

INTRODUCTION TO BITCOIN

WHY BITCOIN?

SUNDAY

March 6th, 2022

2:00pm - 6:00pm

Land Bank and Development Corporation

Addis Ababa, Ethiopia

KAL KASSA

Head of BD at hoseki



TEDx

AddisKetemaSalon

x = independently organized TED event

WHAT IS MONEY?

- Store of Value
- Medium of Exchange
- Unit of Account



NIXON, 1971

- End of Gold Standard
- Cheap Debt/ The FED
- Inflationary System/ target of 2%
- National Bank of Ethiopia



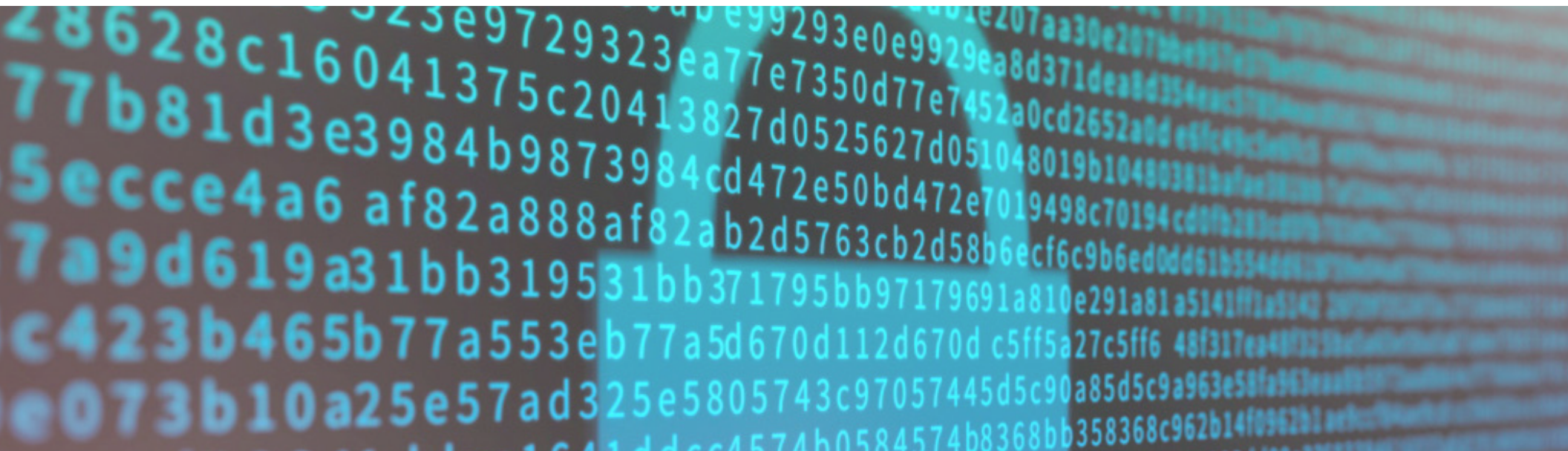
THE US DOLLAR

- Backed by soft power, military, petroleum
- 60%-80% of all USD printed in past 2 yrs
- Inflation in the United States at 7.5%
- **Inflation in Ethiopia at 35%**



CRYPTOGRAPHY, '74-'08

- **40 years of research** including breakthroughs from Ralph Merkle, Adam Back, Nick Szabo, and Hal Finney.
- Predecessors include HashCash, B-Money, E-Gold, Bit-Gold, Digicash



BITCOIN, 2009

- Satoshi Nakamoto, White Paper
- Peer to Peer (P2P)/ Sovereignty
- 21m BTC/ scarcity/ consensus
- **Proof-of-Work**/ Energy
- SHA256/ Data Integrity



Israel allowed foreigners to flee the Gaza Strip as it prepared for a ground offensive. At least 430 Palestinians were killed in a week of airstrikes News, page 3

Chancellor on brink of second bailout for banks

Detox in style
The best spas
on the planet

Travel



Salmon Rushdie
I Won't Marry
Again

Pages 22, 23



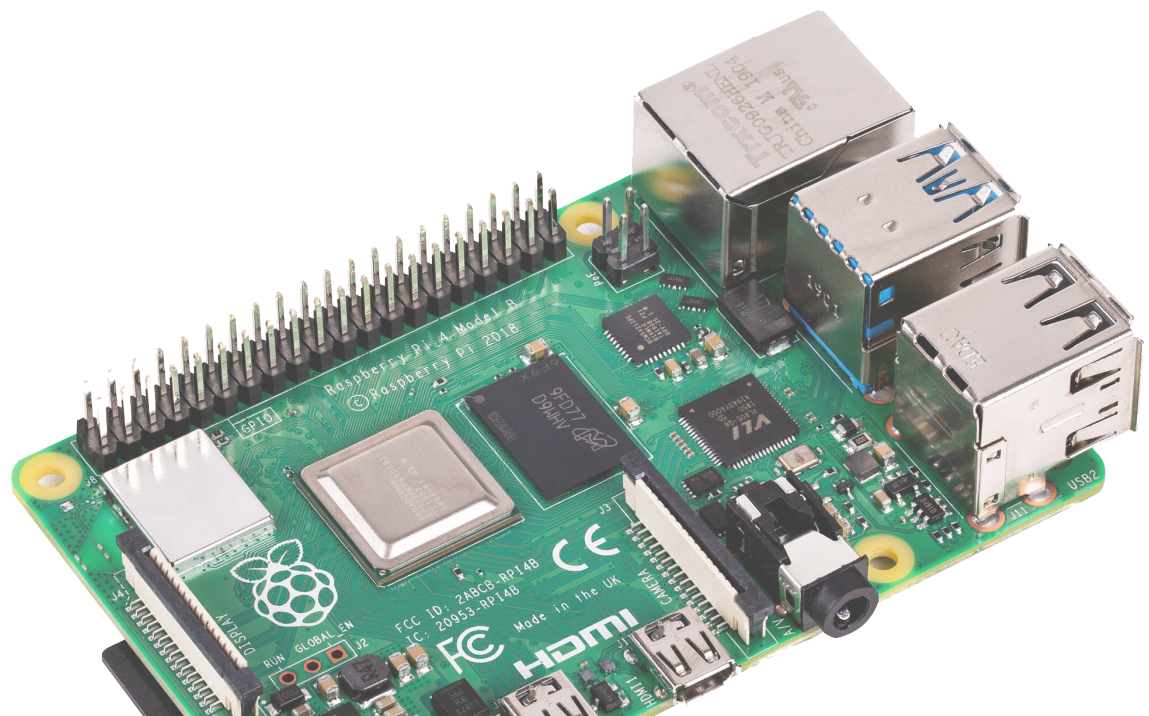
OPEN-SOURCE

- Grants users rights to use/ modify/ distribute software and its **source code**
- Android, Linux, Firefox, VLC Media Player



BITCOIN NODE

- Distributed Ledger/ Decentralized
- "Blocks" verify 2k txs every 10 mins/ 1-2MB of data in each block. There are 724,000 blocks as of today, full bitcoin node requires roughly 200GB of harddrive space



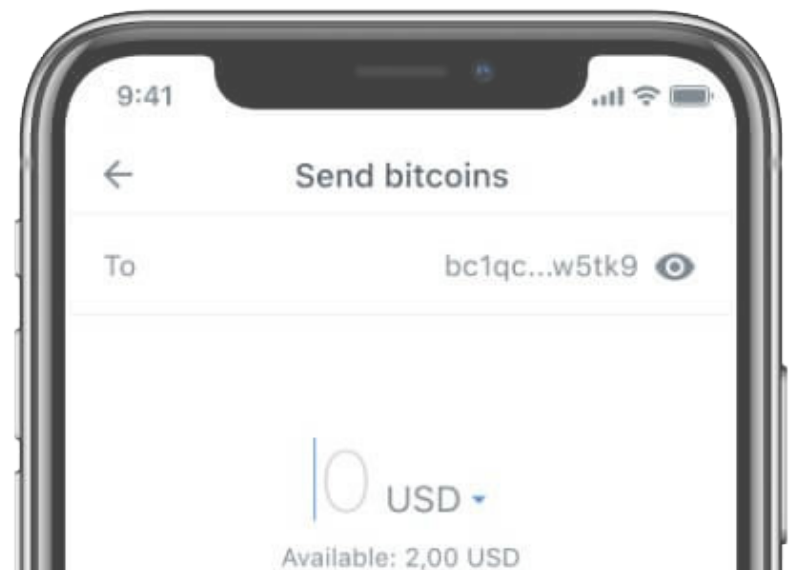
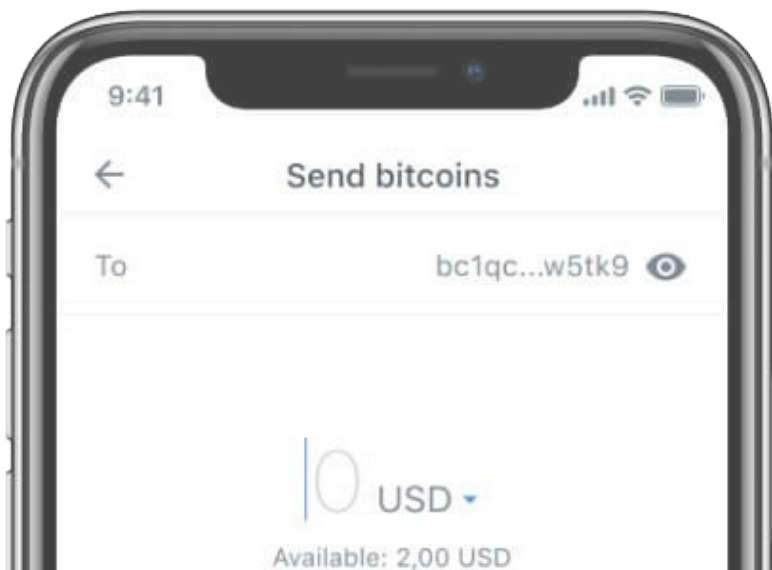
SATS

- 0.027863500 BTC
- 2,786,350 SATS
- 50,000 ETB
- 1,000USD



LIGHTNING NETWORK

- Exists on the second layer of the bitcoin protocol
- Enables instant/ smaller transactions at almost free rates - can be thought of as the **transaction layer** where Bitcoin is the settlement layer
- EthioTelecom/ BitRefill/ BTC to ETB payment



MINING

- Energy is the input for "mining" for bitcoin reward
- Bitcoin Mining will go on until 2140/ **Project Mano**
- Mining reward at 6.5 bitcoin per block/ reward reduced by half every 4 years/ Increased hash rate means that there are more miners and the system is more secure



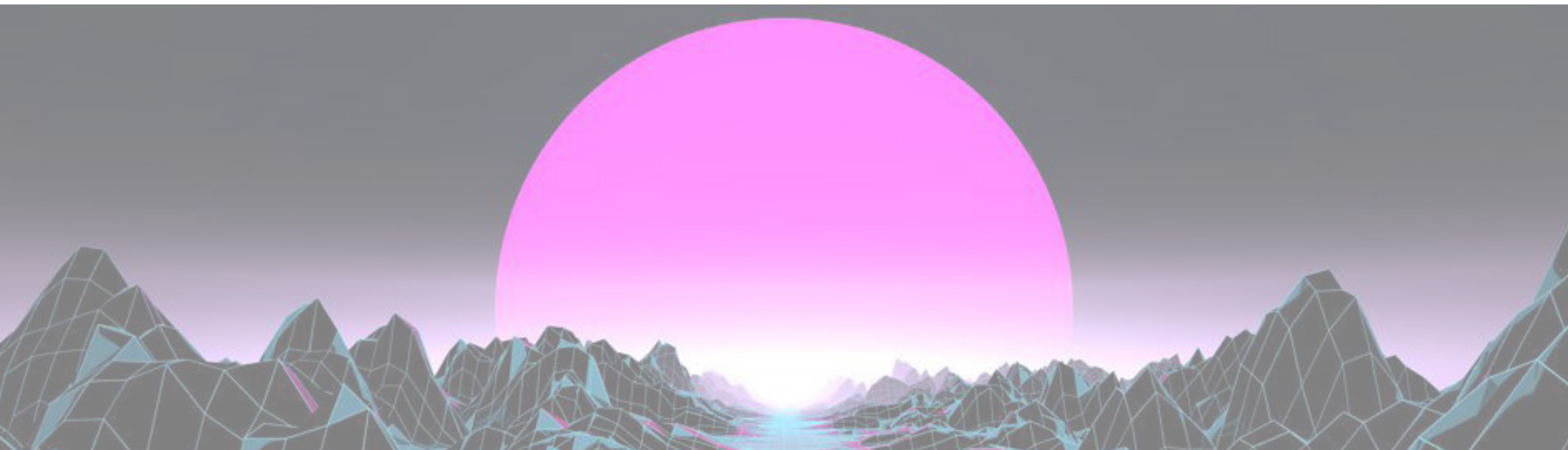
BLOCKSIZE WARS

- 2015 - 2017, battle over control of the bitcoin protocol
- Led to numerous coins/ tokens that **forked** the bitcoin protocol into their own (BitcoinCash, BitcoinSV)
- As of today, the free market has chosen bitcoin as the more favorable protocol



EXCHANGES

- 14mln of the 18mln bitcoin mined are off exchanges
- Roughly 4mln float on various exchanges (Binance, Coinbase, CashApp, etc.)
- Exchanges might be a **point of failure** depending on a variety of factors.



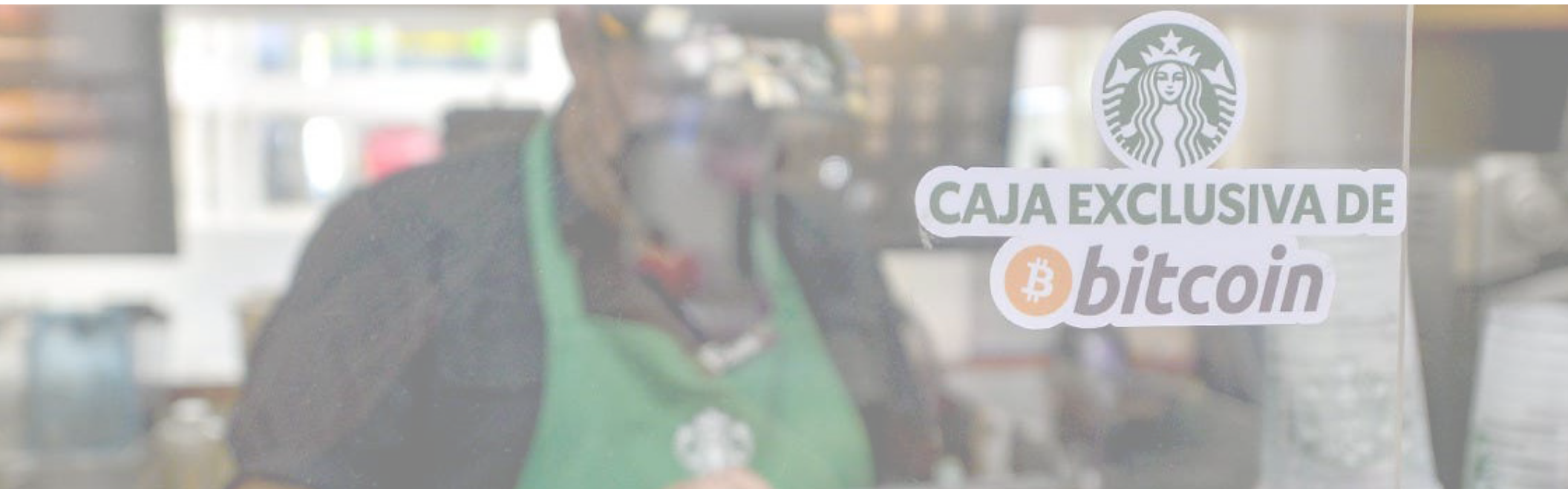
BENCHMARK VALUE (USD)

- 100 - 300 trillion (Global Bond Market)
- 10 trillion (GOLD)
- 1.3 trillion (SILVER)
- **1 trillion (BTC)**
- 500 billion (ETH)/ 500 billion (all other cryptocurrencies)



EL SALVADOR

- Activity began with Bitcoin Beach
- Bitcoin adopted as legal tender
- 1 billion USD in bitcoin bonds/ infrastructure
- McDonalds, Starbucks, etc. all accept bitcoin as payment



ETHIOPIA

- Sovereign Wealth Fund
- Mining/ Node Operation
- Open-Source Development/ Education
- **2.5 bitcoin available** for Ethiopian Government (Grant)

