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Using crypto is not investing in it.

Why finance and tech pull against each other, what a blockchain does that the old rails cannot, where the real risks sit, who sets the price, and why great technology can still make a poor investment.

> the idea
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> "Should I use this technology?" and "should I invest in this token?" are two very different questions. Blockchain is a great technology for moving value around, whether money or securities. A token is an asset, with a marginal buyer, a cash flow question and a place in your portfolio or not. I can argue that a lot of today's tokens will probably be worth zero while the technology underneath stays very valuable.

Open roundtables with two sections of graduating finance seniors in FIN 4443, Financial Policy, at Florida Gulf Coast University, with me as a panelist alongside a fellow panelist: no presentations, just questions. I was head of treasury at Ava Labs, the company behind the Avalanche blockchain, at the time, so read what I say about chains with that in mind. The views are my own, not those of any current or former employer, and nothing here is investment advice. Market facts are as of October 20, 2026 unless dated otherwise.

Two worlds

Tech, as Mark Zuckerberg put it, is move fast and break things. Finance is about being exact and managing risk: you want to be right, you don't want to lose money and you don't want to get sued. You can experiment with Instagram. With money, any mistake has a real cost. Banks do test their apps, but nobody can ship a broken ledger and fix it later.

The marriage is still a good one: a neobank runs the same identity and credit checks as a branch, in software, in seconds. Blockchain and AI will do most of the changing. I think AI comes in through the door of financial literacy, which is at its lowest just when the average person, with credit cards, a mortgage and their own retirement to fund, needs it most.

What the rails actually change

Send a friend ten dollars on Venmo and Venmo moves it on its own ledger, then settles between your banks behind the scenes. Send USDC and it stays in your own wallet until it lands in your friend's seconds later. On ten dollars you may not care. You care when the money goes overseas, when the amount is large or when it has to arrive at a certain time.

Fedwire only works inside the US, and not on weekends. International wires exist, but a dollar going to Spain hops through a chain of correspondent banks, with SWIFT carrying the messages, and each hop adds a fee and often a day. A stablecoin goes anywhere, any day. That is why companies with contractors abroad are starting to pay them in stablecoins.

real market data

The weekend market. US and Israeli strikes on Iran began on Saturday, February 28, 2026, with oil futures shut until Sunday night. Oil **perpetual futures** on Hyperliquid were open all weekend, and by mid-March they traded about $1 billion in a day (Decrypt, March 12, 2026). A perpetual looks and feels like a future that gets rolled for you: no expiry and no delivery, with a regular funding payment doing the work of the roll.

A ledger everyone has a copy of

Borrow a notebook. Each page is a block, connected to the next by a number, and everyone has a copy. Miners package waiting transactions into a block and race to finish the page. It is less a hard equation than a lottery: they guess numbers trillions of times a second until one comes out below a target, hard to find and instant for everyone else to check. Any block explorer then shows every transaction an address has ever made. It does not show who sits behind the address.

Designs differ because of the **blockchain trilemma**: decentralized, secure, scalable, pick two. Bitcoin picked decentralized and secure, so it adds a block about every ten minutes and you wait for a few to be sure. Fast chains such as Avalanche and Solana confirm in seconds, and give up some decentralization: tapping a card against mailing a check.

Miners earn the block subsidy (new bitcoin, 3.125 per block now, halving every four years) and the fees on every transaction in the block, highest payers first. You can work out bitcoin's inflation rate on an envelope: 3.125 × 6 blocks an hour × 24 × 365 = 164,250 new coins a year, about 0.8% of the 20.1 million in existence. As the subsidy shrinks toward zero around 2140, fees have to pay for the network's security, and that question shows up decades before then.

The idea of spreading control of money is older than Bitcoin. The Federal Reserve was created in 1913 with twelve regional Reserve Banks from Boston to San Francisco, decisions go by committee vote, and it was built to sit apart from day-to-day politics. The comparison has a limit: the Board is a federal agency, and its seven presidential appointees hold seven of the twelve votes on the committee that sets rates.

The rules are still being written

If you hand your money to code on a chain, does the code need an asset manager's license? If I send USDC to Mexico, do I need a money transmitter license? No one knows yet. The GENIUS Act, for stablecoins, was the first real crypto law. The bigger CLARITY Act has not become law, so the SEC and the CFTC are writing rules office by office. You cannot tax something you cannot regulate, and the government wants the money, so the rules of the road will come.

Big players are already testing the rails. On October 13, 2026, Citadel Securities bought a two-year Treasury note through BNY; a tokenized version on BNY's private ledger settled within minutes rather than the usual next day, and served the same day as collateral in an overnight repo (BNY press release).

Where the risk sits

Bitcoin has run for seventeen years, though not perfectly: a 2010 bug briefly created about 184 billion bitcoin, and it was fixed within hours. What gets hacked is mostly exchanges, wallets and people. Two risks lie ahead for anyone using the technology.

Quantum computing. Two kinds of math protect Bitcoin. Mining is hashing, and a quantum computer barely speeds that up. The signatures that prove you own your coins use elliptic-curve cryptography, and that is what a big enough quantum computer could break: it could work out a private key from a public one and move the coins. So the risk is theft from addresses whose keys are exposed, not someone mining every block. I don't know when, but it is a real threat, and to all public-key encryption.

AI and social engineering. I get about ten LinkedIn invites a week from "recruiters" who want me on a video chat and then send me a program to run because the video chat "doesn't work." They don't want to hire me. They want my computer, because they think it leads to my company's treasury. Using this technology in its raw form takes a level of operational security the average person does not have.

Then there is the risk of **investing**. Bitcoin was about $126,000 at its October 2025 peak, below $60,000 in June 2026 and about $83,000 on the day of this session. And its value rests on belief. Gold's use in chips and dentistry is small next to its price, and bitcoin is in that same boat. If enough people say it has no value, it has no value. It was worth a few dollars fifteen years ago, and it could be worth a few dollars fifteen years from now. It is okay to invest. Just understand what you are buying.

Who sets the price?

Ask who the **marginal buyer** is. Bitcoin and gold are both supposed to be stores of value, so why does one swing so much more? Plenty of bitcoin sits with long-term owners, but the price action comes from hedge funds and prop traders with a lot of leverage. On a desk we called them fast money. In gold the marginal buyers are central banks and big sovereign funds, the people we called real money, because they buy and rarely trade around the position. Size is part of it. Bitcoin is about a $1.7 trillion asset and gold close to $30 trillion (World Gold Council, about 222,600 tonnes above ground, at about $4,140 an ounce), about 18 times larger. If a giant pension fund wants to buy size, only one of those can take it without moving the price.

If that is right, volatility should fall as steadier buyers arrive, and you can check it. Bitcoin's volatility ran about 65% to 95% a year from 2017 to 2021 and is around 40% now, against about 17% for the S&P 500 on the VIX.

Gold mostly sits in vaults and a year's mining adds under 2% to it, so people price it as a hedge against the financial system, and bitcoin is closest to that. Even the dollar is an arbitrary unit, what derivatives people call a numeraire. In 2025 the S&P 500 rose about 16% in dollars, but gold rose about 64%, from roughly $2,600 to $4,300. Priced in gold, stocks fell. The point is to think in more than one unit.

Great technology, poor token?

If bitcoin is like gold, ether is like oil: I need it as the price of admission to the Ethereum chain, the way I need oil to power my car. But a utility token still faces the financial management question. An asset is worth the present value of its cash flows, and the cash flows to these tokens are not very attractive. Robinhood offers tokenized US stocks to its European customers around the clock, first issued on

Arbitrum, a chain built on Ethereum. The app made far more on that activity than the chain under it. Great technology, failed to monetize, and the same question faces Solana. Is there an HTTP company? No. Tim Berners-Lee did not get filthy rich. Google and Facebook did, the applications on top.

XRP. All 100 billion tokens were created at the start, and Ripple sells from its own pile. What's interesting is that it spent the money on real businesses, including a prime broker (Hidden Road) and a treasury-software company (GTreasury).

Digital asset treasury companies began as a workaround. Strategy started in 2020, before US spot ETFs existed. For most of them today, you don't need to pay someone to be the CEO of a box that only holds a crypto. You can buy the ETF yourself. And when a share trades below the value of its coins, that discount is real but not free: debt and preferred stock sit ahead of you, and a discount can widen.

NFTs make more sense as collectibles, in the same family as graded Pokémon cards. There are exactly 10,000 CryptoPunks, you cannot forge one, and you can see who owned it back to the start. The whole NFT market is only about $2 billion now, Punks and Bored Apes are about two thirds of it, and the cheapest Punk still sells for tens of thousands of dollars. Collectibles are also hard to sell and nobody marks them daily, which is part of why they look uncorrelated.

The bear case

Added for these notes rather than said in the room. Four things a careful treasurer weighs before saying no.

- **Custody.** Crypto held by someone else is only as good as that someone. FTX halted withdrawals and filed for bankruptcy in November 2022, after customer money had gone to its sister trading firm; its founder was convicted of fraud in 2023.
- **Forced selling.** On October 10, 2025, roughly $19 billion of leveraged positions were liquidated in a single day, by most counts. Leverage turns a bad day into a cascade.
- **Depegs.** USDC fell as low as about $0.88 in March 2023 after Circle disclosed $3.3 billion of its reserves at Silicon Valley Bank. It recovered, but a dollar token is only as good as what backs it.
- **The job itself.** A treasurer's first duty is that the company never runs out of cash. An asset that swings around 40% a year and pays no cash flow is hard to justify for that money.

The portfolio question

"Should I buy bitcoin here?" is the wrong question. What is in your portfolio, and does this asset fit? A 60/40 mix works because stocks and bonds don't move in lockstep. Often when stocks fall, bonds hold up, so the mix is smoother than either alone. Not always: in 2022 both fell. In late 2025 Morgan Stanley and Bank of America started telling advisors that a small slice of crypto, up to about 4%, can make sense for some clients as a diversifier. And drop the word "believer." Nobody says "I'm not a believer in the S&P." We are not selling religion.

On currencies, since FX desks trade bitcoin as another pair: interest rates set the forward price of a currency, not its path. If dollars pay 4% and euros pay 2%, the dollar trades about 2% a year cheaper in the forward market. Where spot goes is another story: high-rate currencies often hold up, which is why the carry trade exists.

Takeaways

- Split every crypto question in two: using the technology, and investing in the asset. They have different answers.
- Ask what the rails add: custody to the last second, no borders, no closing time.
- Ask who the marginal buyer is, and where the cash flows go.
- Before you buy anything, ask whether it fits your portfolio.

Go further

- My video on the marginal buyer: *Store of Volatility*, youtu.be/1d-DjOtkfHI.
- Satoshi Nakamoto, *Bitcoin: A Peer-to-Peer Electronic Cash System* (2008).

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