

Title: Custodian & Ethereum Thought

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Is_self: True

Body:

So With this news.

<https://www.nasdaq.com/articles/650-u.s.-community-banks-can-now-offer-crypto-services-2021-07-01>

The banks are not going to give you a wallet for this crypto, which means, you have to trust the bank that they actually bought and are holding your crypto. And at we know in the states, fractional reserve banking is gone, so they don't have to back your deposits with anything. So what are the chances, they don't have to back up your crypto with anything?

And Canada also has no reserve requirement, but our banks do have Capital Requirements, It just doesn't state that it has to be crypto at all. Just enough money so when you cash out, you get the fiat value.

This means your crypto purchases with a bank, are most likely a fancy IOU. (There may be a small amount the bank is actually holding in crypto)

So I foresee a potential problem with this, is that its possible that the amount of money eventually invested in lets say BTC will far exceed the value of BTC, because well... people didn't actually buy and hold it, just a got a pegged value from their bank.

When you actually get your hands on a real portion of BTC, you literally taken it, and held it so it cannot be traded, reducing the overall trading supply. If you are hoping for BTC to go up in value, YOU WANT IT HELD OFF AN EXCHANGE. LITERALLY.

For Example. If banks are only buying a small percentage to back your crypto purchase. If you buy 1 BTC with the bank, and they only buy .1 BTC to "reserve it" That means you've let .9 BTC still be traded and can bring down the value.

****Not your keys, not your coins.****

So in other news...

<https://www.financegates.net/2021/07/06/sygnium-becomes-first-bank-to-offer-ethereum-staking/>

Banks in Europe are starting to offer ETH 2.0 staking... Can you guess my problem with that?

(Basing this off of the speculation that ETH 2.0 will work with a delegation pool system)

But what else... What else occurs with staking coins typically. YOUR VOTE.

Depending on the pool you stake you, typically you choose ones that will vote, how you would like? No?
(Unless you get a governance token, depending on the style of POS)

I bet you anything, staking with a Bank, they are not gonna give you your vote. or you've given your vote to them.

Now lets says they do 1:1 stake for you, And they actually bought 100% real Ethereum for you. and they stake it. I doubt they are gonna give you your vote, which means over time. We will give all voting power to the banks.

****Banks could control Ethereum. Which means the government will control Ethereum.****

As a side note for consideration as EIPP 1599, its going to become deflationary. The value will go up. As it gets higher and higher, it will be harder and harder to buy voting power.

Open for discussion!