Alex Tapscott on the impact of PayPal accepting payment through Bitcoin and cryptocurrencies

In a recent InvestorIntel interview, Tracy Weslosky spoke with Alex Tapscott, Managing Director of the Digital Asset Group at Ninepoint Partners LP about his critically acclaimed best-seller, Blockchain Revolution, and PayPal's new "Checkout with Crypto" service that enables users to use Bitcoin to pay for goods and services.

Mr. Tapscott is the co-author of Blockchain Revolution, which has been translated into more than 15 languages and has sold more than 500,000 copies worldwide. In 2017, he co-founded the Blockchain Research Institute (BRI), a global think-tank investigating blockchain strategies, opportunities, and use-cases. In this InvestorIntel interview, which may also be viewed on YouTube (click here to subscribe to the InvestorIntel Channel), Mr. Tapscott went on to say, "it is a big leap forward for Bitcoin…I think PayPal is probably not going to be the last company that takes a step in this direction."

In the interview, Mr. Tapscott suggested what people can do to feel more comfortable about cryptocurrencies and understand how Bitcoin has set off a spark that has captured a lot of people imaginations and today is worth over a trillion dollars and "is benefitting more than gold in this environment where inflation expectation is high."

To watch the full interview, click here

About Ninepoint Partners

Based in Toronto, Ninepoint Partners LP is one of Canada's leading alternative investment management firms overseeing approximately $8 billion in assets under management and institutional contracts. Committed to helping investors explore innovative investment solutions that have the potential to enhance returns and manage portfolio risk, Ninepoint offers a diverse set of alternative strategies including Alternative Income and Real Assets, in addition to North American and Global Equities.

To learn more about Ninepoint Partners LP, click here

Disclaimer: This interview, which was produced by InvestorIntel Corp. (IIC) does not contain, nor does it purport to contain, a summary of all the material information concerning the "Company" being interviewed. IIC offers no representations or warranties that any of the information contained in this interview is accurate or complete.

This presentation may contain "forward-looking statements" within the meaning of applicable Canadian securities legislation. Forward-looking statements are based on the opinions and assumptions of management of the Company as of the date made. They are inherently susceptible to uncertainty and other factors that could cause actual events/results to differ materially from these forward-looking statements. Additional risks and uncertainties, including those that the Company does not know about now or that it currently deems immaterial, may also adversely affect the Company's business or any investment therein.

Any projections given are principally intended for use as objectives and are not intended, and should not be taken, as assurances that the projected results will be obtained by the Company. The assumptions used may not prove to be accurate and a potential decline in the Company's financial condition or results of operations may negatively impact the value of its securities. Prospective investors are urged to review the

Company's profile on www.sedar.com and to carry out independent investigations in order to determine their interest in investing in the Company.

If you have any questions surrounding the content of this interview, please email info@investorintel.com.

Crypto-asset broker Voyager flies to new heights (again) with Q1 results

Last week, Voyager Digital Ltd. (CSE: VYGR | OTCQB: VYGVF) reported its fiscal 2021 first quarter financial results, which included revenue growing almost 200% quarter-over-quarter and a staggering 2,600% year-over-year.

Headquartered in New York City, Voyager operates as a fully regulated, crypto-asset broker and, through its platform, allows retail and institutional investors the ability to trade and invest in a wide variety of crypto assets.

Fiscal Q1/2021 Financial Highlights for the Quarter Ended September 30, 2020

- Revenue for FQ1/2021 was US$2.0 million, up 200% from US$0.7 in the previous quarter, and up over 2,600% from US$72,230 in the same period last fiscal year.
- Revenue is generated from two main sources: (1) Fee income, which includes spread revenue and transactional fees related to movements on the blockchain, and (2) Interest income, which is generated from the storage of cryptocurrencies with various custodians.

- In FQ1/2021, Fee income was US$1.6 million, significantly up from US$72,230 in FQ1/2020, and accounted for 81% of the quarter's revenue.
- The Fee income increase was attributed to higher volumes as users traded approximately US$192.3 million in cryptocurrencies compared to US$20.6 million in the prior period.
- Interest revenue accounted for only 19% of the revenue in FQ1/2021 as the Company recorded US$0.4 million of interest income from custodians. Voyager did not start lending digital assets to custodians until October 2019 so it did not record any Interest income from custodians in the prior period for year-over-year comparison purposes.
- Voyager believes that allowing customers to earn interest on certain cryptocurrencies while they trade has been a significant driver in the growth of the Company's business.
- Operating expenses for the three months ended September 30, 2020, increased by almost 78% to US$4.7 million as compared to US$2.6 million in the prior period. The Operating expense increase included additional headcount and infrastructure costs as the Company grew, US$1.0 million for non-cash, share-based payments, as well as increased marketing costs and interest paid to customers.

Stephen Ehrlich, Co-founder and CEO of Voyager commented, "Our strong fiscal 2020 momentum carried over into the first fiscal quarter of 2021, where we saw record revenue and customer asset growth," and added in a recent InvestorIntel video that the revenue growth continued into the second fiscal quarter.

Rapid AUM Growth

Voyager has registered rapid growth in Assets Under Management ("AUM'). On November 6, the Company announced that AUM surpassed US$100 million, up 20 times from US$5 million of AUM at the end of December 2019. And, more recently, the Company reported that AUM jumped another 50% to US$150 million.

Cash Balance Continues to Grow

The Company is well funded for growth with a cash and cash equivalents balance of US$7.5 million on September 30 and believes it has sufficient capital to meet its ongoing operating expenses and project obligations for the next year.

After completing a C$5.75 million raise in September, Voyager recently announced a C$7.0 million private placement offering of special warrants to fuel the Company's growth plans.

Platform Continue to Evolve

Even after being awarded the People's Choice Award at the 6th annual 2020 Benzinga Global FinTech Awards in November 2020, Voyager plans an aggressive product development rollout over the next few years that includes debit and credit cards, a desktop solution, loan programs, and basket trading.

Currently, Voyager provides investors with an easy-to-use app that can be download from Google Play or the Apple App Store, and offers commission-free trading, access to over 50 coins, including three Stablecoins and 10 Decentralized Finance Coins, and customers can earn interest on 22 coins.

Its platform allows a user to open a new account in three minutes or less and rewards new account holders with a US$2 million give-away contest to encourage new cryptocurrency investors to try its trading platform.

The platform also provides portfolio tools and data to track balances, transactions, and performance, and supplies news, social feeds, and real-time alerts to keep users connected to the changing market.

For the security of accounts, Voyager offers a multi-authorization cryptocurrency wallet management solution and fiat currency is stored at custodial banks.

International Expansion

In October, Voyager announced the purchase of LGO SAS, a financial services company based in France and focused on trading digital assets, for US$1.0 million in Voyager shares. LGO is an Autorité des Marchés Financiers (“AMF”) regulated company and the merger provides Voyager with a fully licensed European entity to accelerate its European expansion strategy.

The LGO transaction is expected to close by the third quarter and is subject to further due diligence as well as regulatory approval.

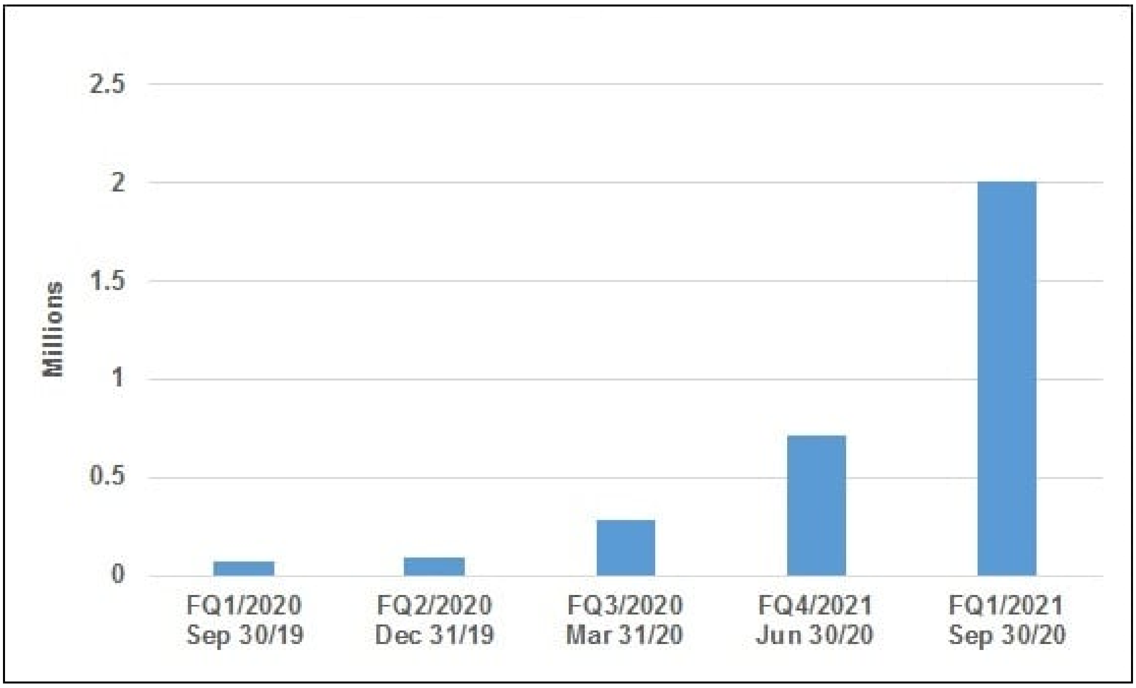
The Company also announced that it is working with regulators in Canada to bring the Voyager products to the Canadian marketplaces. In July, Voyager announced that it expects to launch the Voyager app in Canada this year.

Bitcoin up 160% in 2020

Bitcoin continues to be one of the best performing asset classes this year, up more than 160%, and cryptocurrencies are emerging as a new asset class for institutional investors that are using them as an investment vehicle and a hedge against possible inflation, becoming an alternative to buying gold.

Voyager’s offering appears to be a “popular” product that can meet the needs of the cryptocurrency investor.

CHART 1: VYGR Quarterly Revenue



Source: S&P Capital IQ

Fintech Select is ready to deploy its cryptocurrency solution across 100,000 point of sale locations

Cryptocurrencies are a digital currency, or virtual currency available only in digital form, and not in physical form (such as banknotes and coins). They exhibit properties similar to physical currencies, but allow for instantaneous transactions and border-less transfer of ownership. Like traditional money, these currencies may be used to buy physical goods and services, but may also be restricted to certain communities such as for use inside an online game or social network. Digital currency is a money balance recorded electronically on a stored-value card or other device.

Cryptocurrencies are blockchain (a secure digital ledger) driven.

Fintech Select Ltd. (TSXV: FTEC) is deploying a proprietary point of sale (POS) technology to allow any POS terminal to operate as a cryptocurrency exchange. Blockchain technology has already significantly changed the future of money, finance, supply chain management, record keeping, and more. Not only does blockchain technology support cryptocurrencies, it has the potential to revolutionize the way financial data is stored and transmitted around the globe.

Point of Sale cryptocurrency solutions.

Fintech Select owns and operates three core business divisions.

Fintech Selectcoin

Selectcoin offers a POS Cryptocurrency solution to provide easy and hassle-free buying, and or selling of cryptocurrencies through its retail partners. Fintech Select have signed a definitive agreement with RMA Canada to deploy its POS cryptocurrency solution across 100,000 locations in Canada and the USA. The Company has been negotiating with different parties regarding the opportunity for a geographic expansion of its POS cryptocurrency solution outside of Canada.

Payment Card Solutions

Fintech's MasterCard and Visa prepaid card programs have been deployed across multiple corporate and government organizations. The MasterCard branded card program serves a large Point Of Sale (POS) footprint which allows consumers to activate, fund and reload their cards. The pre-paid card program & POS network is the conduit for their crypto solutions.

Cherry Mobile Banking

Fintech's Cherry is "Uberizing" the mobile banking space by offering a cost effective Peer-to-Peer ("P2P") solution by matching borrowers with lenders as an alternative to higher cost lending institutions. The mobile banking solution is interconnected with the Companies pre-paid card, giving consumers financial freedom through many features including P2P micro lending, business loans, bill payment, global remittance and other financial features.

The Company states: "Fintech Select practices the highest standards of corporate governance. Responsible and effective governance is essential to our success and we have developed systems and procedures that are appropriate for our business." Fintech also offer multi-lingual call center services that supports their clients in both Canada and the US. This service can be contracted separately by third parties. The call center is scaleable to support any size customer service program.

Fintech are seeing the future now. As the planet migrates to a near pure digital interfaced world Fintech are ready with their POS crypto currency solutions, pre-paid cards solutions, and mobile banking solutions. With 5G on the horizon and an experienced management team in place, Fintech Select could be a pioneer in the new online digital finance world.

Fintech Select Ltd. has a market cap of C$ 5.5 m, and is headquartered in Toronto, Canada. Fintech Select engages in the provision and development of prepaid card programs, mobile banking solutions, and cryptocurrency technologies.

Blockchain – The Chains that Set You Free

In the film, "The Graduate", the unworldly character Benjamin (played by Dustin Hoffman) is told at the cocktail party that there is one word that he should know and that word is "plastics". We are not sure in light of plastic's progress over the last 40 years whether that would have been the best of tips. However in this day and age, someone is more likely to sidle up to you at a party and whisper, over the tinkling of martini glasses, the words, "blockchain or "crypto-currencies". Not quite as sexy as plastics but definitely more tongue-twisting.

In the Beginning….

… there was Bitcoin…. and it was bad. Well, at least Central Bankers didn't like it… and neither did Jamie Dimon…. hmmm.. so it must be good..

The first distributed blockchain was conceptualised by an anonymous person or group known as Satoshi Nakamoto, in 2008 and implemented the following year as a core component of the digital currency – BitCoin – where it serves as the public ledger for all transactions. The invention of the blockchain for bitcoin made it the first digital currency to solve the double spending problem without the use of a trusted authority or central server. The BitCoin design has been the inspiration for other crypto-currencies and applications.

Distributed Ledgers

Back in our days of working in Latin America (and Turkey) it was well known that most private companies, and more than a few public companies with family dominated registers, had multiple sets of books. There would be one for the owner (i.e. the CEO), another to show the family shareholders, yet another to show the tax man and another for regulators and the exchange if the company was publicly listed. All would look quite dramatically different in the numbers they showed.

Blockchains with their distributed ledgers are the very opposite of this. Despite the fact they have multiple copies they are in fact copies of copies and should all be the same. It’s the fact that various people hold the same copies that we are supposed to have confidence in their incorruptibility. Indeed the coding is the modern equivalent of indelible ink. Once a transaction is in the ledger it cannot be expunged, and is replicated in all the copies.

The less folksy explanation of a blockchain is that it is a continuously growing list of records, called blocks, which are linked and secured using cryptography. Each block typically contains a hash pointer as a link to a previous block, a timestamp and transaction data. By design, blockchains are inherently resistant to modification of the data.

Therefore a blockchain can serve as “an open, distributed ledger that can record transactions between two parties efficiently and in a verifiable and permanent way.” For use as a distributed ledger, a blockchain is typically managed by a peer-to-peer network collectively adhering to a protocol for validating new blocks. Once recorded, the data in any given block cannot be altered retroactively without the alteration of all subsequent blocks, which needs a collusion of the network majority.

Its enthusiasts would reassure us that blockchains are secure by design and are an example of a distributed computing system with “high Byzantine fault tolerance”. Decentralized consensus has therefore been achieved with a blockchain.

So blockchains are now good for more than just recording cryptocurrency transactions. This makes them potentially suitable for the recording of events, medical records, and other records management activities, such as identity management, transaction processing, documenting provenance, or food traceability. Makes us wonder even about the audit trails on conflict minerals.

Moneyness

It seems appropriate that having founded a research firm based upon Austrian School of Economics, and yet rarely getting to speak of it, that blockchain should bring us the opportunity to quote the school’s founder, Carl Menger, on the subject of “moneyness”. This concept is oft trotted out by gold’s fans to decry *fiat* currencies, which they claim are being debased. The debate now raging is whether crypto-currencies have moneyness or not.

To gauge this we should look at the three key identifiers:

- Medium of exchange (which BitCoin definitely has in a rising number of transactions)
- Store of Value (more a matter of perception than anything else)
- Unit of account (do people value “things” in terms of BitCoin?)

To have moneyness one must meet all three criteria. Even hard core critics would agree the BitCoin, for instance, has the first requirement down. We would argue it has the second by having become the *fiat* currency for the shady netherworlds where people moving large quantities of (drug/gun) money are having to trust in its intrinsic value (if only transitory for as long as they hold the stock of funds in the crypto-currency).

Then there is the unit of account. This is only a heartbeat away. So far BitCoins are valued by what they are worth in other currencies i.e. “so many dollars”. But when existing currencies are valued the other way around e.g. how many ringgit can you get for a BitCoin, or cars or property valued in BitCoin, then cyrpto-currencies come up with three matching fruit in the slot machine and they are off to the races (so to speak).

We awoke to the news this week that the Chicago Mercantile Exchange will shortly begin trading BitCoin futures and this prompted several thoughts. The first being, here comes legitimacy. The second being, the Fed must being having conniptions. The third being: Is this just an attempt by the big banks to get part of the action in manipulating the price of BitCoin (oh, no, not you Jamie Dimon, perish the thought)?

Conclusion

When Jamie Dimon rides in to attack BitCoin one knows that the Powers That Be are getting nervous. Fortunately Jamie is no longer regarded as the 800lb gorilla of the financial space but more of a toothless Rottweiler lapdog of the Central Bankers (to mix a few metaphors) and he has now managed to make himself the subject of chuckles whenever mention is made of crypto-currencies.

When his intervention is combined with Chinese measures to suppress BitCoins (they never control other financial bubbles) then one starts to suspect that the Chinese public (and the broader BitCoin universe of users/holders) may actually be onto something.

On a broader front the war against the public’s right to transact is under attack with governments withdrawing large denomination bills and Turkey banning PayPal. The slogan for the masses should be “BitCoin will set you free”. However with the CME getting in on the act, one then wonders if the institutionalization of BitCoins isn’t going into turbocharged mode before crypto-currencies escape the government’s grasp, particularly in the Land of the Free.

Bitcoins – An Existential Threat to Gold?

Bitcoins and gold have dwelt in different realms (or so it seemed) since the eruption of cryptocurrencies on the scene only a few years ago. First seen as a plaything of nerds and geeks and then of dubious backing and even more dubious accounting, it was easy for Gold Bugs to discount its rise and say “nothing to do with us”.

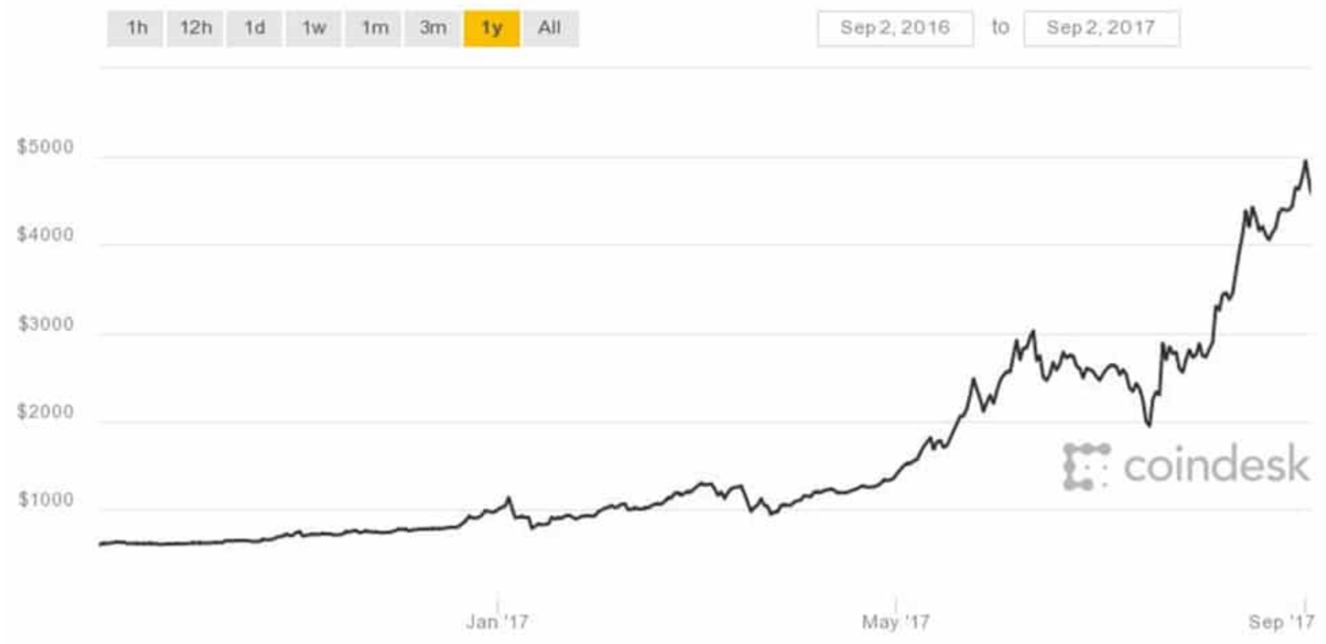
The Gold Bugs and Silver Nuts have long railed against JP Morgan and the Bilderbergers as the Great Satans undermining their favorite metals. It’s harder for them to find someone specific to stick horns on and to hand a pitchfork to in the case of the rise of Bitcoins and their existential threat to gold as a “medium of exchange” and “store of intrinsic value”. Bitcoins are an intrinsic store of no value and yet are still managing to steal gold’s clothes (and its thunder).

What Has Happened

Bitcoins have gone through quite a lifecycle in their brief existence. Values have soared and plummeted in quite short time spans. After the initial flourish their very existence was called into doubt by officialdom seeking to crack down on them via a string of arrests in relation to the Mt Gox "fraud", most prominently one Alexander Vinnik. However the "virgin birth" of Bitcoins brought with it a scenario where it was difficult for governments and Central Bankers (and their enforcers) to cut off the head of the beast if it could not locate the head and the arrests and the subsequent survival of the cryptocurrency showed that parentage was not important and that the international enforcers were having difficulties identifying the correct DNA in Bitcoin's original make-up.

Cut free of ties to any one person, or persons, the beast was freed to roam stateless and yet gaining in strength all the time, a sort of Currency Godzilla. The very statelessness has, I believe, led to this latest phase. Around the world various governments have stepped up their anti-money laundering measures with one of the futile measures being the elimination of large denomination bills. These have long been the stock in trade of smugglers, most notably in the drug world. The US and Europe have cut lose their big denomination bills and the Indian government in a phenomenal own-goal even eliminated bills in daily use by the population without generating enough smaller bills to replace them.

As the darkweb has grown in importance it was almost inevitable (but to officialdom, surprising) that a currency would appear to oil the wheels of this new economy for buying weapons, narcotics and just about anything else that one didn't want one's government to know you were buying. Bitcoins have become the fiat currency of the netherworld. The result as we can in the chart below has been a burgeoning in the price of Bitcoins:



Some other currencies have been spawned none have gained the currency (pardon the pun) that Bitcoin have. Frankly who needs them?

Sensing the Desperation

That the well-known and esteemed Jeff Christian of the consulting group CPM should have ridden to gold's defence against the Bitcoin "threat" in late August is in itself a smoking gun. Indeed in a form of back-handed flattery he referred to it as the "ultimate fiat currency."

"I don't know anybody who believes that bitcoin is a safe-haven asset," he said in an interview with BNN. "Bitcoin is no tangible asset, it is based on the full faith and credit of anonymous people who create it on the internet, some of whom may well be criminal."

Despite this, research produced by Cambridge University in 2017 claimed that there are 2.9mn to 5.8mn unique users using a cryptocurrency wallet. That many people can't be wrong, or can they?

Paranoia and/or illegality

And well should gold feel threatened. For years the gold bugs have been claiming “we woz tricked” and that the gold supposedly backing ETFs did not really exist or, even more dastardly, was actually being used to short the gold price. This has left the door wide open for another crypto-asset to walk in and make a claim to represent itself as a fiat currency. Indeed by all accounts the fact that Bitcoins have been able to exist despite the best efforts of governments and Central banks to thwart its rise makes it an interesting alternative even to hardcore precious metals mavens who have fears of government control lurking in their subconscious. The denizens of the criminal community have also found that Bitcoins provide a good medium of exchange to get around attempts by the EU and the US to eliminate the large denomination bills that oiled the wheels of transactions in the drug trade. In a globalized world the consumers have found their ultimate globalized currency and it is not the US dollar or gold. Indeed gold’s portability and physicality are its downfall in servicing the needs of the type of people who use and indeed “need” Bitcoins. Who needs a Swiss bank when one has a bitcoin wallet?

Conclusion

Gold’s essential qualities of physicality and portability have long been its main selling points. While some to point to its shining attractiveness that means little for the vast mountains of the physical metal stored at Fort Knox and in the Bank of England.

The issue now is whether the Powers-That-Be, with their immense financial firepower, will be able to engineer a crisis or crash in the Bitcoin market that will send it tumbling back to earth. Such an event might revindicate forever the gold bugs. However if it doesn’t happen then Bitcoins may take flight within the next year or two changing perceptions of what a fiat currency is and redefining the term “store of value” for a digital age. That would not be good for gold.

In concluding we might remind investors of Gresham's Law that says "bad money drives out good". This leaves gold bugs torn. They have spent so long decrying the debasement of fiat currencies that now when the final apogee is near and gold ready to be crowned in glory as the only true currency, along comes a digital cryptocurrency without two brass washers backing its existence and trumps gold at what they thought only gold could do best.