

BLOCKCHAINS

MINING NUMBERS NOT GOLD

PRESENTED BY



neuroware

DESPITE A FAMILY IN FINANCE I'VE MADE ONLY ONE INVESTMENT



Mark Smalley

Founder & CEO

Living in Malaysia for 20 Years

Building Web Applications for 15 Years

Building Tech Communities for 10 Years

Building Blockchain Apps for 5 Years

With **40,000% returns** in 5 Years

MONEY BEGETS MONEY

WHICH IS WHY WE HAVE BLOCKCHAINS!

IT ALL STARTS HERE - ON THE ISLAND OF YAP



SHOPPING WAS NOT EASY



SO THEY CREATED THE WORLD'S FIRST PUBLIC LEDGER



WHERE UPDATES REQUIRED GROUP CONSENSUS



- Size wasn't everything
- The history of each stone determined it's individual value
- Conducting transactions quite literally involved a song & dance
- This required the majority of people from the village to be present

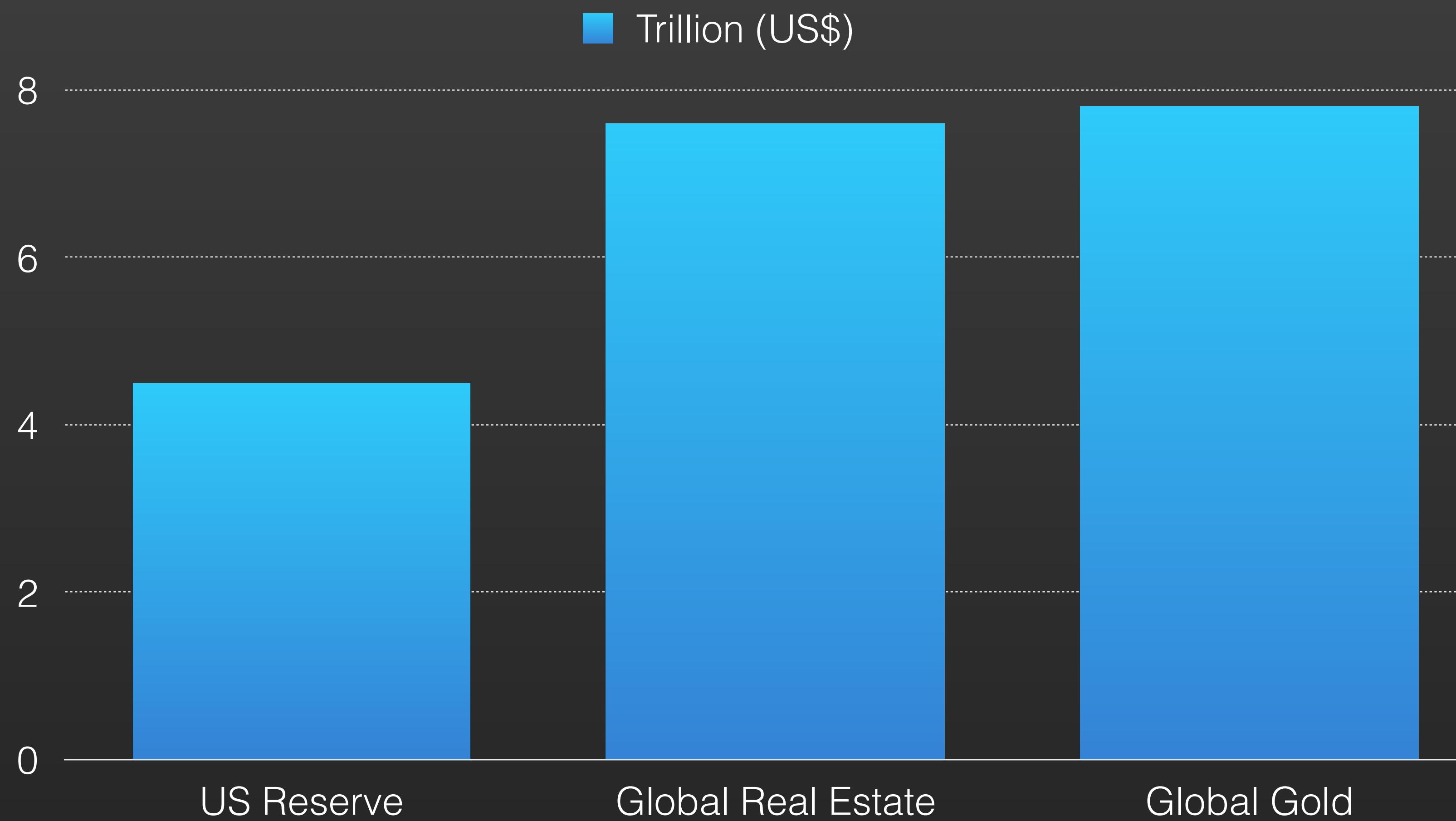
ONCE UPON A TIME - THERE WERE GOLD STANDARDS



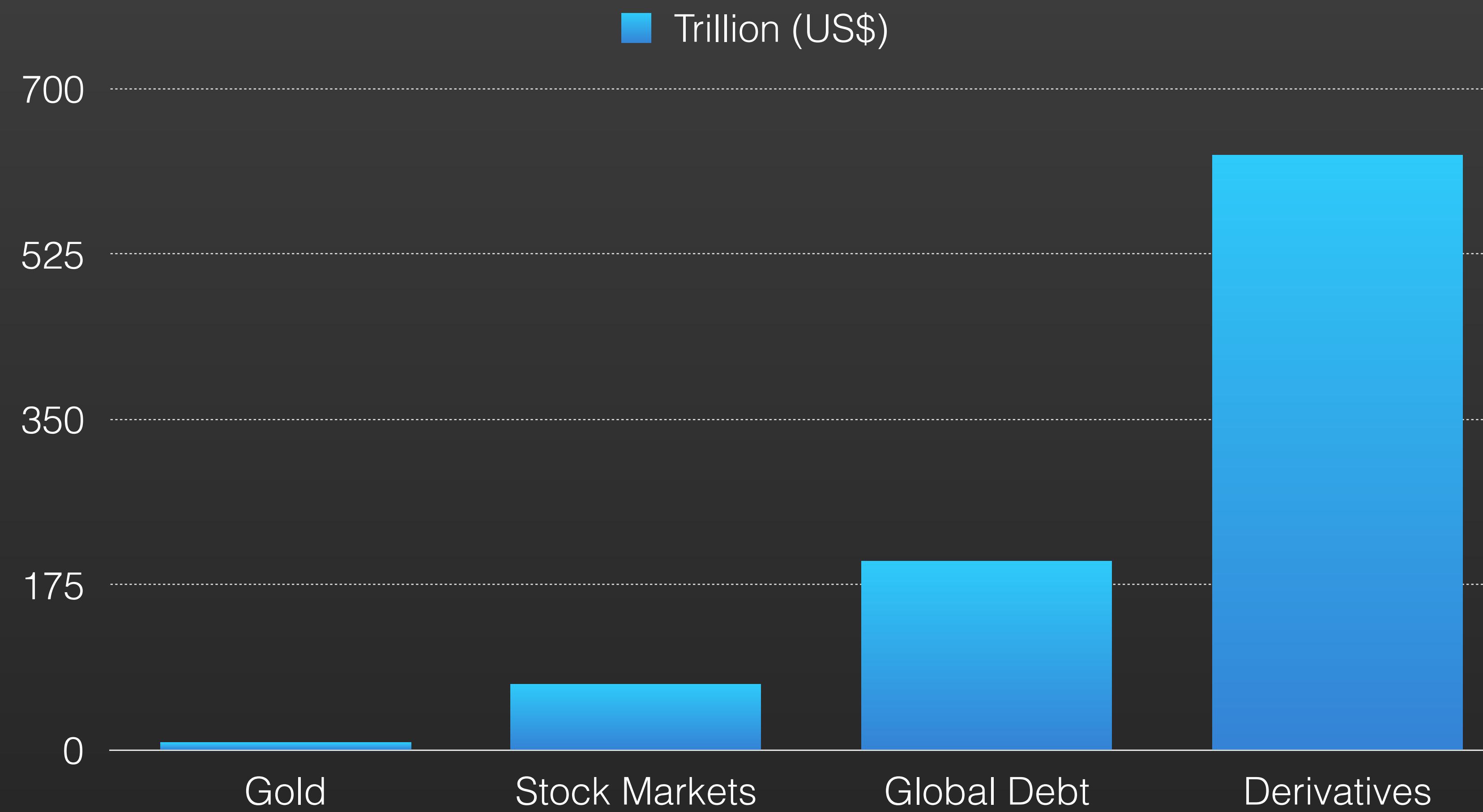
THE END OF AN ERA - MONEY IS COMPLICATED

- 1873 to 1914 - All major worldwide currencies were 100% backed by gold
- After WW1 ended the USA switched to **Fractional Reserve Banking**
 - started by printing US\$50 for every US\$20 deposited in gold
- During WW2 the USA accumulated 2/3rd's of all gold, forcing all currencies to switch to fiat-systems pegged to US\$, which was pegged to gold
- 1971 - Richard Nixon ended the gold standard, introducing **petrodollars**

WHEN WE THINK OF THE US DOLLAR WE THINK OF **REAL MONEY**



DEBT & CENTRALIZED ASSETS MAKE THE WORLD GO ROUND



IT ALL ENDS IN TEARS (512 US BANKS CLOSED SINCE 2008)



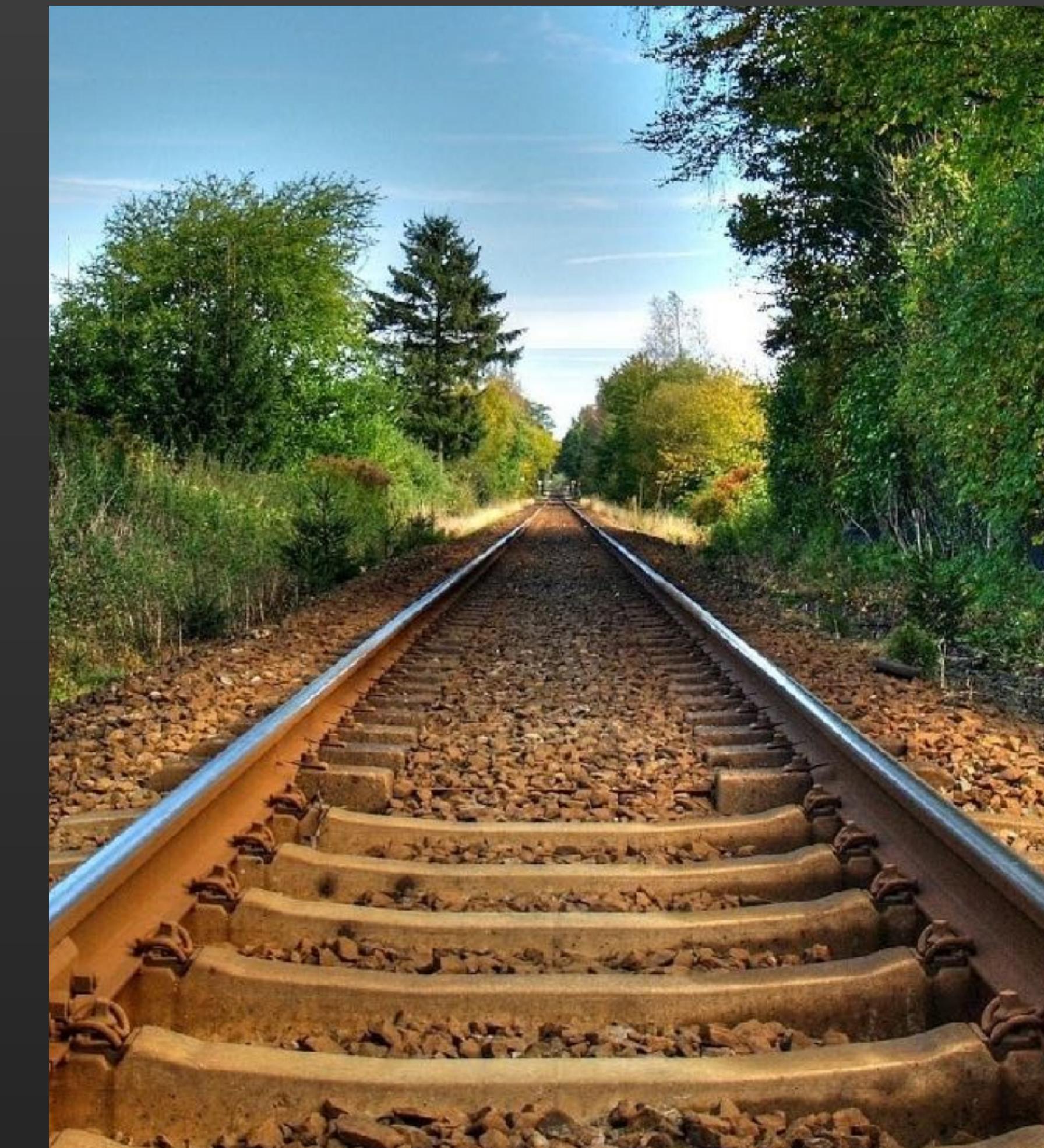
BITCOIN

(first successful asset traded on blockchains)

vs

BLOCKCHAINS

(the underlying technology - a shared ledger)



WHAT ARE THE BENEFITS OF DISTRIBUTED **PUBLIC** LEDGERS?

- They provide an **immutable** tamper-proof audit-trail of the truth
- Data can be easily **shared** and independently verified by third-parties
- Vastly increased **security** that is much less vulnerable to attack or outage
- Programmable **contracts** that can radically reduce human errors and costs



“While Fintech Disrupts Banks,
the Blockchains Disrupt Fintech”

INTERESTING BITCOIN BLOCKCHAIN FACTS TO REMEMBER

- Bitcoin blockchain released in January 2009 by Satoshi Nakamoto
- We do not know who Satoshi is, or what their religion or political views are
- However, the bailout of 2008 was cited as primary catalyst for its creation
- RM50 per coin in 2013 (when we bought) - now over RM5,000 per coin
- The Bitcoin network is currently processing over 250,000 daily transactions
- The network's market capitalization is currently around RM60 (ish) billion
- 21 million maximum finite supply, decreasingly dispersed every 10 minutes
- **But most importantly of all is the technology behind it...**

BITCOIN AND BLOCKCHAINS HAVE NO NEW TECHNOLOGY



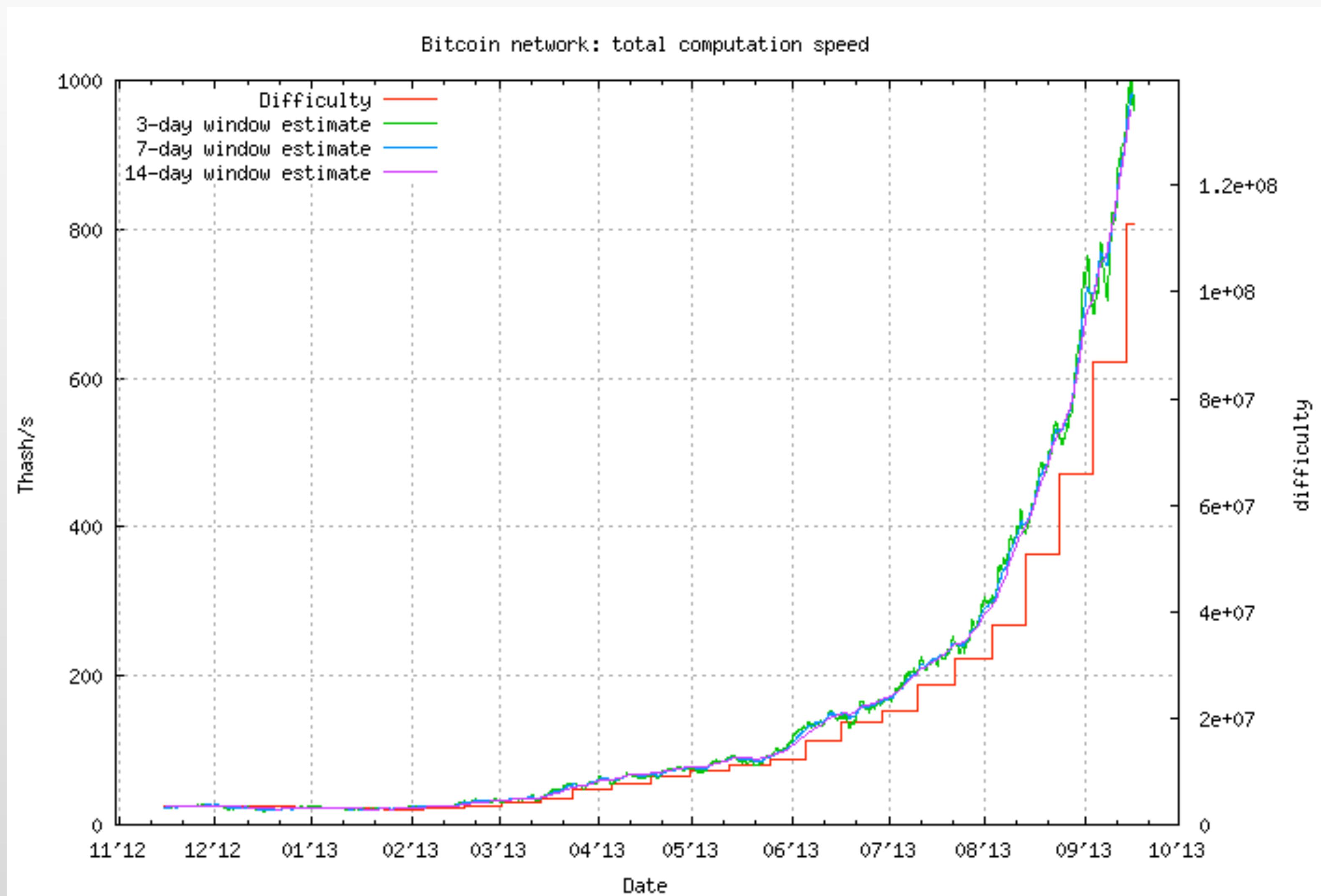
- HASH - Theorized in the 1800s - Coined by IBM in the 1950s
- SHA - Encryption method first introduced by US Navy in 1993
- P2P - Peer to peer protocol popularized by Napster in 1999

MINING FOR NUMBERS

- To reach **consensus** as to which node has the right to add the next block to the chain, miners compete in a race to solve cryptographic equations
- Miners gather and in-turn verify unconfirmed transactions into blocks
- They then add a nonce (one use number) to the block and hash it
- If the hash has X number of zeros at the beginning it becomes a valid block
- Otherwise the miners increase the nonce and they hash the block again
- Solving these cryptographic equations is becoming increasingly difficult



THIS IS THE HASHING POWER OF THE NETWORK IN 2013



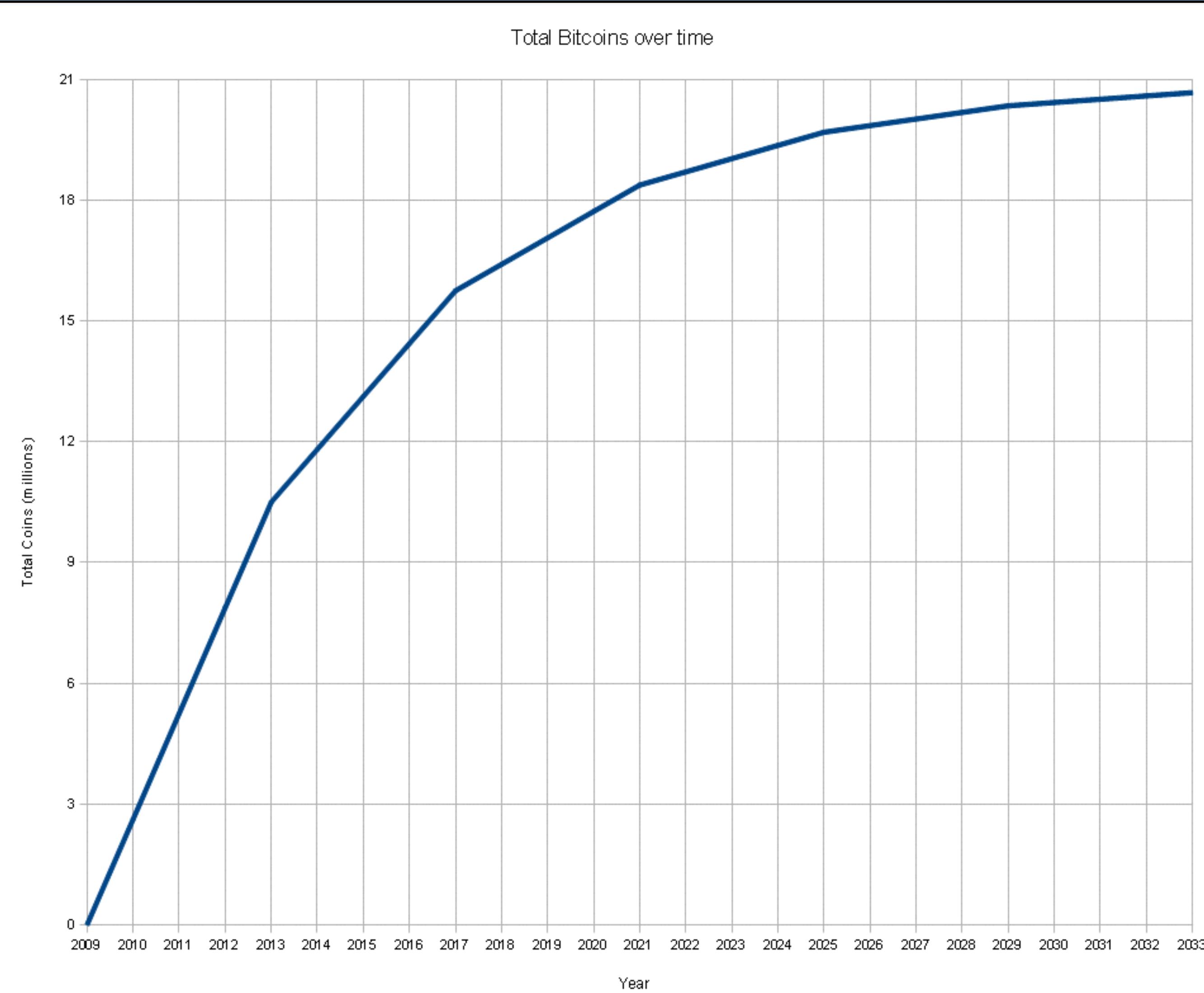


MINING IS NOW A BILLION DOLLAR BUSINESS





BITCOIN SUPPLY - 21 MILLION - 2009 to MAY 7th, 2140



IS BITCOIN A CURRENCY, COMMODITY OR TOOL ...?

Traits of Money	Gold	\$\$\$	Bitcoin
Durability		fragile	
Portability	heavy		
Divisibility	difficult	limited	
Uniformity	if processed		
Limited Supply	theoretically	printed at will	
Sunnah Money	Commodities	\$\$\$	Bitcoin
Intrinsic Value		representation	
Inflation Proof	unknown	debt based	
Acceptability	limited		growing daily

IMPORTANT TO HAVE CLEAR, EFFICIENT FINAL THOUGHTS

Bitcoin is not legal tender and must
be used at the investors own risk



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

- This is no different to gold, currencies from other countries or commodities
- Although the fate of Bitcoin is uncertain, there will always be public currencies
- The potential for tamper proof data storage is endless and certain ...

THANK YOU

NOW IS THE TIME TO QUESTION THINGS

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