



Bitcoin's Mainstream Acceptance

BITCOIN FOR ALL IS BECOMING A REALITY



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Bitcoin's Mainstream Acceptance

Today, buying bitcoin is as easy as opening a checking account. In El Salvador, you can pay for a Starbucks' coffee or a Big Mac with bitcoin. Corporations like Tesla and Block hold bitcoin on their balance sheets. Legendary hedge fund managers like Paul Tudor Jones, George Soros, and Stanley Druckenmiller have made room for it in their portfolios. Banks are making bitcoin available to their clients. Even some insurance companies, the most conservative of institutional investors, have jumped on board.

What we're saying is, bitcoin's gone mainstream.¹

OK, maybe it's not everywhere yet, and El Salvador is indeed an outlier. And yes, you'll still see some financial titans expressing doubts.² But, if you don't closely track the news, you may not appreciate just how common investing in bitcoin has become.

Retail

A January 2021 survey by NYDIG showed that more than 46 million Americans owned bitcoin.³ For context, that means that slightly more than one out of every five adults in the country counts themselves as a bitcoin owner.

We believe that as access to bitcoin becomes more effortless, this number will continue to grow. Here's why. In the same survey, 81% of respondents said they'd be interested in buying bitcoin if their bank offered it. Simply put, people are still citing inconvenience as a reason for not purchasing bitcoin. As easy as opening a brokerage account is, most people still prefer to keep their finances consolidated on a single platform. Soon, everyone in your family will be able to buy bitcoin from their banks, a service NYDIG is teaming up with its partners to provide.⁴

1 Perhaps the ultimate evidence for this is a reference to bitcoin on an episode of The Simpsons:

<https://markets.businessinsider.com/news/currencies/simpsons-episode-bitcoin-prediction-infinity-gamestop-tesla-stock-fluctuate-2021-4>

2 Which isn't to say that they aren't offering bitcoin-related products at their institutions

3 <https://nydig.com/wp-content/uploads/2021/01/NYDIG-Survey-BitcoinBanking-Jan2021.pdf>

4 <https://nydig.com/about-nydig/news-press-releases/allied-payment-network-partners-with-nydig/>

<https://nydig.com/about-nydig/news-press-releases/nydig-and-ncr-partner-to-bring-bitcoin-to-650-banks-and-credit-unions/>

<https://nydig.com/about-nydig/news-press-releases/nydig-and-q2-announce-collaboration-to-offer-integrated-bitcoin-solutions-for-financial-institutions-via-q2s-digital-banking-platform/>

<https://nydig.com/about-nydig/news-press-releases/alkami-announces-addition-of-nydig-to-its-gold-partner-program/>

<https://nydig.com/about-nydig/news-press-releases/bitcoin-in-your-bank-account-fis-nydig-partner-to-enable-banks-to-offer-their-customers-the-ability-to-buy-sell-and-hold-bitcoin/>

Insurance Companies

When you think of insurance companies, you don't typically consider them as being on the cutting edge in how they deploy capital. Instead, they're among the most risk-averse investors and, as such, traditionally favor fixed income. So it might be surprising then to learn that they are finding a place for bitcoin in their investment strategies.⁵

MassMutual, an insurer founded in 1851, purchased \$100 million of bitcoin in December 2020 for its general investment account in a transaction managed by NYDIG.⁶

A September 2021 report from NYDIG and Oliver Wyman explained why bitcoin makes sense for insurers.⁷

“Insurers are considering and making investments in bitcoin for financial and strategic reasons,” according to the report. “Financially, bitcoin represents a diversifying source of return in an environment characterized by persistently low yields that weigh on insurers’ abilities to deliver value to policyholders. Bitcoin’s appreciation throughout its existence reflects growing mainstream acceptance and increasing allocations in institutional portfolios.”

5 <https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/several-us-insurers-begin-to-dabble-with-cryptocurrency-investments-in-q1-64884124>

6 <https://nydig.com/about-nydig/news-press-releases/institutional-bitcoin-provider-nydig-announces-minority-stake-purchase-by-massmutual/>

7 <https://nydig.com/research/a-growth-protocol-bitcoin-strategies-for-insurers>

Pensions and Endowments

Pensions and endowments are among the largest, most sophisticated, and conservative investors in the world. Yet they haven't been shy when it comes to bitcoin.

In October of 2021, the Houston Firefighters' Relief and Retirement Fund (HFRRF), the pension fund for the City of Houston's firefighters, purchased bitcoin for the defined benefit plan's portfolio.⁸

News reports have indicated that the endowments of some of the most prestigious universities in the U.S. have also been actively adding bitcoin to their portfolios.⁹ Others, like the University of Pennsylvania, have accepted gifts in bitcoin.¹⁰

Corporations

Bitcointreasuries.net tracks all known purchases of bitcoin by corporations. Among those companies are brand names like Tesla and Block. But the most significant corporate holder by far is MicroStrategy. Michael Saylor's business intelligence company owned more than \$6.6 billion of bitcoin, equivalent to more than 90% of the firm's total market capitalization as of October 14, 2021.

In total, according to the website's tally, public companies had about \$12 billion of bitcoin on their balance sheets as of October 2021.

In announcing its initial purchase of bitcoin, MicroStrategy explained why the digital asset fit on a corporate balance sheet:

8 <https://nydig.com/news/houston-firefighters-relief-and-retirement-fund-announces-bitcoin-purchase>

9 <https://www.coindesk.com/business/2021/01/25/harvard-yale-brown-endowments-have-been-buying-bitcoin-for-at-least-a-year-sources/>

10 <https://news.wharton.upenn.edu/press-releases/2021/05/university-of-pennsylvania-receives-largest-cryptocurrency-gift-in-the-universitys-history-to-support-innovation-in-finance-at-the-wharton-school/>

“This investment reflects our belief that bitcoin, as the world’s most widely-adopted cryptocurrency, is a dependable store of value and an attractive investment asset with more long-term appreciation potential than holding cash,” said CEO Michael Saylor at the time of the announcement. “Since its inception over a decade ago, bitcoin has emerged as a significant addition to the global financial system, with characteristics that are useful to both individuals and institutions. MicroStrategy has recognized bitcoin as a legitimate investment asset that can be superior to cash and accordingly has made bitcoin the principal holding in its treasury reserve strategy.”¹¹

Asset Managers

The best hedge fund managers are iconoclasts. They march to the beat of their own drum and aren’t afraid to go against consensus opinions. But they also know not to fight prevailing trends.

Three of the best are bitcoin holders.

Stan Druckenmiller¹², Paul Tudor Jones¹³, and George Soros¹⁴ (via his family office) have all publicly disclosed that they own bitcoin.

In a podcast interview, Druckenmiller said that he previously thought of bitcoin as “a solution in search of a problem.”¹⁵ In March of 2020, however, that all changed.

11 <https://www.microstrategy.com/content/dam/website-assets/collateral/financial-documents/press-release-archive/MicroStrategy%20Adopts%20Bitcoin%20as%20Primary%20Treasury%20Reserve%20Asset.pdf>

12 <https://www.goldmansachs.com/insights/talks-at-gs/stanley-druckenmiller.html>

13 <https://www.cnbc.com/2021/06/14/tudor-jones-likes-bitcoin-calls-it-a-great-portfolio-diversifier-to-protect-his-wealth-over-time.html>

14 <https://www.cnbc.com/2021/10/07/george-soros-fund-owns-bitcoin-ceo-confirms.html>

15 <https://thehustle.co/stanley-druckenmiller-q-and-a-trung-phanin/>

“I found the problem: When we did the CARES Act and Chairman Powell started crossing all sorts of red lines in terms of what the Fed would do and wouldn’t do,” Druckenmiller said. “The problem was Jay Powell and the world’s central bankers going nuts and making fiat money even more questionable than it already has been when I used to own gold.”

Banks

As already highlighted, NYDIG has partnered with community banks to offer their clients the ability to buy and custody bitcoin on their platforms.

But it’s not just small banks that are embracing bitcoin.

NYDIG also counts major banks as partners. For example, U.S. Bank is offering custody services to its institutional clients using NYDIG’s platform.¹⁶

¹⁶ <https://ir.usbank.com/news-releases/news-release-details/us-bank-announces-new-cryptocurrency-custody-services>

Key Takeaways

01

Bitcoin has gone mainstream.

02

From hedge fund managers to insurers, bitcoin is being embraced across the spectrum of capital allocators.

03

NYDIG works with institutions of all types to bring bitcoin to everyone.

DISCLOSURES

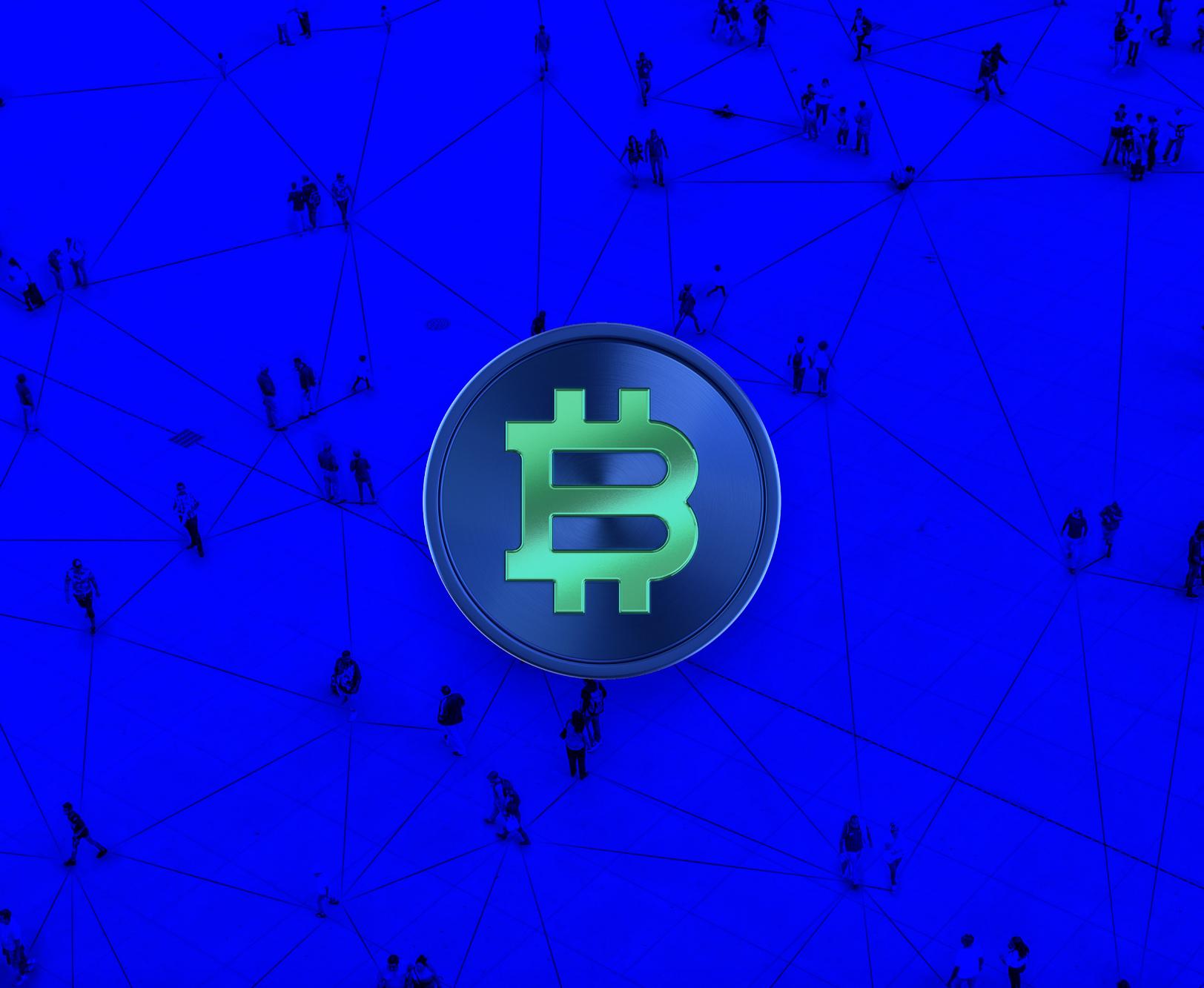
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