



To Trust Or Not To Trust? This Is The Question When Buying Or Selling Cryptocurrencies

Dr Ara Brutian, Co-Founder, Liberous

Tuesday, 10 May 2022



A Word From Today's Chairman

Simon Mills
Senior Consultant
Z/Yen Group





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Today's Agenda

- 17:00 – 17:05 Chairman's Introduction
- 17:05 – 17:25 Keynote Presentation – Dr Ara Brutian
- 17:25 – 17:45 Question & Answer



Today's Speaker

Dr Ara Brutian
Co-Founder
Liberous



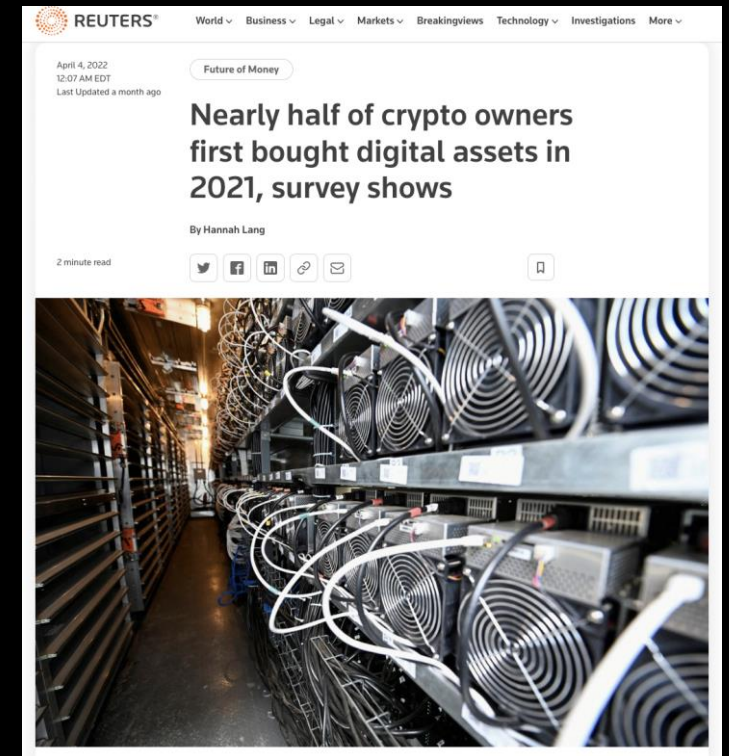
To Trust Or Not To Trust

That Is The Question (When Buying Or Selling Cryptocurrencies)

Cryptocurrencies are Here to Stay...

Whether we like it or not

- Total Cryptocurrency Market Cap \$1.41T as of May 9;
- Reached up to 2.8T as of November 2021;
- 100x growth compared to 2017;
- Average Trading Volume of Bitcoin surpassed that of Apple as of 2021;
- Half of cryptocurrency owners first bought digital assets in 2021 (Reuters Survey).



Cryptocurrency Valuations are ... Chaotic? Tumultuous? Unpredictable?

- The driving force behind cryptocurrency valuation is not clear;
- Bitcoin, Ethereum, Litecoin - lots of volatility, with all generally having an increase during the pandemic;
- Let us look into the fundamentals - **what is a cryptocurrency?...**



What are Cryptocurrencies?

Intangible Assets...

What we know...

- Cryptocurrencies lack physical essence
- Yet, cryptocurrencies are expected to add/retain value and generate future benefits

Therefore...

- Cryptocurrencies are *intangible assets*
- Moreover, even the technology (databases) that makes them possible is an intangible asset.



What Are Cryptocurrencies?

... and Nothing More than Intangible Assets

- Are cryptocurrencies a **medium of exchange**? To an extent - entities might accept cryptos as a medium of exchange, but there is no obligation to do so.
- Are cryptocurrencies **units of account**? Cryptocurrencies are not cash equivalents, as they are subject of price volatility.
- Are cryptocurrencies **stores of value**? Cryptocurrencies are neither debt or equity securities, so not financial assets

Therefore...

- Cryptocurrencies are nothing more than an intangible asset - "identifiable non-monetary asset without physical appearance".

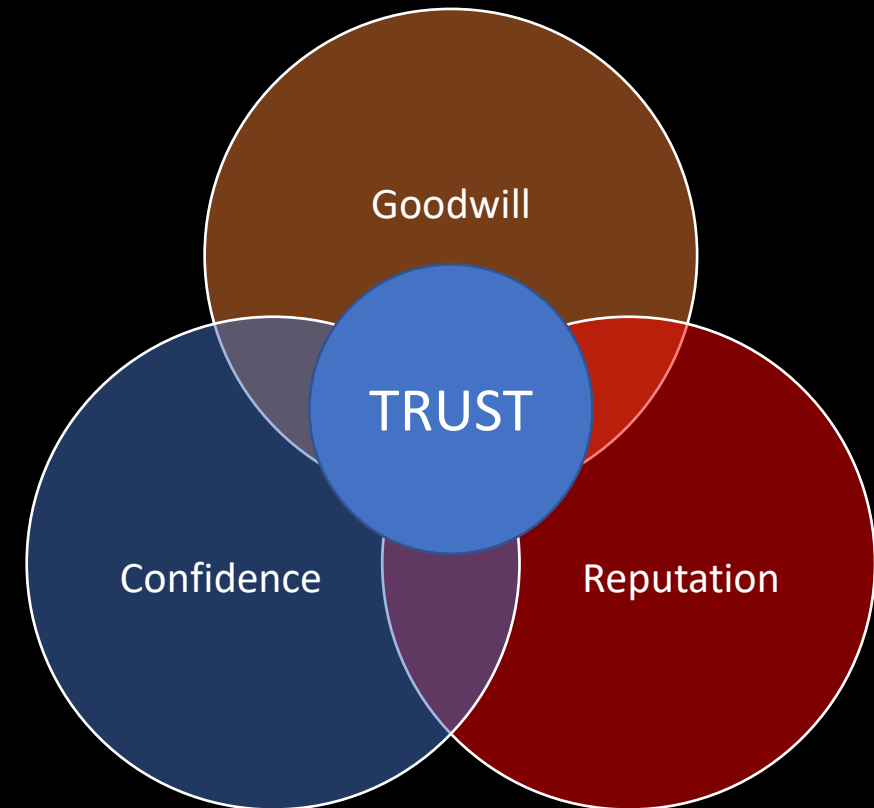


How to Measure the Value of Intangible Assets?

Liberous Approach: Trust is the Key

Goodwill? Confidence? What's common and fundamental for different approaches to assessing intangible assets?....

- One party relies to the other willingly in a situation directed to the future; *note* - one a party can be technology or currency - people attribute to it mental traits;
- Trustor abandons part of control to the trustee's actions; therefore, trustor is always to an extent uncertain about the outcome of trustee's performance;
- Key point about trust - the properties that a trustor *trusts* in the trustee do not need to qualitatively or quantitatively correspond to the trustee's real properties - they are perception based...



Breaking Trust... Down

- Perception based
- Trustor specific
- Historical and cumulative
- Comparative
- Mediated
- Has unpredictable dynamics



Trust or Sentiment?

Trust is broader than Sentiment

TRUST	SENTIMENT
<p>Dynamic model of relevant stakeholder views</p> <p>Cumulative perception of currency historical performance and outlook</p> <p>Assess the <i>outgrowth</i> - public agenda that influences decisions; is a valid predictor of valuation changes</p> <p>Emerges through the interaction of a stakeholder with a crypto-related information; hence, can be modelled</p> <p>Long-term and historical; builds over time and requires multiple interactions</p> <p>Comparative and contextual: trust of any crypto takes into account the level of trust to other cryptos</p>	<p>Static snapshot of general abstract mood</p> <p>General measure of how print/online/social media present a currency at a given moment</p> <p>Measures the <i>output</i> - media agenda, which may or may not influence public agenda.</p> <p>Contained in the news</p> <p>Short-term; emerges and re-emerges with every new publication</p> <p>Absolute: sentiment for every crypto does not depend on the sentiment of the other</p>

Assessing Trust

Measure or Model?

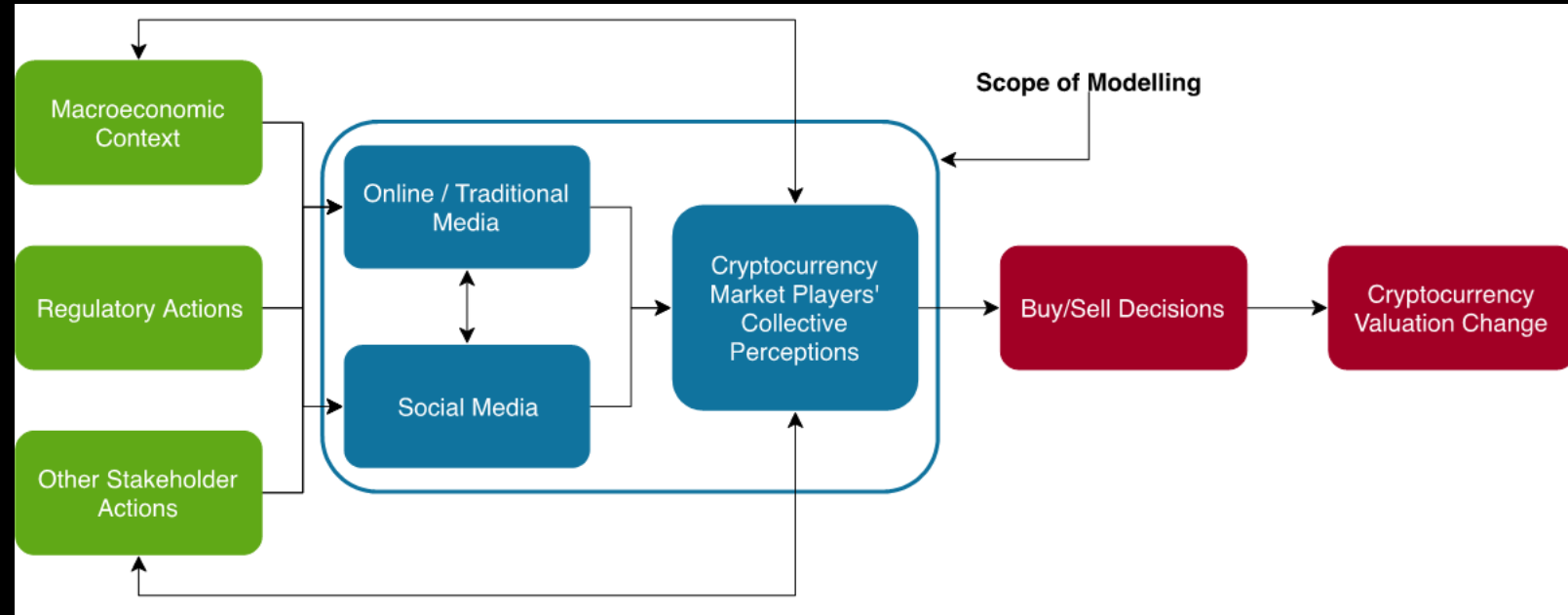
- Measuring - necessarily backwards oriented and is outdated the moment it is done;
- Instead, we focus on Modelling the process of trust - thus having a real-time assessment;
- Modelling implies focusing on *Outgrowth*, not *Output*.



Modelling Trust

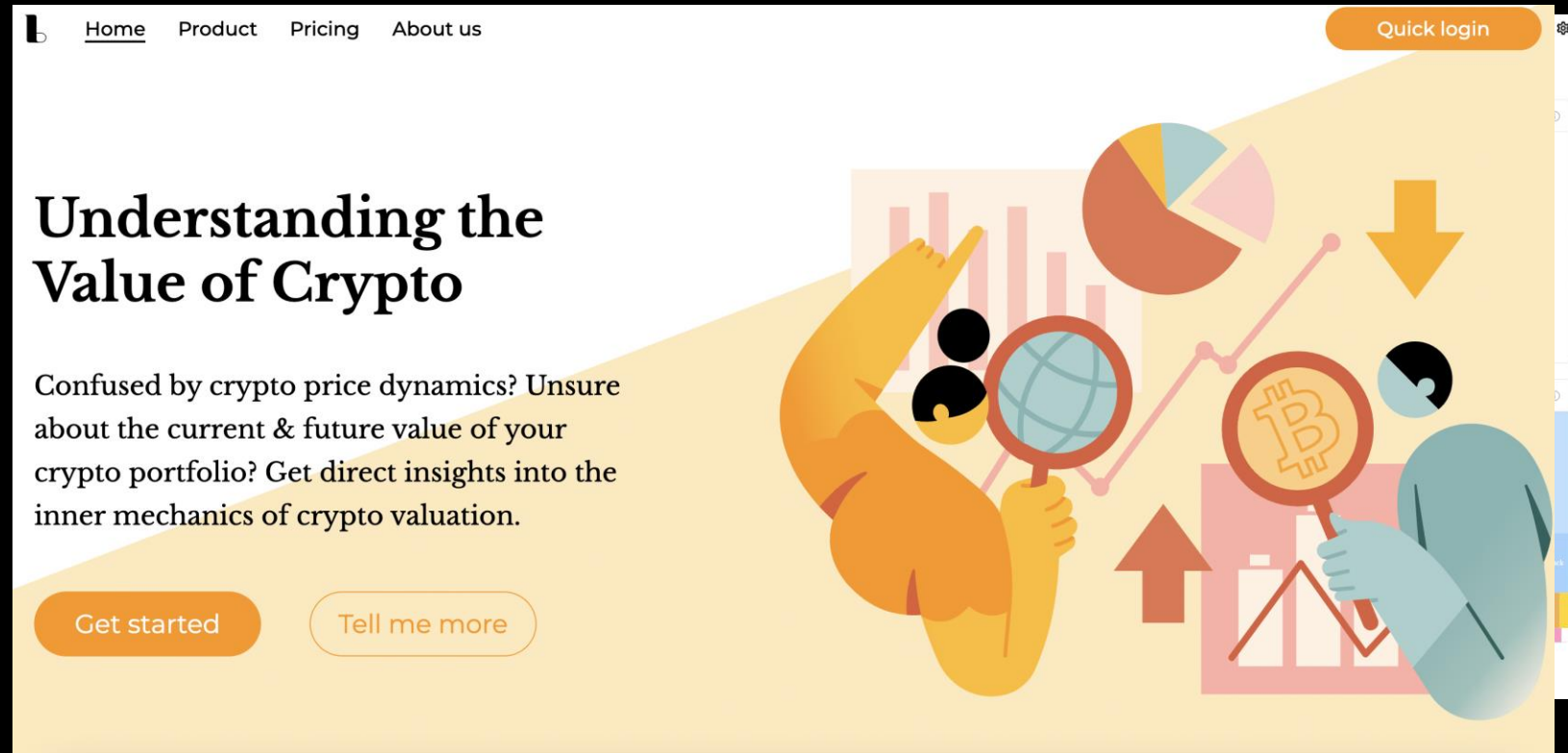
The Liberous Process

- Empirical - based on the Agenda-Setting model
- Key is to model the perceptions critical to the decision-making by market participants
- Real-time and non-obtrusive



Liberous Insight-as-a-Service

Liberous Trust Score (T-score) models market trust towards main cryptocurrencies through a proprietary open source intelligence based AI model;



The screenshot shows a website landing page with a navigation bar at the top containing 'Home', 'Product', 'Pricing', and 'About us'. A 'Quick login' button is located in the top right corner. The main heading is 'Understanding the Value of Crypto'. Below the heading is a paragraph: 'Confused by crypto price dynamics? Unsure about the current & future value of your crypto portfolio? Get direct insights into the inner mechanics of crypto valuation.' At the bottom of the page are two buttons: 'Get started' and 'Tell me more'. The background features an illustration of hands holding a magnifying glass over a Bitcoin symbol, with various charts and graphs in the background.

Home Product Pricing About us Quick login

Understanding the Value of Crypto

Confused by crypto price dynamics? Unsure about the current & future value of your crypto portfolio? Get direct insights into the inner mechanics of crypto valuation.

Get started Tell me more

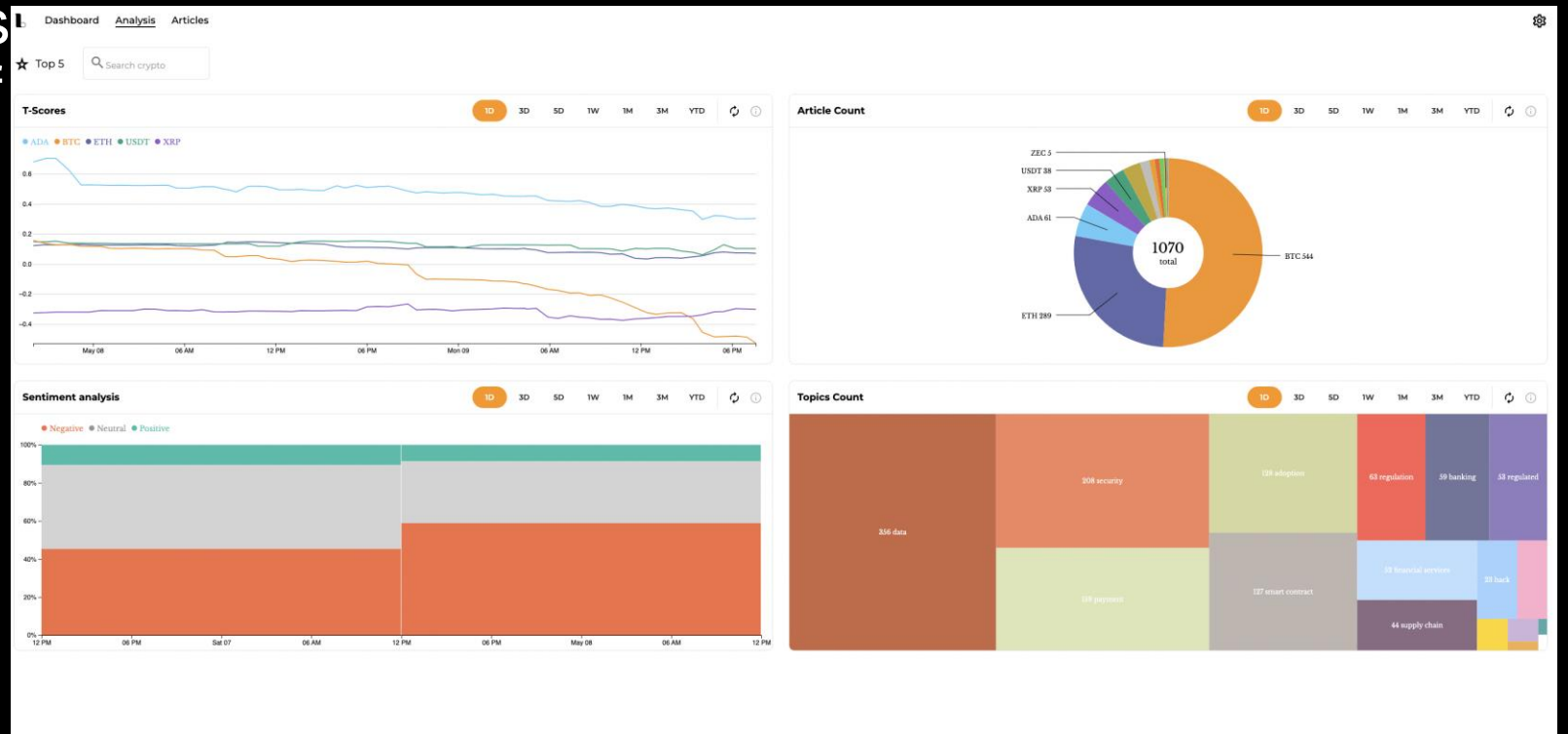
Liberous Insight-as-a-Service

T-score is already available for 13 main cryptocurrencies by market capitalization.



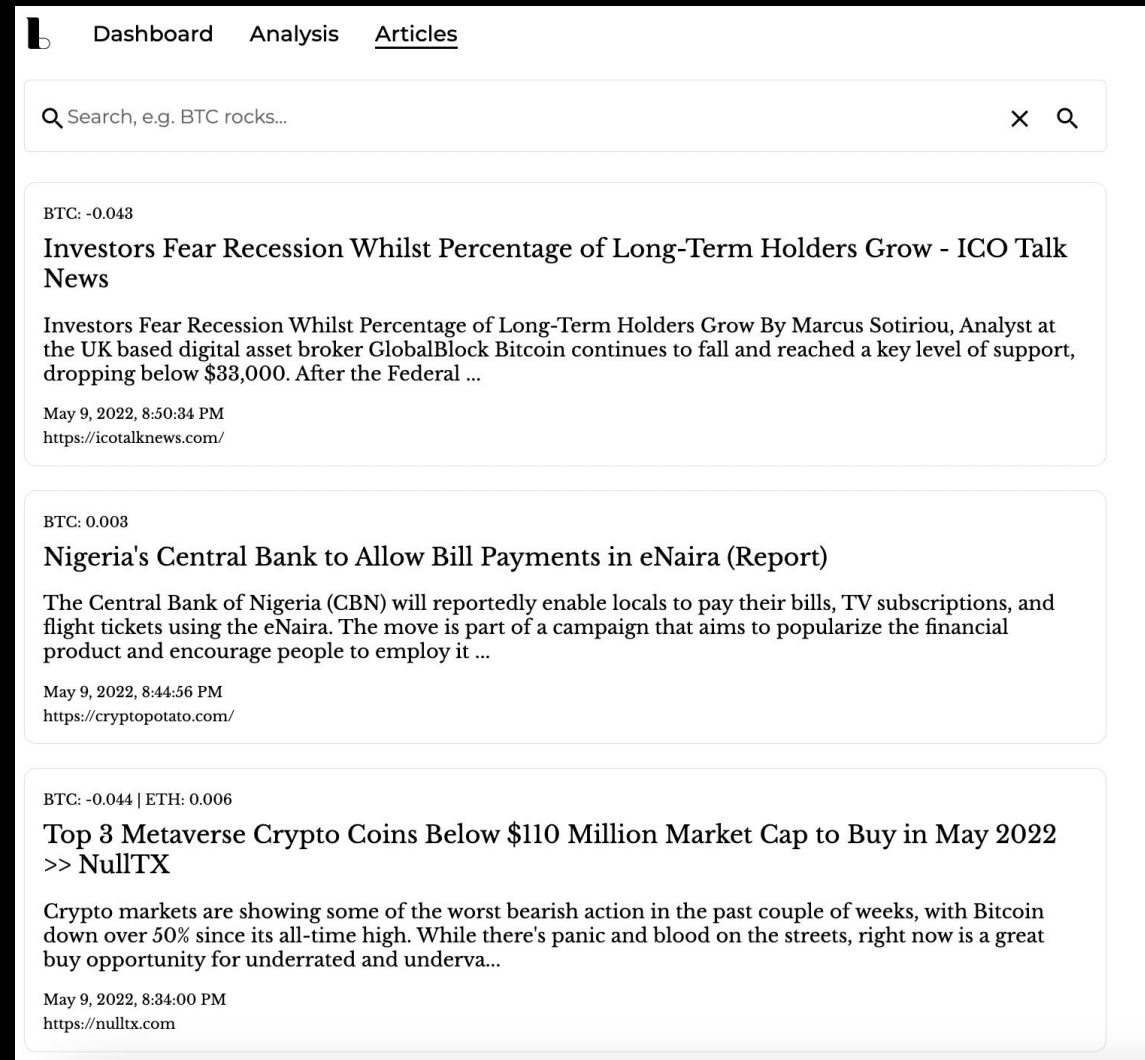
Liberous Insight-as-a-Service

Liberous dashboard presents analytics on all ingredients of trust - sentiment, topics, article count;



Liberous Insight-as-a-Service

Liberous acts as a Trust dashboard combined with a media monitoring capability



The screenshot displays a web dashboard with a navigation bar containing 'Dashboard', 'Analysis', and 'Articles'. Below the navigation is a search bar with the placeholder text 'Search, e.g. BTC rocks...'. The main content area features three news article cards. Each card includes a price change indicator (e.g., 'BTC: -0.043'), a headline, a short summary, a timestamp, and a URL.

Dashboard **Analysis** **Articles**

Search, e.g. BTC rocks... X Q

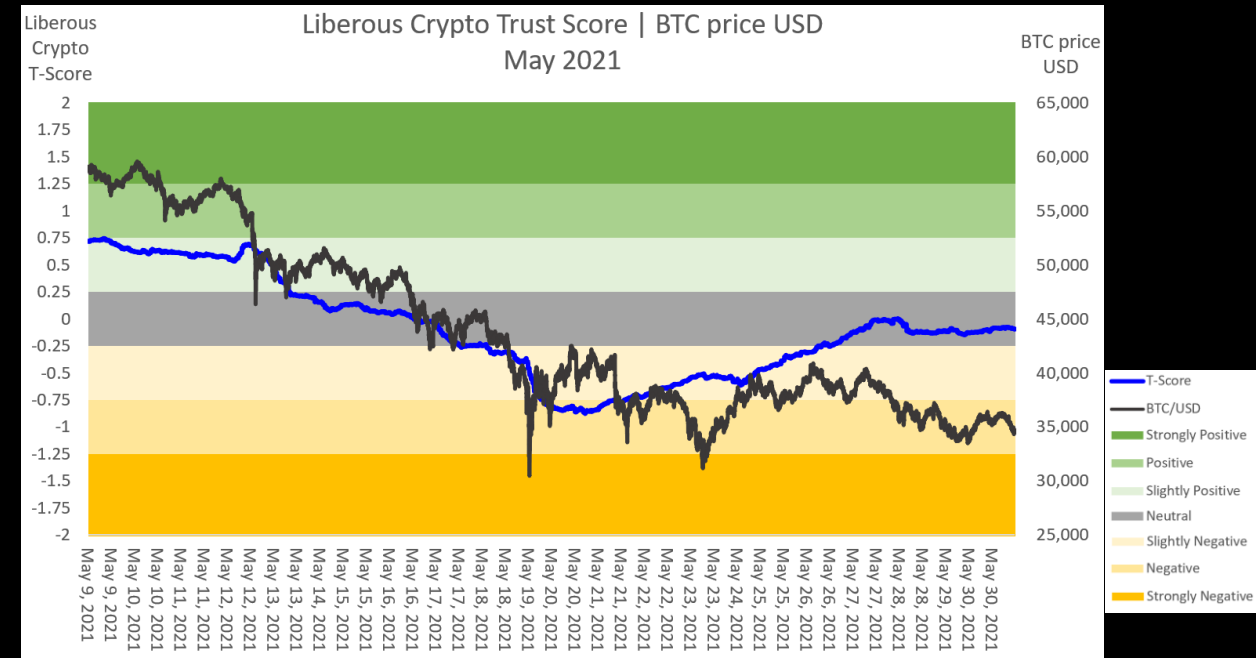
BTC: -0.043
Investors Fear Recession Whilst Percentage of Long-Term Holders Grow - ICO Talk News
Investors Fear Recession Whilst Percentage of Long-Term Holders Grow By Marcus Sotiriou, Analyst at the UK based digital asset broker GlobalBlock Bitcoin continues to fall and reached a key level of support, dropping below \$33,000. After the Federal ...
May 9, 2022, 8:50:34 PM
<https://icotalknews.com/>

BTC: 0.003
Nigeria's Central Bank to Allow Bill Payments in eNaira (Report)
The Central Bank of Nigeria (CBN) will reportedly enable locals to pay their bills, TV subscriptions, and flight tickets using the eNaira. The move is part of a campaign that aims to popularize the financial product and encourage people to employ it ...
May 9, 2022, 8:44:56 PM
<https://cryptopotato.com/>

BTC: -0.044 | ETH: 0.006
Top 3 Metaverse Crypto Coins Below \$110 Million Market Cap to Buy in May 2022 >> NullTX
Crypto markets are showing some of the worst bearish action in the past couple of weeks, with Bitcoin down over 50% since its all-time high. While there's panic and blood on the streets, right now is a great buy opportunity for underrated and underva...
May 9, 2022, 8:34:00 PM
<https://nulltx.com>

Bitcoin Energy Use Concerns

- May 12: Elon Musk Tweets that Tesla suspended vehicle purchasing with Bitcoin due to energy use concerns
- BTC fell below \$50K level
- T-score started declining trend from May 12, turning negative on May 17.



- **Correlation Coefficient - .83;**
- **Granger Causality - significant starting at the third lag.**

Poll

Which of the following cryptocurrencies would you invest today in?

- Bitcoin
- Ethereum
- Tether
- XPR
- Cardano
- Litecoin
- Bitcoin Cash
- Other

Trust is Valuation Signal

- No one party in the crypto market has the entirety of information defining the price of cryptocurrencies. Rather, Trust acts as the “numerical index, which cannot be derived from any property possessed by that particular thing [cryptocurrency], but which reflects, or in which is condensed its significance” (paraphrasing Friedrich Hayek).
- Trust is a signal that condenses essential information about cryptocurrency valuation.
- There are, surely, other drivers of valuation; it is not essential that we know all of them, as trust is entangled with them.



Trust is Beauty

- Beauty is no quality of things themselves; it exists merely in the mind which contemplates them; and each mind perceives a different beauty.
- Intangible value is no quality of cryptocurrencies. Rather, it exists in the mind of market participants, and each participant might perceive it (slightly) differently. BUT - it can be assessed through TRUST.
- liberous.com



David Hume.

Of the Standard of Taste and Other Essays



Comments, Questions & Answers





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Thank You For Listening

Forthcoming Events

- Wed, 11 May (18:00-21:00) FS Club Spring Garden Party
- Fri, 13 May (08:30-14:30) Employee Share Schemes And Trustees Conference 2022
- Mon, 16 May (10:00-10:45) Chopstick Culture & The Success Of East Asian Economies
- Wed, 18 May (16:45-18:30) A City Of London Event On Climate & Sustainability

Visit <https://fsclub.zyen.com/events/forthcoming-events/>

Watch past webinars <https://www.youtube.com/zyengroup>
<https://app.pzaz.tv/app/pzaz/store/zyentv>

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