin and how to say it:

Bitcoin’s characteristics make it important to the global economy. Despite giving rise to complex supporting infrastructure and community, these characteristics are not fundamentally complex.

Fundamentally Bitcoin is:

1. **Decentralised:** there is no governing body. The network is entirely open-source, and participation can easily run a node for validation.
2. **Digital monetary system:** Bitcoin is digital, so it is also borderless (inclusive and universally accessible), divisible, and transferable. Participants can transfer, settle and clear a valuable, scarce asset without intermediaries.
3. **Secure:** it incentivises many network participants to protect the network, and a participant is rewarded more for protecting it than attempting to harm it.
4. **Perfectly inelastic (fixed) supply:** Bitcoin is finite due to its hard cap of 21 million coins; it is provably scarce. We know how much bitcoin there is, and due to the mining issuance protocols, how much there can be.

In focusing on the fundamentals, you dodge many technical trapdoors that could derail a valuable discussion. This allows for more meaningful discussions about how Bitcoin is affecting the world. Digging deeper into the fundamentals exposes conversations that challenge traditional schools of thought regarding monetary policy, liberty, and censorship. The conversation might drill down into any of those characteristics as follows:

Decentralised, digital, and secure: A new trust system backed by cryptography

The modern world could not operate without intermediaries. We trust our banks, payments companies, and fintechs to always act in our best interests. We trust these institutions to operate through a series of rules and policies to build trust and protect us, and, at great expense, we regulate them to align their interests to ours.

However, our incumbent financial system still confers disproportionate power in allocating value to the intermediaries, which can

marginalise individual participants. In recent years failures of this model have at times led to a distrust of financial intermediaries with global reach.

On the 3rd of January 2009, a decentralised, verifiable, digital monetary system emerged in the form of Bitcoin, offering an alternative to the recent fragility of centralised intermediaries. Bitcoin limits the need for these trusted intermediaries central to the incumbent system by guaranteeing the veracity and security of transactions on the network. There is no need for a central institution to vouch for anything; whilst fraud, abuse of trust, and misrepresentation are made materially impossible by validation nodes in the network.

Perfectly inelastic: Bitcoin is programmed against inflation

US money supply rose from \$15.34 trillion at the start of 2020 to \$18.72 trillion in September 2020 (Federal Reserve). This equates to an 18% increase in the supply of dollars, meaning that almost one in five dollars were created in 2020. In 2021, US inflation was higher than it's been since 1982 - a trend that is accelerating globally.

Bitcoin's fixed supply means it cannot be artificially inflated. Scarcity encourages a low-time preference - opposite to the consumeristic behaviours (want stuff now) which can lead to an increasingly indebted and inflationary economy.

Government monetary policy has historically been used to stimulate economic production. An alternative future centred on the scarcity of bitcoin may separate production and exchange from the myopia of national governments and unlock a more globalised perspective to productivity.

Bitcoin's digital nature means that it is algorithmically programmed to meet this scarcity schedule - the last bitcoin will be mined in 2140, as programmed by its original creator(s), Satoshi Nakamoto. No one can alter this supply issuance, no matter their power in traditional global economics and monetary policy.

These are the start of debates worth having, and it is only stepping out from under the 'crypto' umbrella that these real-world debates are

separated from pixelated pictures of apes and virtual coins with dogs on them. Bitcoin is not perfect, but its implications are far-reaching. Regardless of whether we've plumbed the technical depths of the network or its nodes, the creation of an ungoverned, verifiable monetary system with programmed scarcity is astonishing. That's something everyone can understand.

The Power of Language

Focussing, sharpening and simplifying the language we use to talk about 'crypto' unlocks conversations of social importance whilst avoiding lazy, handwaving dismissals of the sort that have become increasingly common in the press.

One UK newspaper recently concluded a piece; "The fact that even a man known for his philanthropy and keeping a low profile appears susceptible to the lure of crypto makes the whole thing seem more sinister." The suggestion that 'crypto' is incompatible with the virtues of philanthropy and modesty does a disservice to the variety and complexity of technologies captured under that banner. Whilst some 'crypto' technologies may fit that archetype; it's certainly not true of all of them.

Bitcoin and other select "crypto" technologies offer real features difficult to attain from traditional monetary systems and intermediaries. To advance the conversation, we need to be able to talk about it and to do that we have to speak the same language. So next time the conversation comes up at Sunday lunch, just remember the fundamentals: decentralised, digital, secure, and inelastic.

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Prior to joining Valentia Partners, Vince gained experience within sports investment and management consultancy as well as co-founding a Bitcoin mining startup that leverages excess renewable energy for power - recuperating what would have been lost effort and improving the project finance of renewables. A Bitcoin enthusiast, his recent work centres around product and strategy for a leading crypto exchange.



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With extensive experience in both Banking and Wealth & Asset Management, James has led large (200+ people) cross-functional teams to deliver complex business and technology transformation, and post-merger integrations. A data specialist, much of his recent work has focused on data strategy in Banking and Fintech – advising organisations on building customer lifetime journeys, underpinned by deep analytics and data decisioning.

