

as worth anything less than \$1,000 on an apples-to-apples basis with a fiat-denominated bond.

In order for individuals and institutions to utilize bitcoin intelligently, as I'll elaborate on much more deeply in the text, they will need different optics from those they use today, since bitcoin's primary use case is to protect purchasing power. Even if such protection is not the primary reason for utilizing bitcoin, the enormity of the difference in valuation cannot be ignored and will need to be built into the valuation, regardless of whether one is to be able to truly understand the economics of the financial system they are operating in. The contrast in purchasing power will require institutions to focus more on Future Value as opposed to Present Value. This pivot will be much more intuitive for individuals to adopt than institutions, and institutions will need to understand the time and risk preferences of individuals, and how bitcoin is already reshaping them if they are to offer valuable products and services to them. I will again emphasize that I'm not yet discussing the offering of financial products to individuals just yet. The conversation I'm focusing on here is local to all companies that need to understand the impact of bitcoin on the value systems of individuals to continue offering competitive compensation to their employees. Once these dynamics are understood, we can then begin to look at how institutions can use their balance sheets to offer financial services to either retail individuals or other institutions, including understanding what BlackRock and Strategy are doing to those ends.

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BITCOIN CUSTODY REQUIRES A HIGHER UNDERSTANDING OF TRADEOFFS

EVERYBODY is early to bitcoin. It is only sixteen years old, after all. In 2024, the stories of bitcoin being lost on hard drives are becoming rarer and rarer, but we still see high-profile reports of lost bitcoin in significant amounts. In 2023, a former Bitcoin Core developer, Luke Dashjr, reportedly lost hundreds of bitcoins in a setup that was supposedly too complicated for anybody to rescue. (There are conflicting accounts of whether this was a loss, a theft, or Luke's attempt to portray a "boating accident"). These stories are becoming rarer because the hardware available to individuals for self-custody has improved greatly in the past half-decade. Hardware wallets have become extremely intuitive and easy to use, making the only real obstacle to bitcoin self-custody one's ability to protect a 12- or 24-word seed phrase. Having said this, that ability is no small thing. There are a number of tradeoffs to consider, and the reality that I find tough for people to understand and accept here is that it takes a long time of mulling through one's personal discomfort before the security of your bitcoin allows you to sleep soundly at night.