

## Why You Buy Bitcoin

While there are many valid arguments as to why bitcoin will increase in value; from being an inflation hedge, digital gold, a response to centralized authority, etc. there are also several arguments as to why people think it won't. Both sides spend hours formulating defenses for their positions regarding the future value of bitcoin, yet the only conclusion reached is that both sides think that they are right. This in no way benefits bitcoin or the world. What if we set aside the speculation over the future price of bitcoin? We argue bitcoin's present and future value is a function of something else which is truly disruptive: the Lightning Network.

It is our responsibility to properly explain to the world what the Lightning Network is and how its development is so revolutionary. Bitcoin's value is mainly a function of the Lightning Network's present and future use cases.

### What is the Lightning Network?

The Lightning Network is what allows two counterparties to instantly and securely transact regardless of proximity or location by leveraging Bitcoin's blockchain. No need for banks, intermediaries, excessive commissions; all that's needed are smartphones of which the world has plenty of.

The Lightning Network has several use cases that we currently know of, and we highlight a few below:

#### Affordable and On-demand Remittances

People can now move money cross-border, instantly and without intermediaries.

Remittances from the United States to El Salvador account for about 25% of El Salvador's GDP. Money transfer businesses charge excessive commissions for these services (i.e. a \$30.00 remittance to El Salvador can cost \$4.80, the equivalent to a 16% commission).

By using the Lightning Network, the same remittance flow would cost a fraction of a penny - which is a substantial difference from the expense associated with traditional channels. The Lightning Network allows senders to increase their remittances by approx. 16% to a country where remittances already account for about 25% of its GDP. Not only are remittances increased, but the method of delivery is also extremely convenient and safe. Receivers of remittances would not need to travel to a local agent to withdraw cash, rather they can receive their remittance directly and discreetly to their wallet in their phone. In fact, individuals can request and receive a remittance as they are shopping for their goods in a supermarket. When they arrive at the register to pay for their goods, they simply take out their phone, and pay with the remittance they just received.

One reason people are skeptical of this use case is because both parties (sender and receiver) must hold their balances in bitcoin, which is volatile. This brings us to the second use case that solves for bitcoin's volatility:

## **Fiat To Fiat Transfers Via The Lightning Network**

Move money cross-border instantly without ever having to hold bitcoin, if you don't want to.

Multiple payment solutions in the market (including our own IBEX HUB) already allow for the instant transfer of value where both counterparties spend or receive their own currencies and the only payment rail connecting them is the Lightning Network. By partnering with IBEX, Mexico's bitcoin and crypto exchange "Tauros" now allows its customers to spend Mexican Pesos from their wallets via the Lightning Network. A Mexican citizen can now travel to El Salvador and pay for goods and services with Mexican Pesos while the local merchant in El Salvador receives USD instantly, securely and with fees typically an order of magnitude below credit card interchange fees. This process also avoids incurring foreign transaction fees for paying with a Mexican credit or debit card abroad and eliminates the payment of fees to banks to obtain local currency.

Of course, all this is predicated on the fact that the merchants are willing to accept payments via the Lightning Network- but again, nobody needs to hold onto bitcoin if they do not want to, they are just using the Lightning Network to receive their own local currency. Solutions like IBEX PAY enable merchants to convert instantly to their local currency at the moment of payment. It's a solution based on bitcoin where people become oblivious to the current price of bitcoin because the transfer of value taking place is instant, cheap, secure and virtually without exposure to bitcoin's

volatility.

Securities Streaming Via The Lightning Network. Buy, sell, hold and transfer securities via the Lightning Network.

Ongoing protocol development in the Lightning Network will enable delivery of securities at fractions of the current cost, removing expensive and unnecessary intermediaries and opening up the investment universe to new participants. Individuals will only need a Lightning Network-enabled wallet that will be able to accept, hold and send securities – in addition to holding bitcoin. This use case is still in very early stages where regulatory and legal concerns must be addressed prior to its implementation.

## **Lightning Finance**

The future of finance, where all of the above-mentioned use cases and more will take place.

We envision a future where we coexist with banks and other institutions. However, by leveraging the Lightning Network, IBEX offers a more scalable solution to give people access to a range of financial services. For too long has a great percentage of the world been shut out from basic access to financial services, but now the Lightning Network offers the flexibility, scalability, and affordability to amend this reality.

Regulators and authorities will enforce a set of standards common in the traditional financial industry, including but not limited to consumer protection, anti-money laundering, and data privacy. This is why IBEX is proactively working to address these and we will find a solution. It's time to offer the world an alternative to help improve people's access to what the developed world has enjoyed for so long. By trying to protect consumers, current laws and regulations have not helped to improve the quality of life of those in the bottom tranches of the socioeconomic pyramid. The question must be asked: should we offer the world something that will give them a chance at improving their financial situation? This is the first time that this question is asked from a Bitcoin-centric perspective; a perspective that builds upon the safest and most decentralized blockchain that has ever existed.

At IBEX, we believe that Lightning Finance will be the answer to this and we also understand the complexity and weight of the endeavor that we are undertaking.

# IBEXDWM

Bitcoin came to offer a global settlement layer, agnostic to geographic location, race and financial standing, we are just leveraging the Lightning Network's transactional layer to offer an innovative solution.

While there are other reasons as well, you buy bitcoin because of the development taking place in the Lightning Network. Bitcoin is the oil that makes the Lightning Network function. By owning bitcoin, you are exposed to all of the development taking place on top of Bitcoin's base layer. This is the first time in history where you can own the base layer of a revolutionary technology and benefit from all that is being built on top of it. The Internet runs on the TCP/IP protocol, which like the Bitcoin blockchain, is an open-source technology, but unfortunately nobody can own the TCP/IP protocol. The only way to benefit from its use is to own shares of publicly traded companies such as Google, Amazon and Netflix, with the hope that you chose the right ones to invest in.

As the world continues to understand how revolutionary the Lightning Network is and how it can transform global finance, the more it will understand the value of bitcoin; which will in turn drive its price further up. The world must look at bitcoin beyond a "risk asset" investment and truly understand the value that it brings to the world via the Lightning Network.

IBEX DWM is here to guide, educate and help you in your journey into the Bitcoin space; feel free to reach out.

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Please note that “Bitcoin” with a capital “B” refers to the Bitcoin protocol and blockchain,  
while “bitcoin” with a lowercase “b” refers to it as a currency.

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