



## A little bit of bitcoin

**I**n early 2014, a client came into our offices to talk about bitcoin. Let's call him Ed. Because of his background, we were always going to listen. Ed was a smart guy and a successful entrepreneur who had made lots of money. He told us how he had converted a material portion of his personal balance sheet into bitcoin. He explained his reasoning and shared optimistic thoughts about the longer-term prospects for this investment. He was a man ahead of his time.

Ultimately, Ed was hoping that he might be able to partner with us, as a wealth management firm, in making cryptocurrency available to the rest of our client base. Whether or not we were interested in the idea is irrelevant: it simply was not possible at that stage.

Not only was the process of acquiring bitcoin cumbersome at the time, but there was also no way that we would be able to hold the asset on behalf of clients via our custodial bank's platform.

Of course, a serial entrepreneur like Ed had creative ideas to tackle some of these problems.

The biggest issue, however, was that there were significant regulatory hurdles in terms of offering crypto assets to the public. Most of these remain in place: as recently as three months ago, for example, the Financial Conduct Authority in the UK banned the sale of all cryptocurrency derivatives such as exchange traded notes to retail customers.

There were other reasons bitcoin was not an obvious investment way back in 2014 (and many people are still not convinced about it). It had no intrinsic value. The price was volatile. It seemed like a bubble. Security was an issue. It was environmentally unfriendly. The list goes on.

So the meeting with Ed came to nothing. But my own interest was sufficiently piqued that I decided to look into crypto more than I had done before (I was first exposed to it in about 2011).

I read up on blockchain. Much of it was beyond my grasp. Some of it still is.

I decided that it was time to buy

some bitcoin for myself. I went online and tried, but the process got the better of me. I eventually gave up.

I'm not 100% sure what the price of one bitcoin was in the first half of 2014, but from memory it was about \$300.

I did of course try to check the exact details before writing this, but the whole crypto ecosystem was in such a fledgling state seven years ago that it's difficult to find price history going back that far. Most graphs you will find via a Google search only start later.

Over the next three years, the price of bitcoin went up 10 times. My inability to transact when I had originally tried was proving to be rather expensive.

Then, in July 2017, renowned New York financial adviser Josh Brown wrote a blog post about buying his first bitcoin. As Brown said in the article, he was no disruption hippie, or early adopter, or visionary, or evangelist ... but at least he also now owned a crypto asset. More importantly, he mentioned that he had used the Coinbase platform.

If Coinbase was good enough for Brown, it was good enough for me.

It was time to get a toe in the water. I went online, and a few clicks later I owned a bit of bitcoin.



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Coinbase had certainly transformed the market for retail clients: everything was so much easier and more efficient than the frustrations I had experienced a few years earlier.

In hindsight, I do wish that I had put more than one little toe in the water.

I seldom speculate, but I have to confess that I always saw my first and only bitcoin purchase as a bit of a lottery ticket: it was small enough not to worry too much if it actually lost all value (as I guess it might).

My lottery ticket has turned into 20 lottery tickets (which is the way I still view it). Who knows what will happen to bitcoin ... but I'm happy to be HODL (as crypto junkies like to refer to "holding on for dear life").

Coinbase had a very successful listing last week. Given my own experience of how much it has transformed the retail market, I can understand why.

Will shares in Coinbase turn out to be a good investment? Time will tell. But such a profitable business is bound to attract more competition, and bitcoin itself might actually do better over the longer term. Let's HODL and see. **x**  
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