



The Crypto Book: How to Invest Safely in Bitcoin and Other Cryptocurrencies

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Bitcoin was invented by Santoshi Nakamoto during the Global Finance Crisis of 2007/08 in answer to the distrust among the majority towards centralized authorities like banks and governments. This conflict continues from the Occupy Wall Street movement to the recent GameStop Speculation. This explains why the open source, transparent, and decentralized feature of bitcoin has been able to capture the participation of retail investors from bitcoin's early stage until recently when institution investors started to participate in search of wealth preservation. Whenever there is a crisis, people tend to look towards safe havens to preserve their wealth, and now they have another option in addition to gold and stable currencies. Recent research reveals that people have started to look at bitcoin as replacement for gold as a wealth preservation tool. Since 2007, fiat currencies have depreciated although with government regulation, conversion

rates have not changed much. However, in comparison, the price of gold has not fluctuated much. That accounts for why people are turning to bitcoin.

One of the features of bitcoin is peer-to-peer transaction with low transaction cost, making it preferable. Bank remittance normally takes several days, especially if it is between regions or countries, and with a 5-7% transaction fee. This requires having a bank account to allow transactions to take place. As there are about 1.7 billion people who are unbanked and do not have access to bank facilities, this disqualifies them from participating in global economic activity and transactions. With bitcoin, as long both the sender and receiver have bitcoin wallets and Internet connection, they can send any amounts of bitcoins as payment to each other with a low transaction fee (<1-2%) and the whole transaction will take only about 10 minutes to complete.

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This is a very big improvement over the traditional remittance system and brings more people into global economic activity and creates more prosperity for everyone. (Chapter 2: *The Crucial Difference between Money and Currency*). The blockchain technology behind the bitcoin is here to stay and will change a lot of things that we have been used to. We should not ignore this and that's why I recommend this book.

Siam Kidd, the author, is a full-time UK Cryptos Investor, Trader and Educator. His book is based on many years of hard trial and error experience in trading. He was able to ride through the Cryptos crash in 2017/18 and managed to profit from it, making him a good person to learn from. In Chapters 23 and 24, he talks about his own experiences and observations of the market, and about the ten plus eleven mistakes made by Crypto novices. This is a good lesson for us as it teaches us to not repeat other people's mistakes and lose all our money.

We always link Crypto Market to Tech Bubble and speculation which is unfair, but the author manages to project a good perspective for the reader to compare the peak total market capitalization of 8.7 Trillion during Tech Bubble with Cryptos Market (0.65 Trillion in 2018 according to the book but, its value was about 1.7 Trillion as at 23 March 2021) and understand too much liquidity now which is very different from the last time. And people have started to see bitcoin as digitalized

gold due to its scarcity feature which is inflation proof. Some investors have started to replace some of their gold and US currency reserves to bitcoin due to this reason. Of course, it is still too early to see which coin will become the de facto in its area. A crash is part of the cycle if it should go far beyond its value, but it is too early to worry about it now. If we look back at the Tech Bubble, the evolution in technology continues where Google, Facebook and Amazon have become Internet icons replacing Yahoo/AOL. (Chapter 15: *The Lesson and Comparison of the Dotcom Bubble*).

Bitcoin and the technology underneath, blockchain, is like the Internet, a game changer and now as version 3.0, the technology evolution has grown from being purely transaction driven to smart contract (automate algorithm that governs any trust-less transaction) and plenty of business applications. (Chapter 12: *Understanding the Technology Adoption Curve*) Blockchain technology offers a lot of great features like military grade security, freedom (peer- to-peer or decentralized), no intermediary (saves cost, is more confidential), with unalterable records (creates trust in data), with no single point of failure and speed. Big companies like Walmart and Cola-Cola have started to apply blockchain technology to reduce costs and improve business efficiency. We will see increasing adoption of bitcoin in the business world. (Chapter 6: *What on Earth is Blockchain?*)



One of the valuable parts of this book is about the author's Cryptos Investment Portfolio and strategies. This is because of his many years of experience with Cryptos. The first and important point is alternative coins like Ethereum and others are more volatile than bitcoin; so, those who are more conservative should focus on investing in bitcoin only. Why bitcoin only? Bitcoin is the mother of all crypto coins and due to limited supply, which is about 21 million units only, makes it more valuable, inflation-proof and secure to hold for the long term. The second important point is to never put all your money in Cryptos. Some of the profit from cryptos should be locked in bitcoin and some of it should be cashed out to invest in other investment types like stock, business, property, etc. Cryptos only exist in the virtual world; you cannot touch them so you should not put all your money in one basket in the virtual world. As for the author's investment portfolio, he invested in varieties of cryptos industries like the Internet of Things, Storage, etc. Five per cent of his investment is in bitcoin as a pension fund, the ultimate gift that he wants to keep for his kids or grand kids. (Chapter 22: *The Top Cryptos to Get it into Right Now*).

The crypto world has not escaped scams. The author discusses how to detect and avoid Fake MLM and scams in Chapter 20. One of the evolutions in crypto is called "ICO-Initial Coin Offering" which works much like ICO but is community-based. Due to this and the fact that it is decentralized with no regulation or law enforcement, you need to do your own screening as most of the ICO projects are fake or scams. However, it has created a positive impact as it creates instant capital for start-ups and Crowd Funding. Some valuable and innovative projects have managed to raise a few hundreds of millions within a few minutes and this will spark innovations and breakthroughs.

I strongly recommend you to read this easy to read book which is full of gems for you to explore not matter whether you are a crypto beginner or an experienced investor. I wish you luck in the crypto world ■