DOLLARS AND SENSE

FINANCIAL EMPOWERMENT

Tiffany McCormick

How confident are you in your income generating decisions?

59% Not confident or I don't know what I'm doing

33% I have some confidence or understanding

7% I am very confident or I know what I'm doing

DOLLARS AND SENSE

FINANCIAL EMPOWERMENT

Review

- Blueprint – Vision
- Foundation – Faith
- Framing – The Word
- Roof - Wisdom
- Décor – Rhema Word

Example 5:2:1

- W2 income (401k, HSA, RSUs)
- Residential real estate
- Restaurant
- Book
- Stock

- Cryptocurrencies/NFT
- Consulting

- Giving

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- Consulting/ speaking/ books

- ForEx
- Cryptocurrencies, NFTs, web3 equivalent, Metaverse

- Real estate
- Precious metals
- Venture capital/Small Businesses
- Stocks/ bonds/ options
- Giving

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How do you feel/think about finances? Write 3 words that come to mind
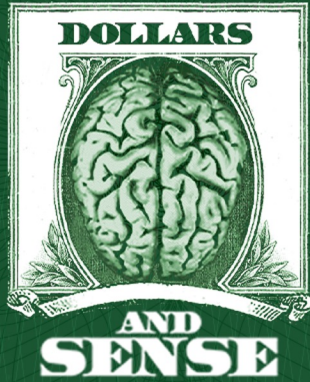
What is Traditional Currency (Fiat)?

Definition*: Fiat currency is the currency declared by a government to be legal tender, not backed by a physical commodity but by the government's assurance to pay.

Examples*: US Dollar, Euro, Japanese Yen.

Characteristics*: Centralized control, physical form (cash and coins), subject to inflation.

What is Crypto?

Definition: A cryptocurrency is a digital or virtual form of currency that uses cryptography for security.

Examples: Bitcoin, Ethereum, Solana

Characteristics: Unlike traditional (fiat) currencies, cryptocurrencies operate on decentralized networks based on blockchain technology.

What is Blockchain?

Definition: A blockchain is a decentralized and distributed ledger or database that records transactions across a network of computers.

Examples: Bitcoin, Ethereum, Solana, Hyperledger Fabric

Characteristics: Blockchain provides a secure and transparent way to record and verify transactions. It uses a chain of blocks, where each block contains a list of transactions, and these blocks are linked through cryptographic hashes

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- **Anonymity:** users can engage in transactions without revealing their real-world identity, they can use pseudonyms or unique cryptographic addresses. The cryptographic nature of transactions ensures that the linkage between the transaction and the actual person is obscured.

Fiat vs Crypto Differences and Advantages

- **Financial Inclusion**

Cryptocurrencies empower individuals worldwide by providing <u>access</u> to financial services without traditional banking infrastructure.

- **Borderless Transactions**

Cryptocurrencies break down geographical barriers, allowing for near-instant and borderless transactions, fostering a truly global economy.

- **Security and Transparency**

With the use of blockchain technology, cryptocurrencies offer enhanced security and transparency, mitigating risks associated with fraud and corruption.

3M Model

Macro – High level view

Market Cap – The Economics

Momentum – What are users saying?

White Papers

Documents released by cryptocurrency projects outlining their technology, purpose, and vision.

Action Steps:

•Locate and read the project's whitepaper.

•Analyze the technical details, goals, and the problem the project aims to solve

White Papers

Abstract: Brief summary of the project.

Problem Statement: Identifying the issue the project addresses.

Solution: How the project plans to solve the problem.

Technical Details: Underlying technology and algorithms.

Team: Information about the project's creators and developers.

Roadmap: Development plan and milestones.

Development Team

• The expertise and reputation of the development team can significantly impact the success of a cryptocurrency project

Action Steps:

• Research the background, experience, and credentials of key team members

• Look for a transparent and well-documented development history

• Sources for Team Information:

- Project's official website.

- LinkedIn profiles of team members.

- Crypto forums, blogs, and news articles.

Roadmap

Definition/Importance: A roadmap outlines the project's planned milestones and development timeline.

Action Steps:
- Review the project's roadmap for key milestones and future plans.
- Assess the feasibility and progress of the project.

Where to find information:
- Project's official website.
- Whitepaper and technical documentation.
- Project updates on social media.

Real World Use Cases

Definition/Importance: Assessing real-world use cases helps determine the practical applications and adoption potential
Action Steps:
- ○ Explore partnerships or collaborations that demonstrate real-world use.
- ○ Consider industries or sectors where the cryptocurrency may have practical applications.

Where to find information:
- •Project's official website.
- •Whitepaper and technical documentation.
- •Project updates on social media.

Historical Performance

Definition/Importance: Analyzing a cryptocurrency's historical performance helps assess its price trends and market behavior

Action Steps:

- Examine historical price charts on reliable platforms.
- Identify trends, price fluctuations, and periods of high or low volatility.

Where to find information:
- Reliable platforms such as coinmarketcap, crypto exchanges like coinbase, cryptowatch, etc.

- **Token**: A unit of value issued by a project or organization on a blockchain. Tokens can represent various assets, rights, or functionalities within a decentralized system
- **Mining**: The process of validating transactions and adding them to the blockchain through solving complex mathematical problems. This process is common in Proof of Work (PoW) consensus mechanisms.
- **Smart Contract**: Self-executing contracts with the terms of the agreement directly written into code. Smart contracts automate and enforce the execution of contractual agreements without the need for intermediaries.
- **Decentralized Applications (DApps)**: Applications that run on a peer-to-peer network, utilizing blockchain technology.
- **Decentralized Finance (DeFi)**: a set of financial services and applications built on blockchain technology. DeFi aims to recreate and enhance traditional financial systems, such as banking, lending, trading, and asset management, through decentralized and open-source protocols

Tokenomics – Token Economics

Definition: Tokenomics refers to the economic model of a cryptocurrency, including token distribution, supply, and utility.

Action Steps:

- Analyze the token supply and distribution.
- Understand the utility of the token within the ecosystem.

Tokenomics – Token Economics

- **Distribution**- fair and transparent token distribution
- **Utility**- drives value; the more useful the token, the more valuable it becomes.

Where to Find Information:
- Whitepaper of the cryptocurrency project.
- Official documentation and announcements.
- Tokenomics section on the project's website.

Digital Currency:

    Purpose: Primarily designed as a medium of exchange for goods and services in the digital realm.

    Example: Bitcoin (BTC) - Created as a decentralized digital currency for peer-to-peer transactions.

Utility Token:

    Purpose: Represents access to a specific product, service, or functionality within a decentralized application (DApp) or ecosystem.

    Example: Ethereum (ETH) - Used for gas fees and as a staking token in Ethereum proof-of-stake mechanism

Security Token:

 Purpose: Represents ownership or stake in a real-world asset, often subject to regulatory compliance.

 Example: Polymath (POLY) - Designed for creating and managing security tokens compliant with securities regulations.

Stablecoin:

 Purpose: Maintains a stable value by pegging it to a reserve of assets, typically a fiat currency like the US Dollar.

 Example: Tether (USDT) - Pegged 1:1 to the US Dollar, providing stability and facilitating trading on cryptocurrency exchanges.

Non-Fungible Token (NFT):

 Purpose: Represents ownership or proof of authenticity of unique and indivisible digital or physical assets.

 Example: CryptoKitties - a unique NFT representing a digital cat with distinct traits.

Tokenomics – Bitcoin

- **Distribution**- There will only ever be 21 million bitcoins. This limited supply ensures prevents inflation and maintains scarcity, making each bitcoin more valuable over time
- The distribution is via mining. Miners solve complex mathematical problems to validate transactions and, in return, are rewarded with newly created bitcoins. This process ensures a decentralized and competitive distribution mechanism.

- **Utility**: Bitcoin's utility lies in its function as a decentralized and censorship-resistant store of value. The utility of Bitcoin is closely tied to its distribution model, as the decentralized mining process reinforces its security and trustworthiness

Tokenomics – Ethereum

- **Distribution**- a dual-token system: Ether (ETH) and Gas. ETH is the native currency used for transactions and as a store of value, while Gas is used to pay for computational services on the network.

- This powers its decentralized applications (DApps) and smart contracts. ETH serves as a utility token within the Ethereum ecosystem, facilitating transactions and enabling developers to deploy and interact with smart contracts. The dual-token system ensures a dynamic and functional blockchain.

- **Utility**- As both a cryptocurrency and fuel for executing smart contracts and transactions on the Ethereum network. It is a store of value and allows users to interact with the Dapps and DeFi projects, NFTs, and services built on the Ethereum blockchain.

Market Data Analysis

Definition/Importance: Analyzing market data helps understand the current state of the cryptocurrency market and its potential trends.

Action Steps:

- Utilize market analysis tools and platforms for current market data.
- Identify factors influencing the market. Identify key competitors and compare their features, strengths, and weaknesses.
- Assess the project's unique selling points.

Market Data Analysis – Where to find

1. **Market Capitalization:** total value of a cryptocurrency, calculated by multiplying its current price by its circulating supply.
   a. Compare it with other cryptocurrencies to gauge its relative size and importance in the market
2. **Trading Volume/Activity:** Trading volume refers to the total amount of a cryptocurrency traded within a specified period, , indicating market liquidity and investor interest.
   a. Look for patterns or spikes in trading volume that may indicate increased market activity
   b. Assess the level of trading activity relative to historical averages or benchmarks

Market Data Analysis – Where to find

3. **Price Trends**: track the movement of a cryptocurrency's price over time, indicating whether it is trending upwards, downwards, or sideways.
   a. Look for patterns such as bullish or bearish trends, support and resistance levels, and price consolidations.
4. **Market Sentiment**: Market sentiment reflects the overall mood or attitude of investors and traders towards a cryptocurrency, which can influence buying and selling decisions.
   a. Use monitor sentiment indicators such as social media discussions, sentiment analysis tools, and market sentiment surveys.

Market Data Analysis – Where to find

5. **Regulatory Developments:** legislative or regulatory changes that impact the cryptocurrency market, including government regulations, policy announcements, and legal rulings.

   a. Stay informed about regulatory developments relevant to the cryptocurrency market, such as new laws or regulations affecting trading, taxation, or compliance and assess the potential impact

6. **Market News and Events:** announcements, updates, partnerships, product launches, or industry developments that influence the cryptocurrency market.

   a. Monitor cryptocurrency news sources, forums, social media channels, and official announcements from project teams.