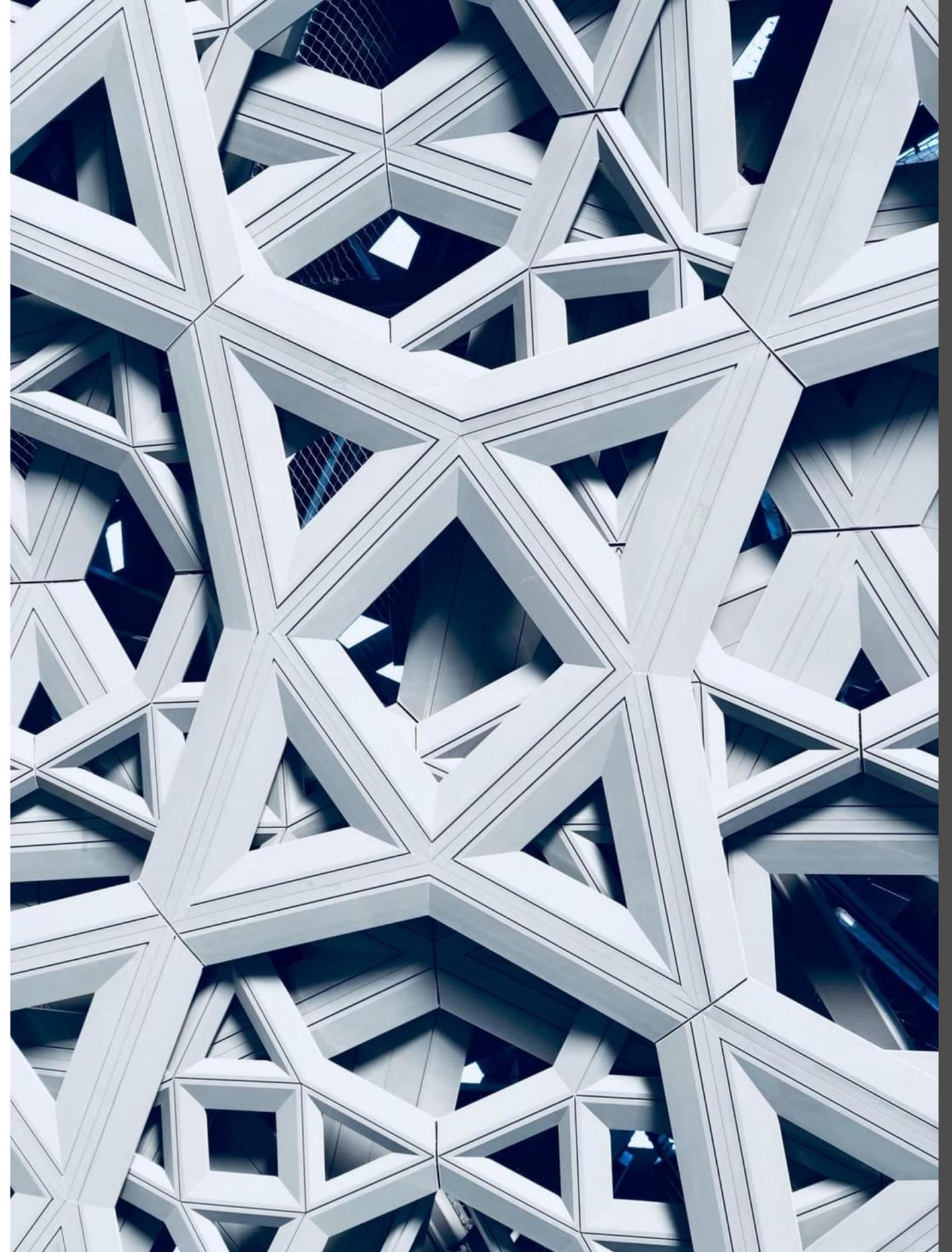


Financial Literacy and Inclusivity in the Digital Assets and Cryptocurrency Moment:

**An Intro to the Transformational Trends in
Crypto, DeFi, & Central Bank Digital Currencies**



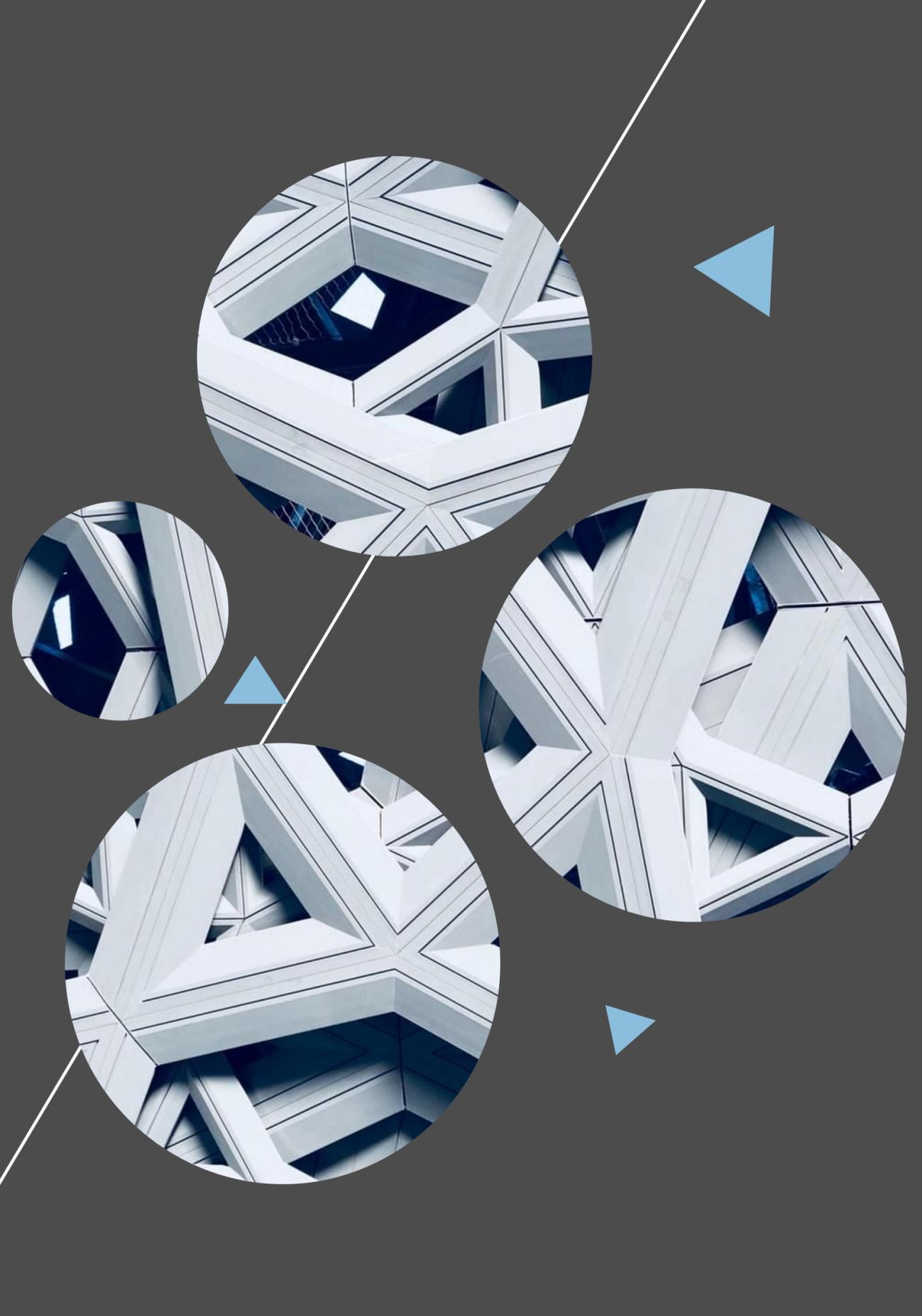
THE NEXT GENERATION CUSO



1. DaLand products and partnership are designed for our partners' *strategic, operational, and digital* relevance.

2. DaLand's products are **CODE Engine and Strategy Protection** ... We combine digital tools with sound strategy and operational transformation to help promote our partners' positions as trusted and valued connections to commerce and community in the modern, digital world.

3. How can your CU prepare strategically, operationally, and technologically for the digital assets era?



Timely Questions and Topical Discussions

-  What are cryptocurrency, digital assets, decentralized finance?
-  What is Bitcoin, why does it have value?
-  What does this digital transformation of money have to do with credit unions and local financial institutions?
-  Why are cryptocurrencies and digital assets becoming popular NOW?
-  What are industry regulators, central bankers, politicians, and people in YOUR community saying and thinking about cryptocurrency and digital assets?
-  How can credit unions strategically protect themselves in the era of digital disruption of money/dollars?

Important Disclaimers ...



Today is not about convincing you to buy digital assets.



The goal is not to convince anyone (or argue about) whether the USD will always be 'king.' That's unknowable; and also likely a waste of breath given the terminus of every other currency in world history.



This is not financial or investment advice; it's technical analysis about trends in transformation of industries, communities, and consumers.



Today's objective is to understand emerging networks, technologies, and trends (arguably in the early stages of shaping the future of money and commerce globally),



If you have stories you'd like to share about your 'super stonks gainz' or 'not super stonks losses,' they're welcome and I'd love to hear them; but please reserve them for the Q&A at the end.



No, I don't own any NFTs ;)

Tectonic Movements since Last NACUSAC Chat (<1yr Ago)

- Fed says "inflation is transitory."
- President commissions 'working group' on digital assets.
- Ukraine/Russia conflict and US Sanctions (geopolitical challenges to \$USD, oil/gas trade in Rubles/Yuan).
- **Cryptocurrency market "crash" (LUNA stablecoin collapse); digital assets market sheds \$1.5T in global market cap.**
- **Fed changes tune on inflation, aggressive rate hikes ensue, DOW/NASDAQ/S&P shed \$7T in market cap/value.**
- **Yellen says "she got it wrong on inflation" and economic outlook.**
- Fidelity (and others) roll out Bitcoin/Crypto 401ks
- Chipotle announces patrons can now buy burritos with dozens of major cryptocurrencies.

ECONOMY

Treasury Secretary Janet Yellen says she was wrong about the risks of inflation

June 1, 2022 · 12:18 PM ET



XIMENA BUSTILLO



YOUR MONEY

Fidelity will start offering bitcoin as an investment option in 401(k) accounts

April 26, 2022 · 12:06 PM ET

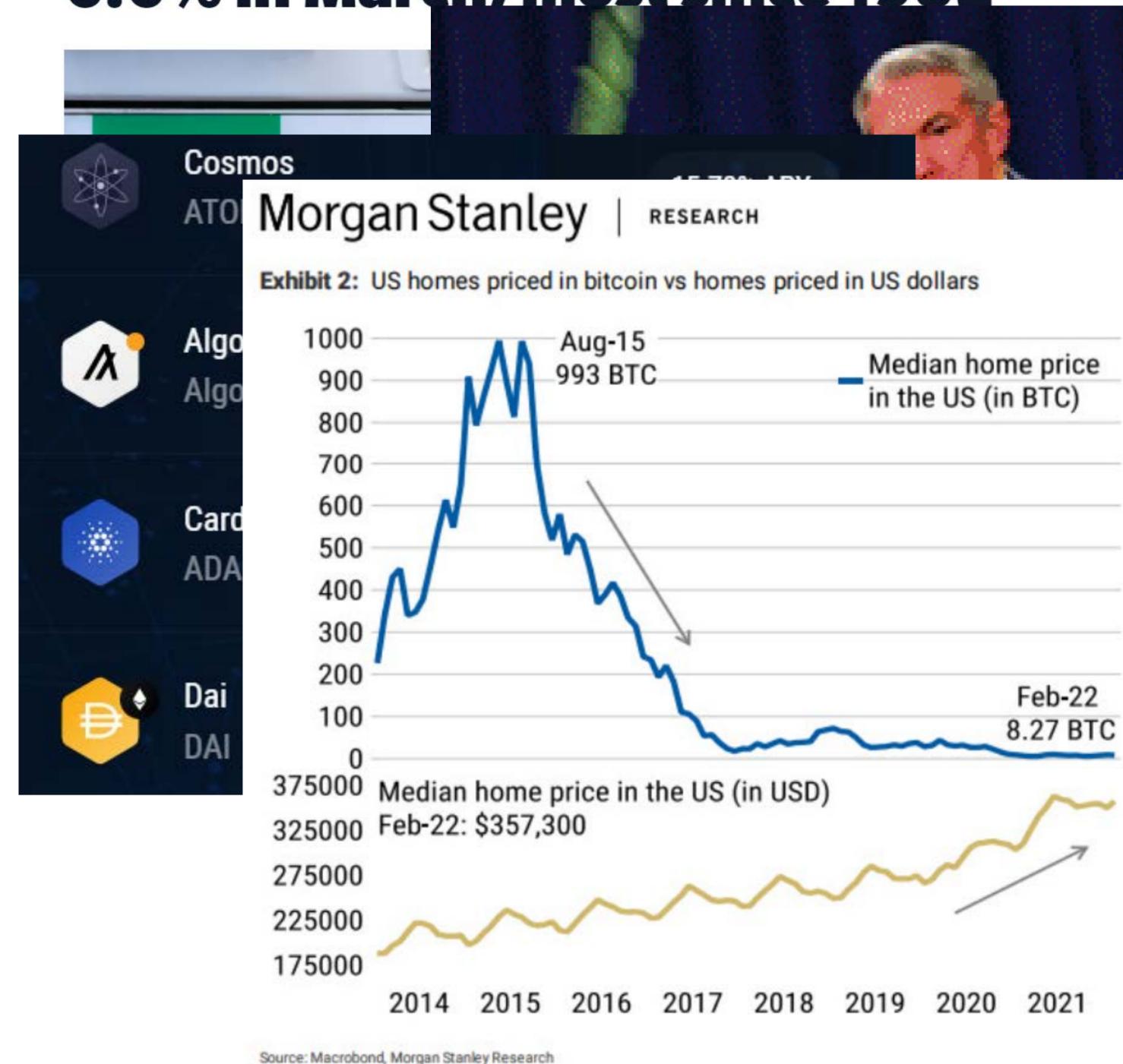
Chipotle Lovers Can Now Buy Burritos With Bitcoin, Ether, and More: Report

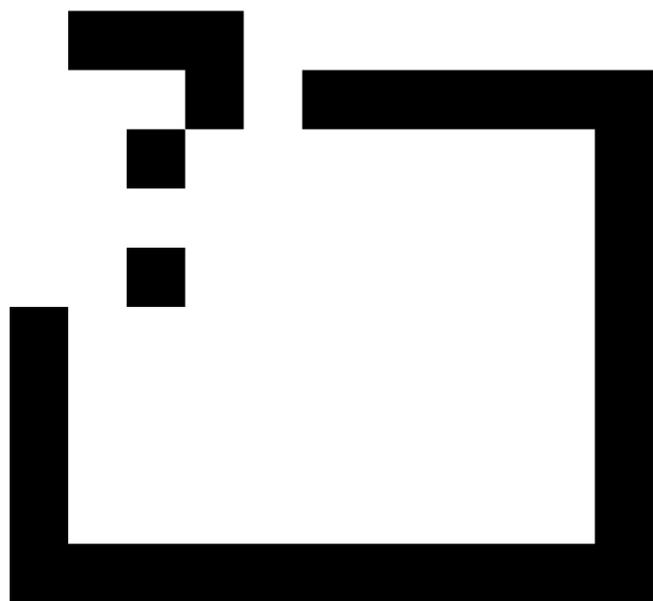
Chipotle is using Flexa, a payment system that allows retailers to accept 98 digital currencies.

Shifting Confidence and Value Proposition of Centralization

- Wealth/capital being eroded by inflation.
- Communities/consumers awakening to 'money printer' problem.
- Wizards of Western centralized storehouses (central banks, governments, multinational corps) losing control of markets.
- Traditional storehouses (securities, bank accounts, gold, silver, commodities) underperforming inflation.
- Limited DEFLATIONARY (limited/declining supply) instruments.
- **Crypto networks offer FIRST NEW ASSET CLASS** in decades, many of which also happen to be deflationary (designed to head opposite trajectory of inflating fiat currencies).
- **Consumers, communities, and corporations seem to be exploring safe storehouses for the fruits of their labor OUTSIDE control/influence of centralized institutions of past 100 years.**

A key inflation gauge jumped 6.6% in March, most since 1982





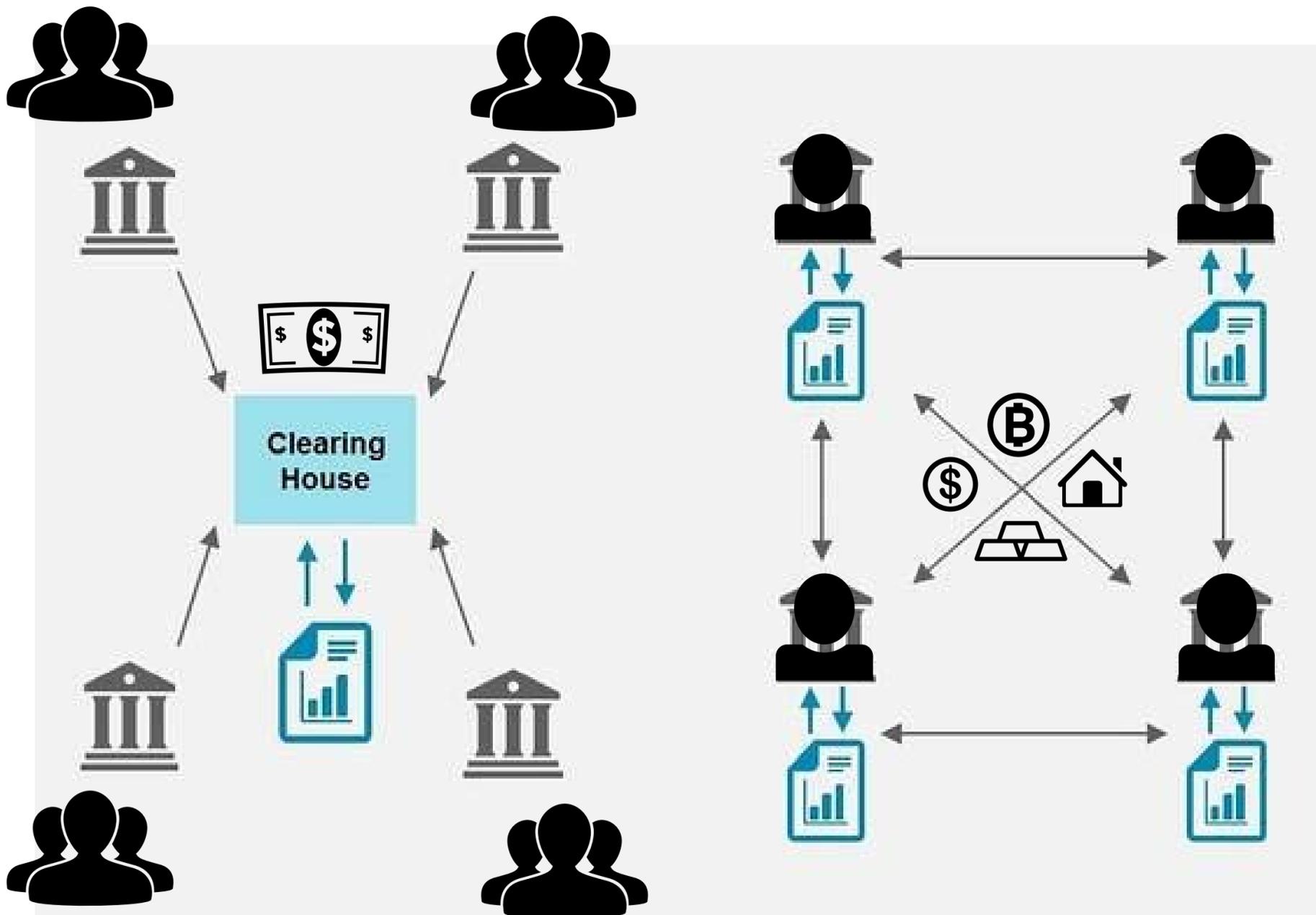
Question\>

What is *decentralized* finance? How is it different than centralized finance?

What are cryptocurrencies, digital assets, stable coins, CBDCs?

Visualizing Decentralized Finance or "DeFi"

The Legacy System of the Electronic Dollar (\$USD) vs. Decentralized Digital Money



- Distributed Ledger (decentralized) technology replaces centralized ledgers/institutions.
- Consumers/transactors interact without 'trusted' institutions.
- Network ledger transparent, immutable, distributed, cannot be manipulated by single, centralized controlling company.
- Supports transactions beyond payments, loans, and deposits.

Decoding Different Digital Money Lingo:

Cryptocurrency: 'currency' tokens (strings of data) issued, stored, and processed on decentralized/distributed network secured using cryptographic (encrypted) keys. See "Bitcoin," "Ethereum," "Monero," "Z-Cash."

Digital Asset: property such as securities, real estate, contracts, tradeable digital commodities, issued, stored, and processed on decentralized/distributed network secured using cryptographic (encrypted) keys. See "Bitcoin," "Ethereum," "NFTs."

Stablecoins: cryptocurrency or digital assets issued, stored, and processed on decentralized/distributed network secured using cryptographic (encrypted) keys which provide a stable store of value (typically pegged to \$USD) by securing/backing the cryptocurrency/asset with equities, commodities, nation-state currencies, property, etc.

Decoding Different Digital Money Lingo, Continued:

Central Bank Digital Currency (CBDC): currency issued/controlled by central bank institutions (US Fed, EU, BOE) stored and processed on network other than SWIFT, ACH, NACHA, potentially *but not necessarily* using decentralized/distributed network technology or cryptographic (encrypted) keys. Digital (faster, programmable, more secure, more controllable) replacement for electronic USD, electronic Euro, electronic CAD, etc.

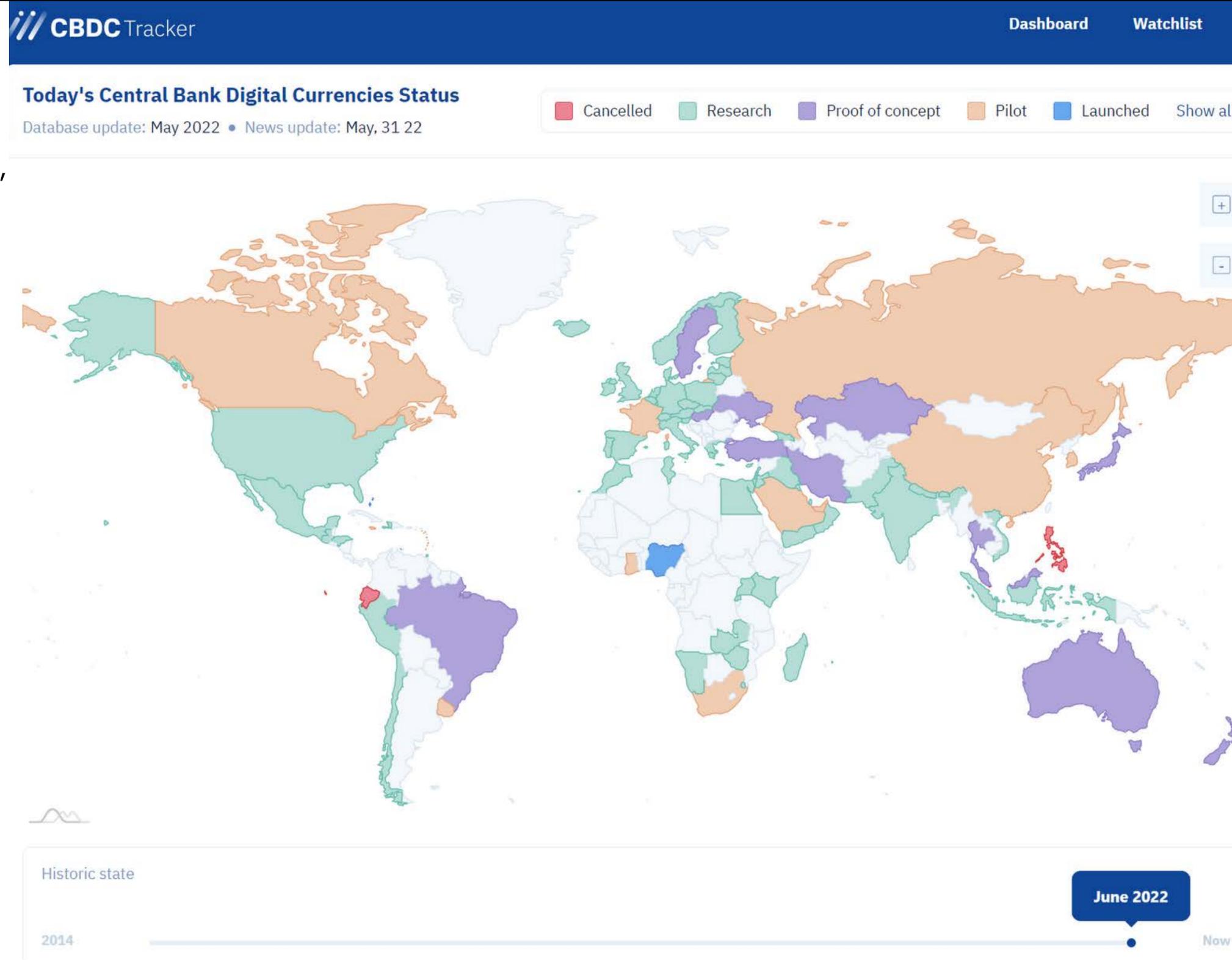
Wallet: not that awkward thing in your pocket or your purse. An app (or a hardware device) for storing cryptocurrency, digital assets, stable coins, and/or CBDCs outside bank accounts, without financial institution processing or support. See "Coinbase," "Kraken," "Exodus," "Binance," "Trezor Bridge," etc.

2022: The Year of "CBDCs" (and Stablecoin) Transformation

Each of these nations researching, developing, piloting, or already having launched a "CBDC" represents a historically unprecedented challenge to the electronic, NACHA/EFT/SWIFT US Petro-Dollar.

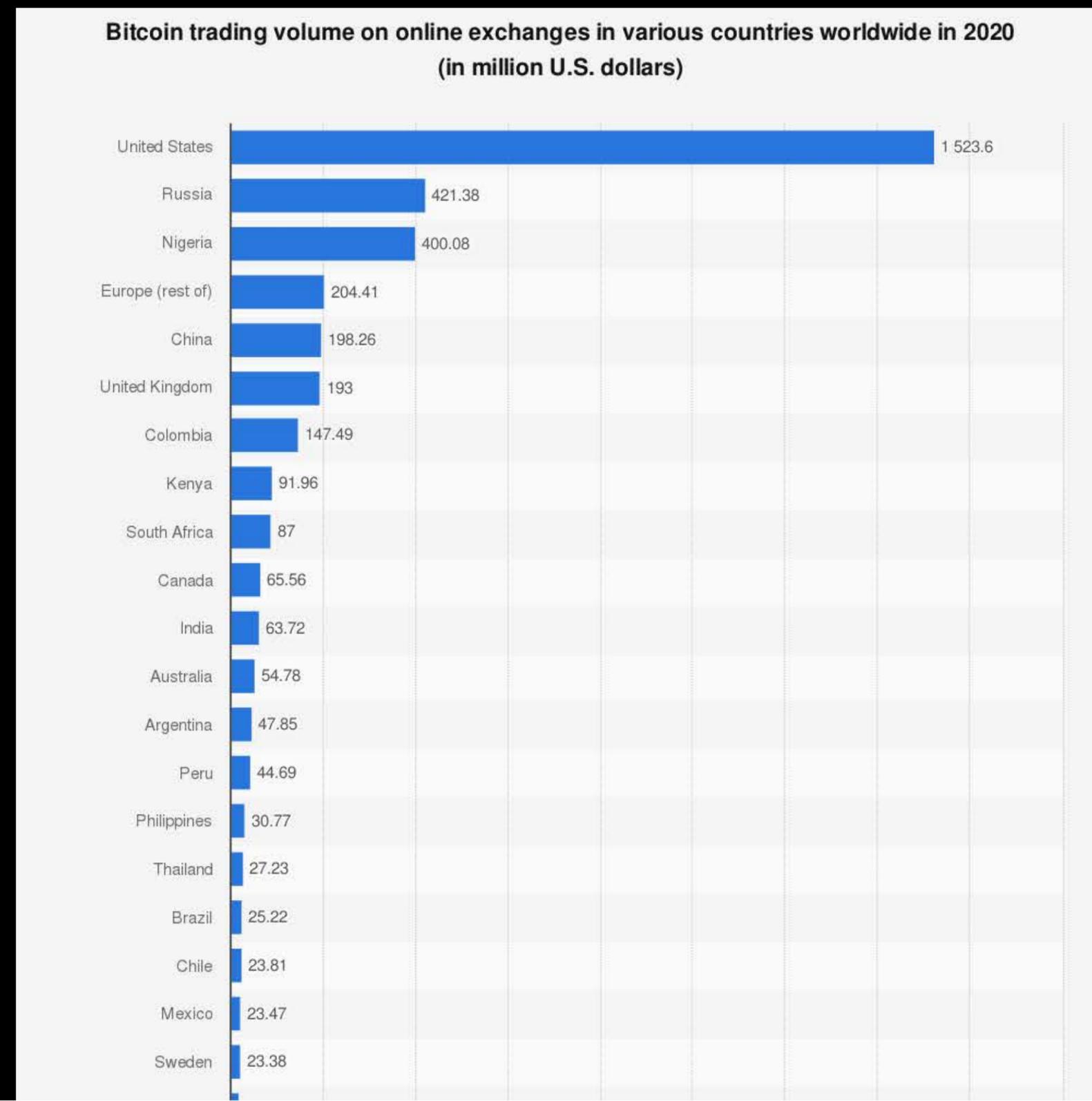
US credit unions are presently (almost exclusively) in the electronic, ACH, NACHA, SWIFT Petro-Dollar business.

If our goal is to remain in the MONEY business (not just the electronic dollar business), then current geopolitical, economic, and technological developments warrant (compel!?) leadership of local institutions to develop strategies for stewarding capital and wealth via networks other than NACHA/SWIFT/EFT.



Market Trends and Datapoints regarding Digital Assets Transformation

- Digital asset user growth 5m-220m+ globally
- Only 5% market penetration in US (Jan 2021)
- App downloads continue to rise despite "market collapses" covered in legacy media
- Daily active users continues to grow in united states, with Coinbase continuing to dominate market share (approaching a million active users daily).
- US Financial institutions need to monitor outflows to Coinbase; and develop strategies to contend with an emerging titan of a competitor.
- US Market by far global leader in daily exchange/user activity ... as of 2021



Fidelity to Allow Retirement Savers to Put Bitcoin in 401(k) Accounts

Investment giant's move could send cryptocurrency investing further into mainstream if employers decide to offer option



BANK OF AMERICA

#Bitcoin 

What's most important when it comes to investing

Digital tools

Investing ideas

Bloomberg U.S. Edition Sign In Subscribe

[Live Now](#)
[Markets](#)
[Technology](#)
[Politics](#)
[Wealth](#)
[Pursuits](#)
[Opinion](#)
[Businessweek](#)
[Equality](#)
[Green](#)
[CityLab](#)
[Crypto](#)
[More](#)

Wealth Living

Crypto Mortgages Let Homebuyers Keep Bitcoin, Put Down Nothing

New home loans are deepening the role of volatile digital assets in the real estate market.

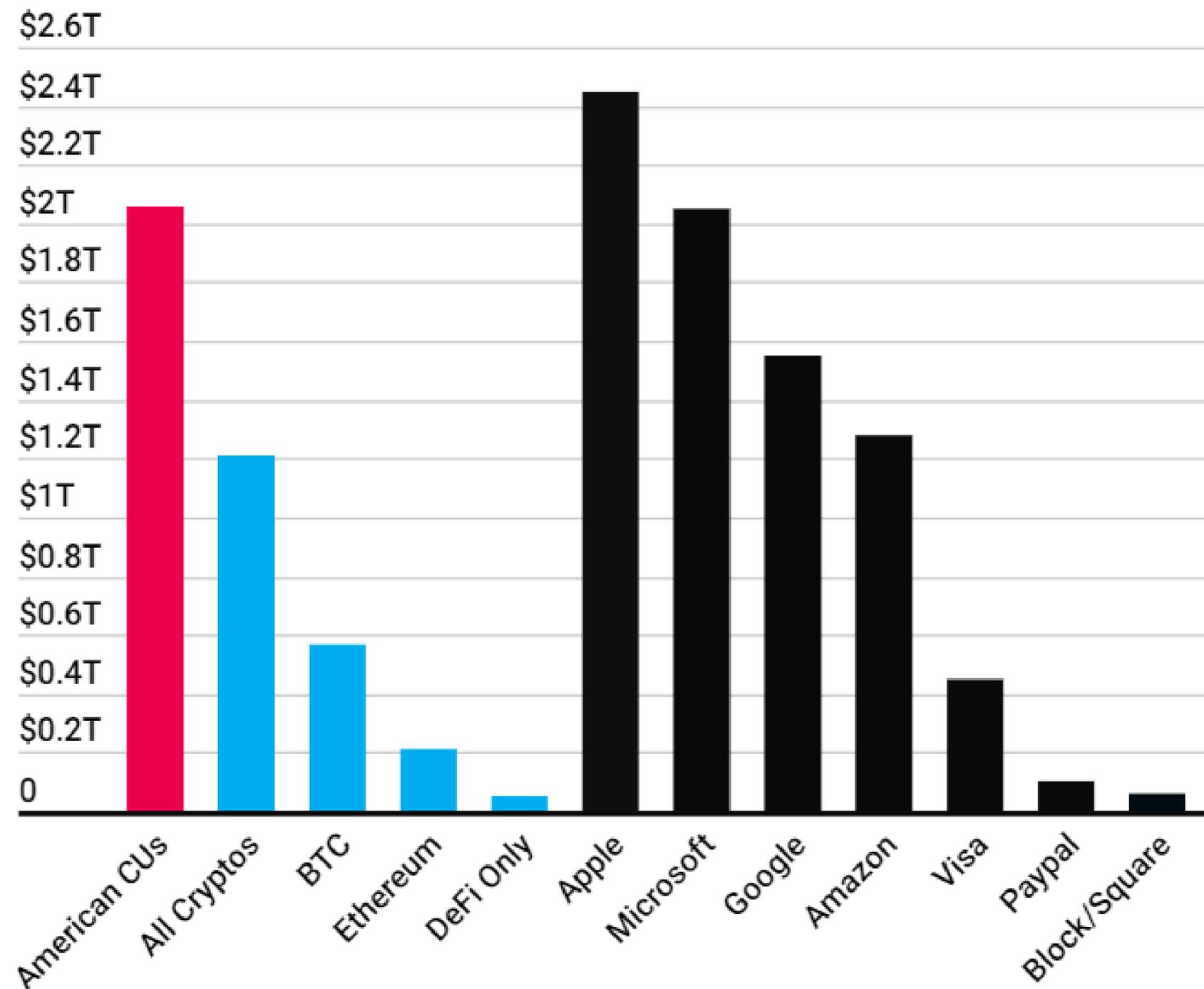
WSJ's Dion Rabouin explains why Wall Street is now betting big on crypto and what that means for the new asset class and its future. Photo composite: Elizabeth Smelov

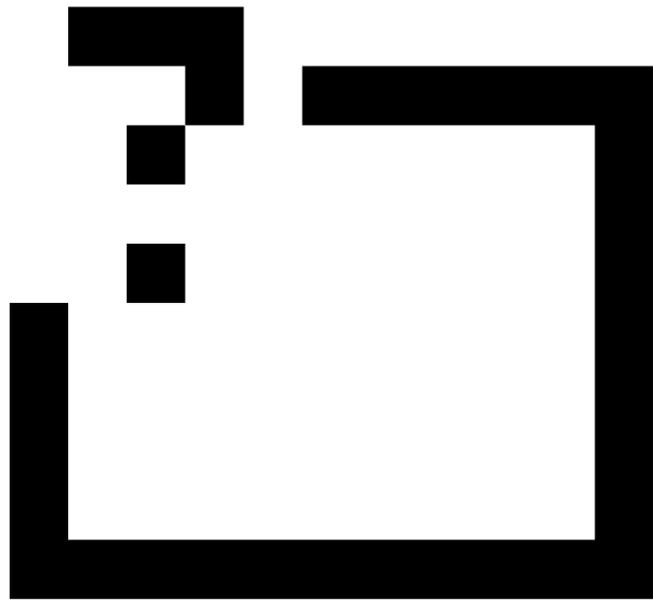
By [Anne Tergesen](#) [Follow](#)
Updated Apr. 26, 2022 10:43 am ET

+\$600
up to
when you invest in a new Merrill

Visualizing a Rapidly Maturing Market

- Bitcoin, EVEN AFTER the "GREAT COLLAPSE OF 2022," is still roughly 1/3 the size of US credit union market.
- When Bitcoin and Ethereum experience adoption rushes, global crypto market cap eclipses size of US CU market.
- BTC market cap larger than VISA.
- Crypto has only been around 1 decade.
- **Less than 5% global user adoption.**





Question\>

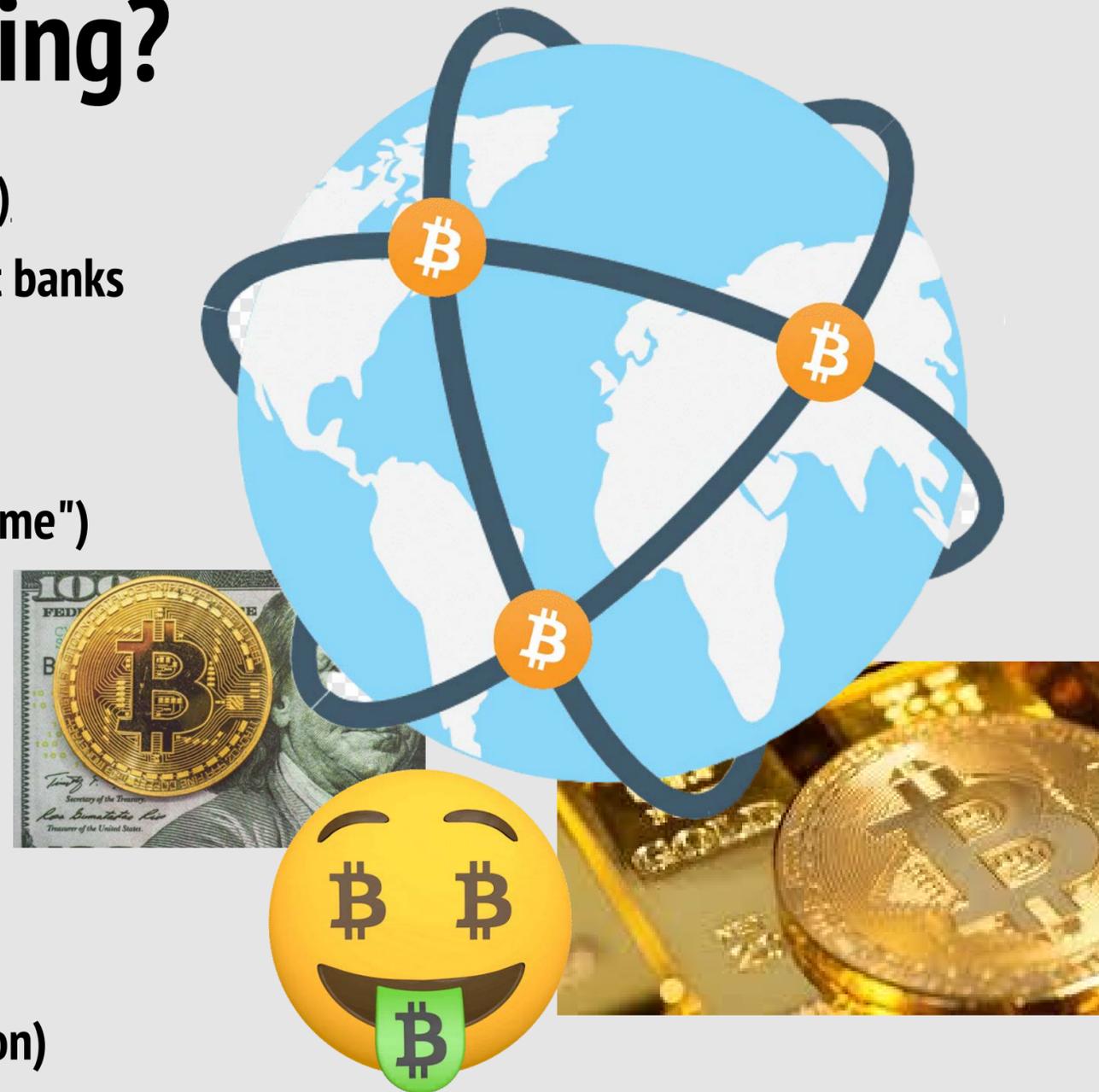
"Ok, but what is 'Bitcoin' (digital currency) and why is it worth anything?"

"Why would people want to use this 'fake money' over my all-important credit union/local financial institution?"

"The dollar will always be worth more than nerd coins! Dollar is king!!"

What is Bitcoin? Why is it worth anything?

- Proven pioneer use case for blockchain ledger tech (trustless/distributed network)
- Allows users around world to store and move value (transact) via internet without banks
- Not a nation-state currency; borderless; global; beyond control of any single govt
- Limited supply (~21m) globally; 'mined' not 'printed' (prob more like 16m now)
- Deflationary 'asset;' not inflationary fiat ("scarcity + demand = worth more over time")
- Accepted globally
- Accessible globally
- Becoming popularized (2017 ...)
- Becoming institutionalized (2019-21 ...)
- Hedge against \$ instability and global central bank challenges (inflation)
- Being adopted and promoted as legal tender by states/nations
- Processing (mining) power now largely controlled by US (geopolitical consideration)
- Slow, expensive, not scalable, proof of concept from 2010; but, sensational given current confluence of events and energies!
- "Xerox," "Coke," "Hoover," "iPhone"



Proven (12 y/o network), popular, but old, slow, expensive, tech dinosaur, digital bricks of gold?

BTC Market/Consumer Opinion and Action



- ~1.1m ACTIVE wallets globally.
- \$600B outside banking system globally.
- currently < .01% of global pop "in"
- mostly ignored by "main street" FIs until 2021
- increasing target for corporate \$ investment
- pronounced 'dead' or 'worthless' numerous times
- becoming more scarce (19.1 mined/owned of 21)
- increasingly consternating to US Fed/Central Banks
- increasing regulatory and political chatter (globally)
- numerous Wall Street and Big Bank ETFs/funds in works
- \$1k into BTC in 2015 = ~\$60k in 2022

Good thing we only have to worry about "Bitcoin," right? I mean, imagine if there were other challengers like this!?

Networks, networks everywhere and new worlds of value!

- Ethererum ETH (Smart Contracts, DeFi) +86,580.33%
- Cardano ADA (DeFi, Smart Contracts) +3,876.79%
- Uniswap (Decentralized Finance, Cross-Chain Transactions), +274.20%
- Stellar XLM (Consumer Payments/Mastercard Experiment), +12,557.44%
- Litecoin (Payments, Transactions, Merchants), +3,917.55%
- Monero MXR (Digital Cash/Privacy), +6,344.47%
- Cosmos ATOM (Interchain Operability, DeFi), +208.76%
- Ripple XRP (Bank Payments/Settlements), +389.68%



justjensence ❤️ @justjensence · 8h

If OUR data is already being hawked to marketing firms, third-party apps, and political propagandists without OUR knowledge...



Chris Tharp @TheChrisTharp · 23h

What a week for **#Bitcoin** 🟡 !

- 1) Russia embraced **bitcoin**
- 2) **Texas'** gubernatorial candidates came out swinging in favor of **bitcoin**
- 3) Arizona proposed making **bitcoin** legal tender

@GovPierluisi—Puerto Rico could be the next citadel for **bitcoin**
@BitcoinMagazine

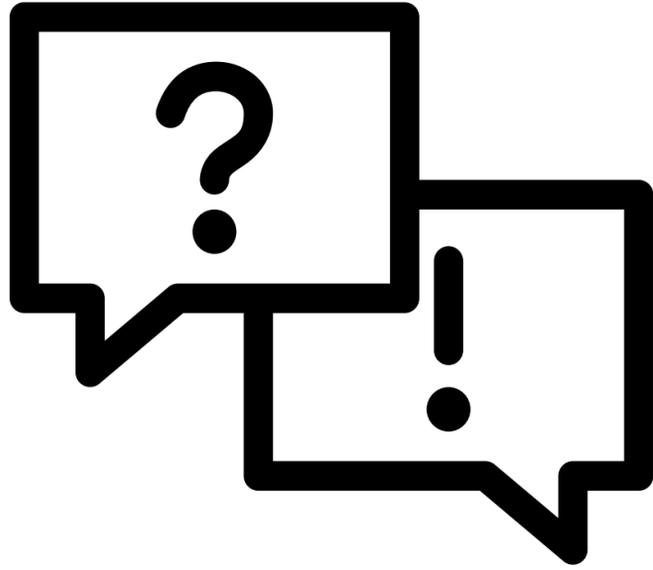


bitcoinmagazine.com

How Bitcoin Adoption Could Bring Major Prosperity To Puerto Rico

To mitigate austerity and resolve debt, Puerto Rico should follow in El Salvador's footsteps and make bitcoin legal tender.

year, so is everyone else s. You bought your **house** last **year**? Measure it against **Bitcoin**, you made a bad investment. You bought your **house** 10 years **ago**? Measure it against **Bitcoin**, you made a terrible investment.



Question\>

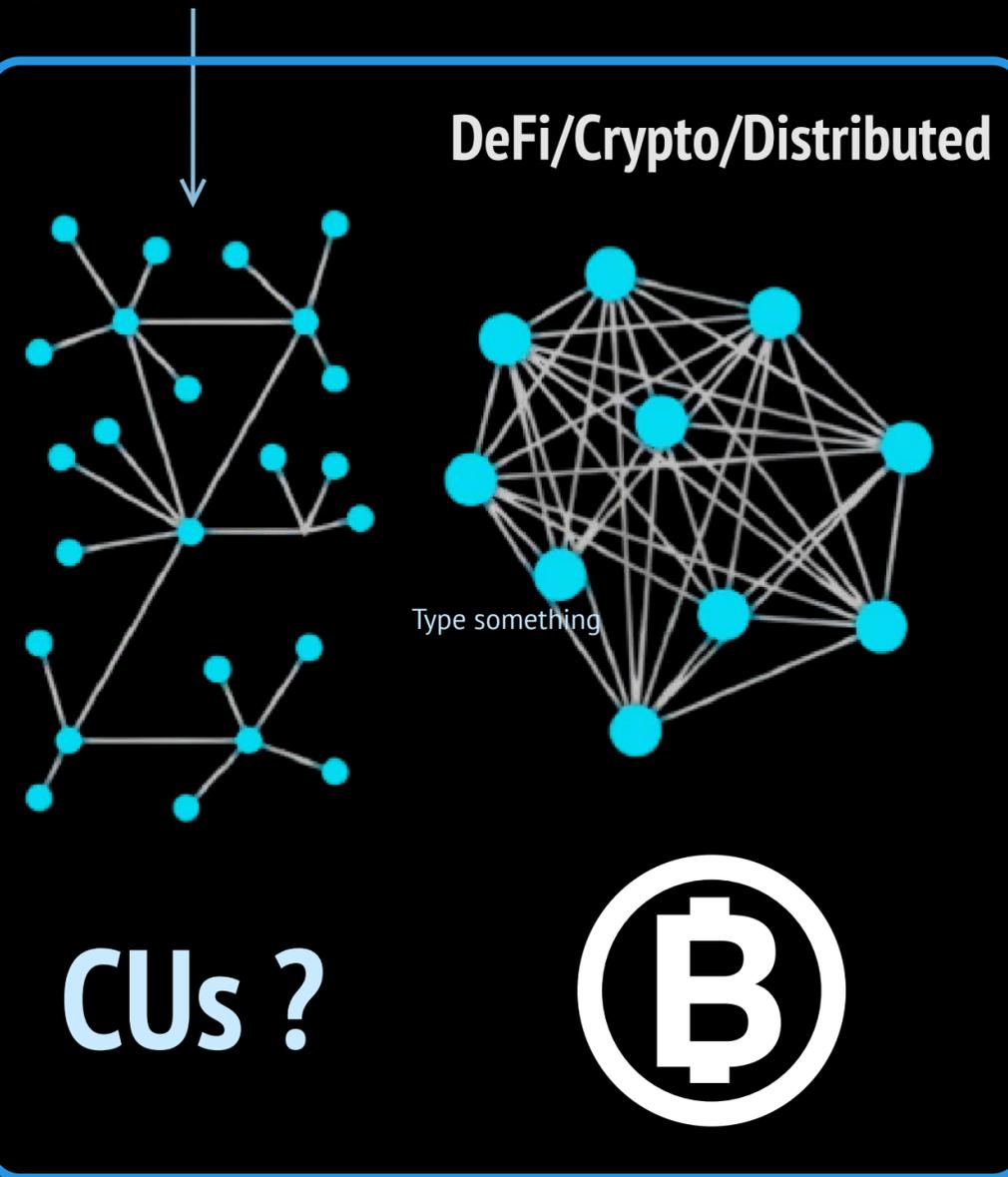
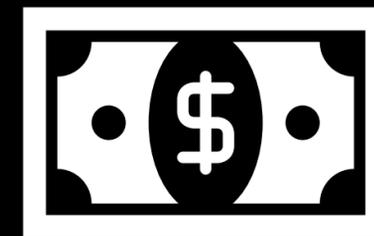
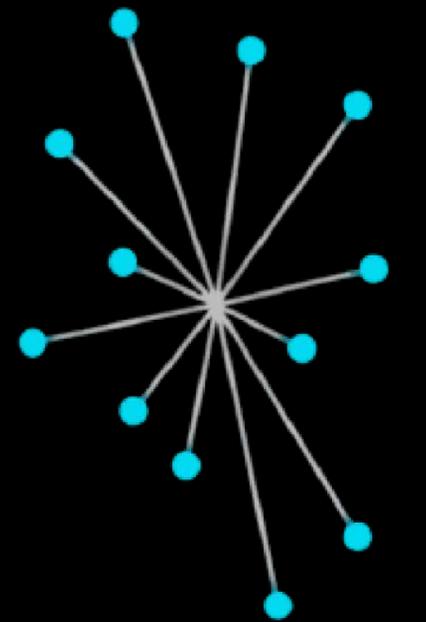
Why would consumers/communities value credit unions as trusted, local, decentralized partners for providing digital asset products and services?

Credit Union Differentiation in the Crypto/DeFi Moment?

- DeFi/Crypto/Digital Assets networks can be thought of as digital parallels to credit unions.
- Credit unions can be thought of as the original decentralized, local, distributed, democratic financial networks.
- Credit unions/community FIs have an opportunity to embrace distributed digital assets and provide value to communities/consumers.
- Large Banks and central banks ****MUST**** push "Central Bank Digital Currency" (HYPER CENTRALIZED) digital dollars.

Will credit unions capitalize on a prime position to enhance digital assets as trusted, local, decentralized partners?

Big/Central Banks



DeFi/Crypto/Distributed

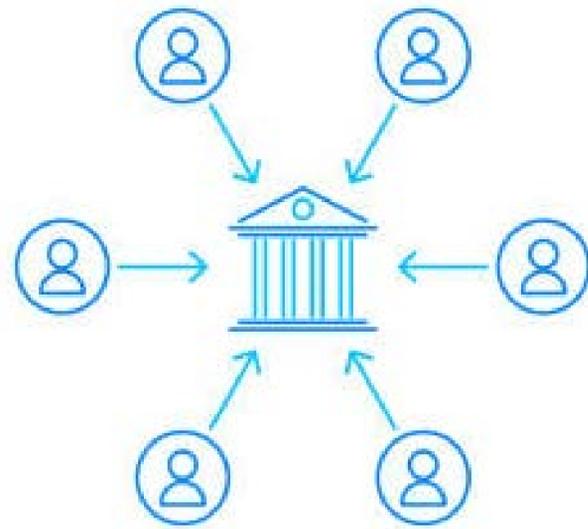
CU's ?





DeFi

Decentralized Finance



CeFi

Centralized Finance

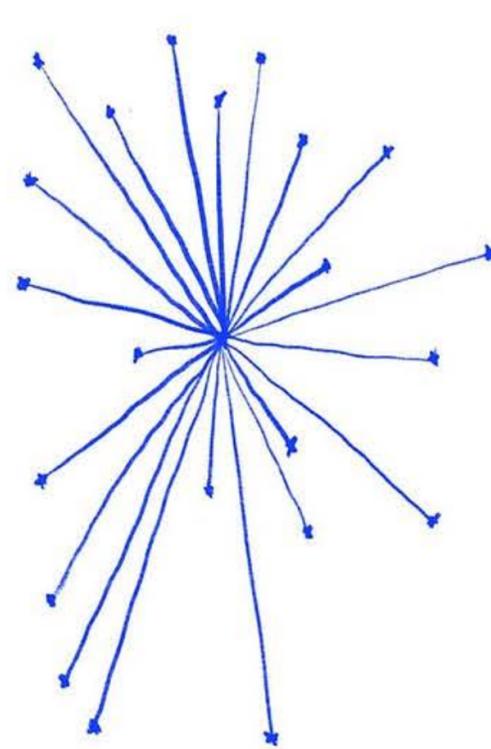
Analysis/Observation:

Hypothesis, the distributed/decentralized design of cryptocurrency and digital asset networks (technologies) represents a differentiating opportunity for credit unions.

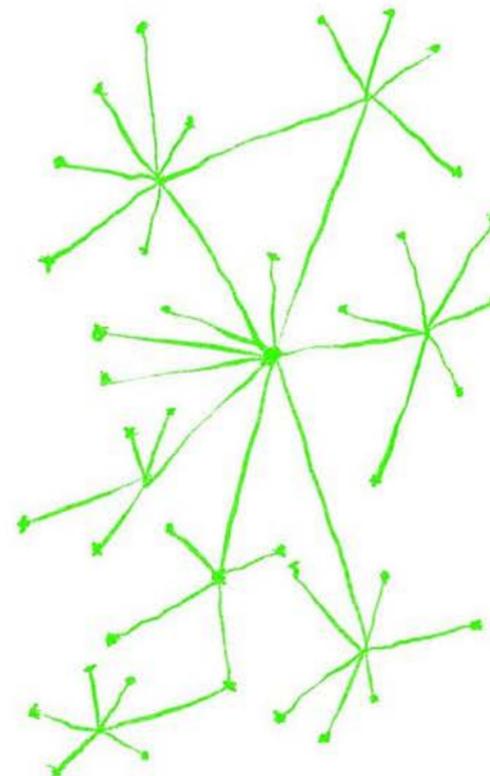
Credit union products/services are a perfect analog for a hybrid distributed/decentralized strategy for digital asset products and services delivered locally in the era of digital transformation of money.

Analysis/Observation:

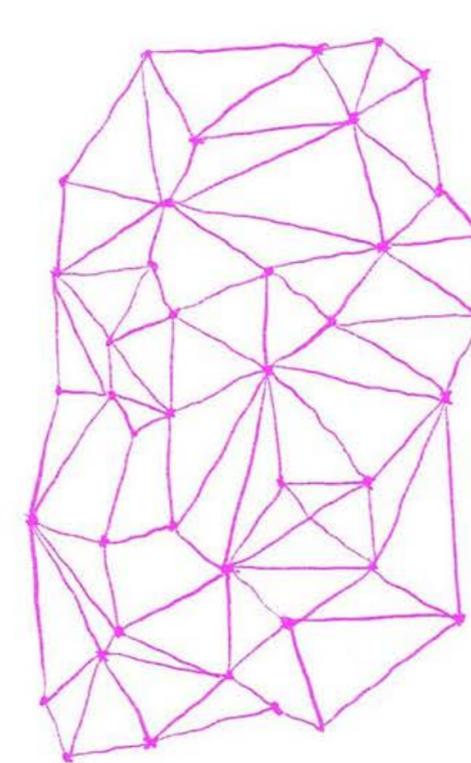
Centralized/hyper-centralized institutions such as big banks, central banks, global corps, etc., confront a technological, operational, and strategic incompatibility with emerging distributed, DeFi, and digital asset architecture.



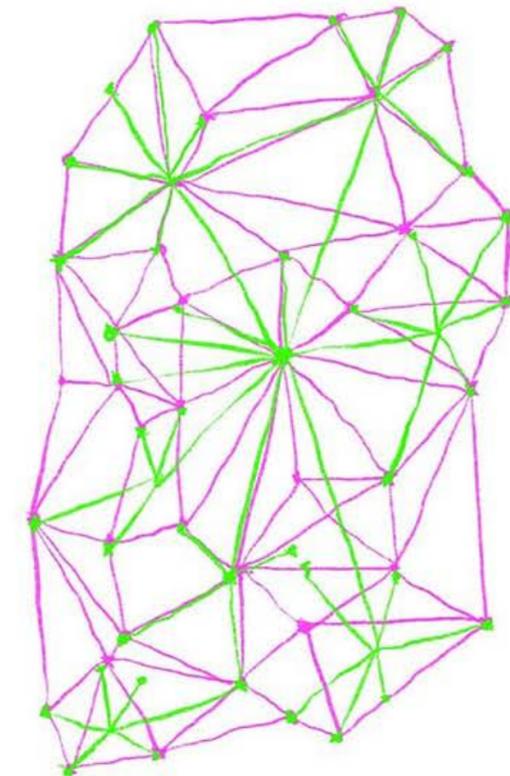
CENTRALIZATION



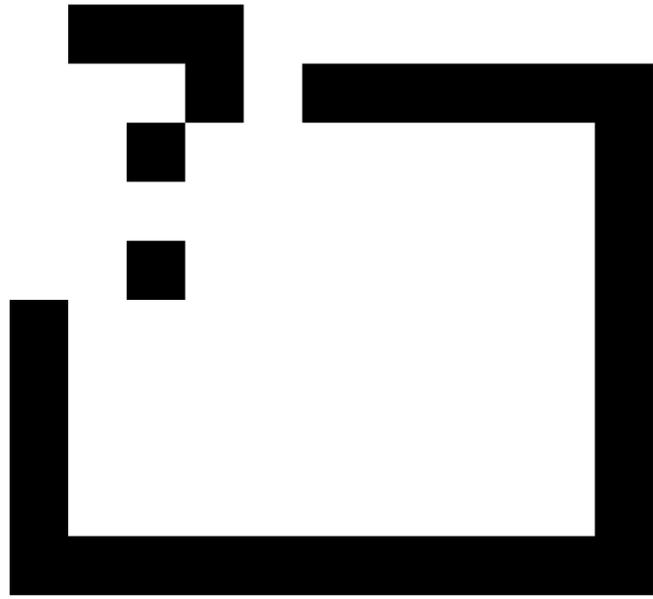
DECENTRALIZATION



DISTRIBUTION



DISTRIBUTED
DECENTRALIZATION

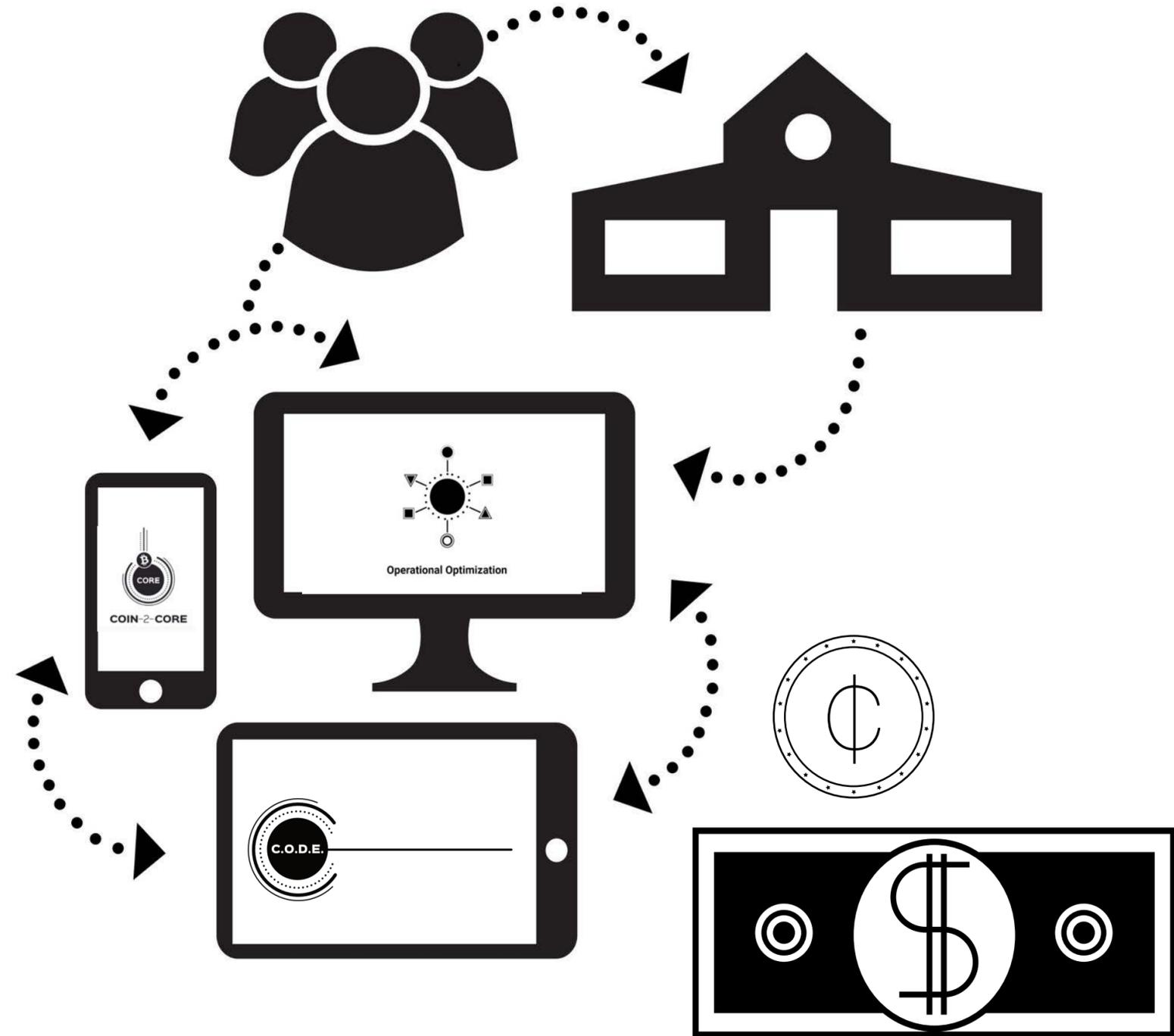


Change Directory\>

What can your CU do to remain informed and literate in this era of digital assets, digital commerce networks, and digital distributed communities of data?

Opportunities amidst the Present Paradigm Shift

- Set strategic goals relative to target markets of this magnitude (multi-year, multi-phase strategy ... not single tech projects).
- Establish dashboards and monitor capital/deposit outflows to major US Exchanges.
- Download a cryptocurrency wallet, put a few bucks in it, buy a stable coin, get firsthand experience with the tech and markets your members are exploring.
- Consider the source when reading 'news' about crypto; are they centralized?
- Engage with DaLand to explore optimizing ops and core data for digital assets.





COIN-2-CORE

”

With consumers are adopting new forms of data as means for value storage, payments, complimentary currencies, etc. ... it's perilous to believe what we know as the "core" of our business will remain so simply because of its current (historical) privileged position. Consumers an now spin up nodes for these new networks on their desktops in minutes. Money is starting to stream out of banks; and without a bridge between legacy core processing and modern digital assets, it won't come back!

Community financial institutions must use core business strategy, tech, and community presence to build bridges to the future of money and community commerce!

Conservative Path to Crypto/Digital Asset Services

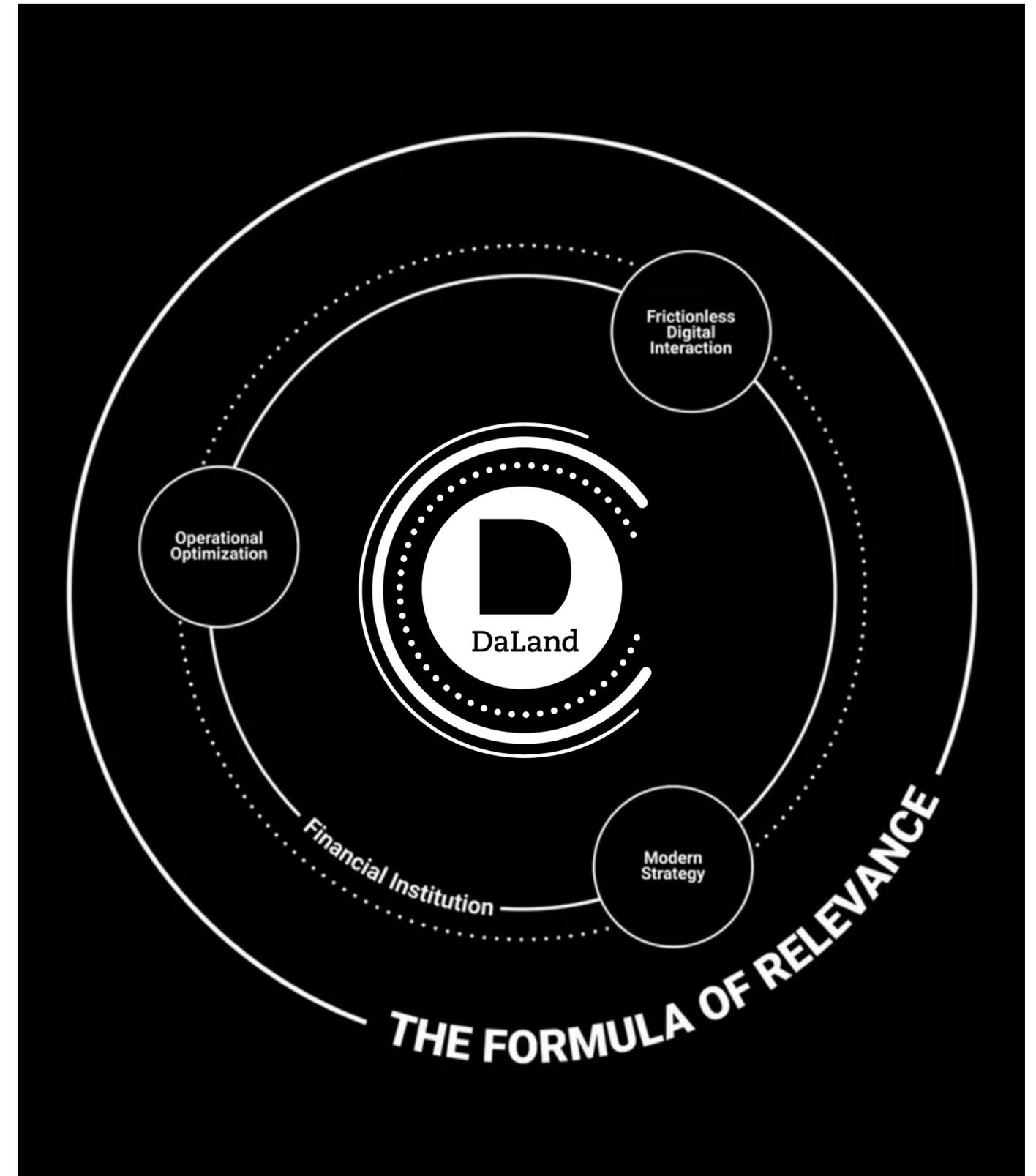
1. Vaulting digital asset data on core; providing secure storage for consumers/community
2. Deposits of assets (treatment as money/balance sheet entries)
3. Transactions for digital assets/crypto, local merchant/FI network
4. Local exchange services



www.dalandcuso.com :: videos :: podcasts :: whitepapers

DaLand's Purpose as a Partner

- Strategy formation and protection
- Focused and committed partnership for financial, technological, operational, and strategic relevance in the modern business environment.
- Ongoing education and innovative research
- Manufacture of differentiating products for our local FI partners.
- **Positioning local FI partners at the nexus of community and commerce in this era of digital community and economies.**



Thank you!



THE NEXT GENERATION CUSO

