

*Welcome to Morgan Creek Digital's weekly digital asset update. It is comprised of a thought piece from our team followed by a summary of what we consider the most compelling digital asset news during the last week. We hope you find this content interesting. Please let us know if you have any comments or questions or if you would like to speak to a member of the [Morgan Creek Digital team](#).*

## **Cryptocurrencies: You Gotta Know When to HODL ‘Em... And When to Use ‘Em?**

On Wednesday, October 6<sup>th</sup>, AMC Theatres’ CEO Adam Aron tweeted that customers can buy gift cards up to a value of \$200 per day using Bitpay wallet.<sup>1</sup> The news has followed a string of similar announcements from the prominent U.S. movie theater chain, including accepting cryptocurrencies as payments for tickets and concessions. In the current crypto market, many are skeptical that moviegoers in the U.S. would consider using cryptocurrency to buy popcorn or purchase premiere tickets for the umpteenth Fast & Furious showing.

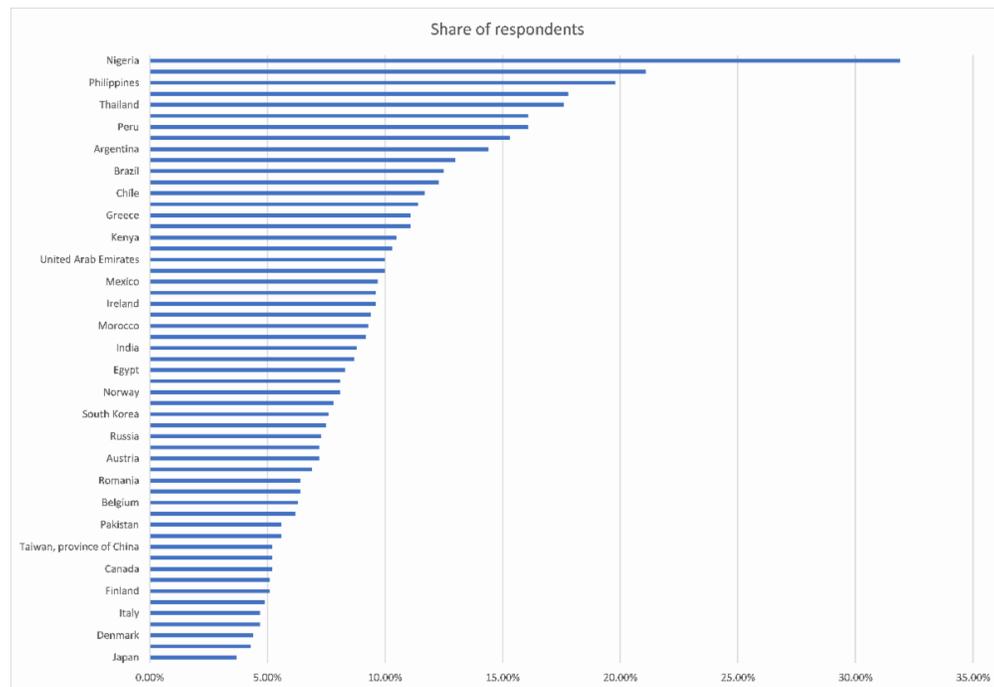
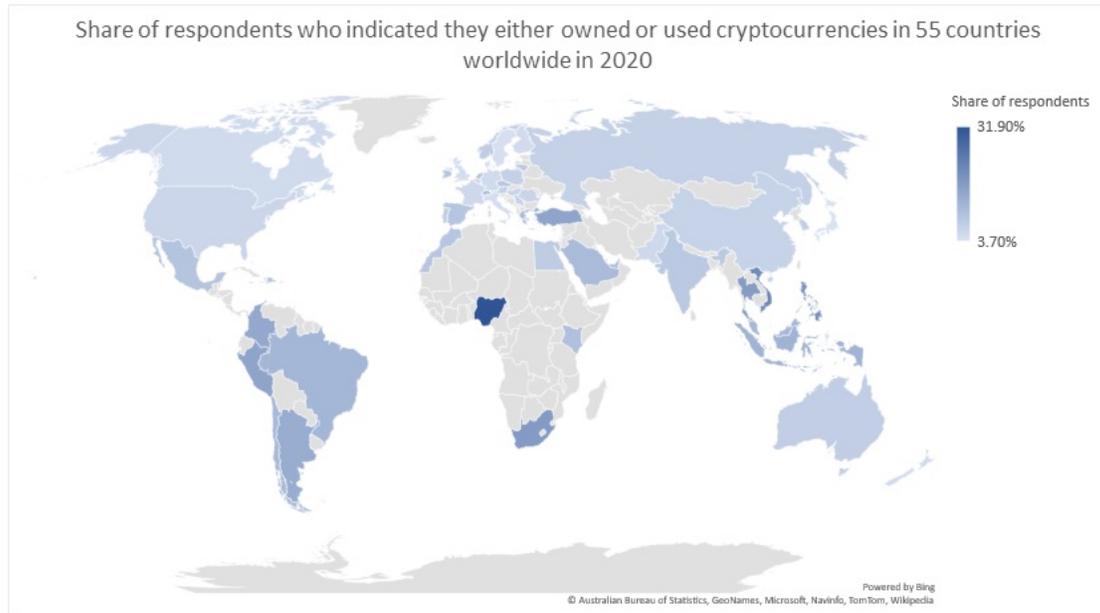
Industry headlines of this caliber tend to spark meaningful discussion regarding the role of crypto in the U.S. economy, including if and when Americans can cross the chasms from crypto investments to more pragmatic uses. However, cryptocurrencies' widespread adoption as a medium of exchange is often stymied by the price volatility of cryptocurrencies compared to the more stable US Dollar, which likely incentivizes Americans to treat digital assets more like an equity investment. The alternative of spending valuable but volatile assets on everyday purchases, like theater admissions, lacks appeal — particularly in the event of significant price appreciation or depreciation by the closing credits.

This brings us to our central theme: Americans are the leading “hodlers” of digital assets but not known for being users or spenders of crypto. The United States leads in numerous crypto endeavors, including offering significant exchanges, trading platforms, funds, and mining facilities and claims the lead position in Bitcoin ownership. Despite this, only a tiny fraction of Americans has any practical spending experience with cryptocurrencies compared to the rest of the world.<sup>2</sup>

### **Global Perspective**

Around the world, certain countries are attempting to use cryptocurrency adoption to stimulate local economic activity. While estimates of ownership and usage of cryptocurrency are difficult to capture accurately, Statista has combined 55 different research reports from global consumer surveys to identify the countries where cryptocurrencies are most widely adopted.

**Figure 1: Cryptocurrency adoption in 55 different countries worldwide 2020, Sourced from Statista**



The results reveal that respondents of developing regions, such as Africa, Asia, and South America, are more likely to own and use cryptocurrency than their European, North American, or Australian counterparts. Specifically, nearly one in three Nigerian respondents reported having used or held cryptocurrency in 2020.<sup>3</sup> By comparison, just 6% of Americans reported usage of crypto, comparable to results from Hungary and Belgium. Developing countries, like Nigeria, are more likely to adopt the use of cryptocurrencies because transaction fees are affordable, and crypto volatility may be considered more manageable than the regular double-digit inflation of the Nigerian Naira. Furthermore, Latin American countries, including Brazil, Colombia, Argentina, Mexico, and Chile, are among the top ten countries where cryptocurrencies are most widely adopted. Much of the appeal for digital assets may be attributed to its ability to serve as an alternative to inflationary-ridden local currencies, a quick and secure method to send remittances and a way to remove barriers to entry in banking, loans, and mortgage services. Furthermore, the World Bank reports that 55% of adults in Latin America own a mobile phone with internet access, which allows the large

unbanked population to access crypto solutions that are easier than opening a checking account.<sup>4</sup>

## **What is Next for the United States**

Over \$1.5 billion worth of Bitcoin was traded on U.S. crypto exchanges in 2020, or over three times more than second-place Russia in trading volume.<sup>5</sup> Nevertheless, according to an Ascent survey, two-thirds of American cryptocurrency owners bought it as an investment.<sup>6</sup> Most respondents own cryptocurrency with the intent to generate wealth and less for securing payments and decentralizing finance, commonly understood as intended use cases. Nevertheless, there are opportunities for Americans to expand crypto use cases beyond an investment vehicle. Although we are not suggesting using digital assets for purchasing movie tickets, there are real-world applications to consider. For example, cryptocurrencies could serve the 22% of American adults (63 million) who are either unbanked or underbanked due to limited access to existing financial institutions.<sup>7</sup>

### **THE RUNDOWN:**

**Dapper Labs Acquires Influencer Platform Brud, Launches Unit Focusing on DAOs:** Non-fungible token powerhouse Dapper Labs has acquired the influencer platform Brud and is launching a new business dubbed "Dapper Collective" that will focus on helping communities build decentralized autonomous organizations via its Flow blockchain. According to Dapper, the company behind the popular NBA Top Shot NFT marketplace, no terms were disclosed, but the compensation was all equity-based. [Read more.](#)

**Jamie Dimon Says Bitcoin Is ‘a Little Bit of Fool’s Gold:’** Jamie Dimon, JPMorgan Chase chairman and CEO, remains skeptical of Bitcoin, the largest cryptocurrency by market value. "It's got no intrinsic value. And regulators are going to regulate the hell out of it," Dimon recently told Axios CEO, Jim VandeHei. Dimon said Bitcoin will be around long term, but "I've always believed it'll be made illegal, someplace like China made it illegal, so I think it's a little bit of fool's gold." [Read more.](#)

**Bitcoin Set to Become Legal Payment in Brazil:** Brazil's Federal Deputy Aureo Ribeiro has revealed that Brazilians could soon buy houses, cars, and even McDonald's with Bitcoin. The South American nation is preparing to vote on a cryptocurrency regulation bill which is expected to be presented to the Plenary of the Chamber of Deputies within the next few days. "We want to separate the wheat from the chaff, create regulations so that you can trade, know where you're buying and know who you're dealing with," Ribeiro said. [Read more.](#)

**Axie Infinity to Raise \$150M Series B at \$3B Valuation:** Blockchain-enabled play-to-earn game Axie Infinity is raising approximately \$150 million in a Series B capital round at a \$3 billion valuation, according to reporting by The Information. Citing two unnamed sources "with direct knowledge of the deal," The Information wrote that venture giant Andreessen Horowitz is leading the round. [Read more.](#)

**SEC Subpoenas USDC Stablecoin Backer Circle:** Circle Financial is under investigation by the U.S. Securities and Exchange, the payments company disclosed recently. Circle, a key supporter of the USDC stablecoin, said in regulatory filings that it received an "investigative subpoena" from the SEC's Enforcement Division in July 2021. That subpoena requests "documents and information regarding certain of our holdings, customer programs, and

operations,” the filing said. [Read more.](#)

<sup>1</sup> <https://www.coindesk.com/business/2021/10/06/amc-theatres-to-accept-crypto-in-payment-for-gift-cards/>

<sup>2</sup> <https://triple-a.io/crypto-ownership/>

<sup>3</sup> <https://www.statista.com/statistics/878732/worldwide-use-cases-blockchain-technology/>

<sup>4</sup> <https://www.worldbank.org/en/news/press-release/2018/04/19/financial-inclusion-on-the-rise-but-gaps-remain-global-findex-database-shows>

<sup>5</sup> [https://www.yahoo.com/now/countries-using-cryptocurrency-most-](https://www.yahoo.com/now/countries-using-cryptocurrency-most-210011742.html#:~:text=More%20than%20%241.52%20billion%20worth,a%20little%20over%20%24400%20million.)

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<sup>6</sup> <https://www.fool.com/the-ascent/research/study-americans-cryptocurrency/>

<sup>7</sup> <https://www.forbes.com/advisor/banking/costs-of-being-unbanked-or-underbanked/>

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