

# Why Bitcoin? Why now?

## Independent Reserve's Singapore CEO Shares His Insights

Established in 2013, Independent Reserve, a digital currency exchange headquartered in Australia, has consistently been at the forefront of the digital assets sector. The company marked a notable achievement in 2021 by obtaining approval from the Monetary Authority of Singapore to provide digital payment token services, thereby reinforcing its pioneering status in the regional digital asset landscape. During the Hubbis Digital Assets in Wealth Management Forum 2023 in Singapore, Lasanka Perera, the Chief Executive Officer of Independent Reserve's Singapore operation, shared his expertise and insights with the forum's attendees. His presentation addressed the contemporary importance and future promise of Bitcoin in the rapidly evolving digital era. He delved into Bitcoin's evolution and underscored its influence in the global financial sphere since its inception, including its significant 125% growth year-to-date. Furthermore, Lasanka expanded on Bitcoin's multifaceted impact, from its potential in addressing environmental challenges to its role in resolving various global economic issues, and ultimately highlighting why it demands attention from the region's private wealth managers.

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**LASANKA PERERA**

Chief Executive Officer, Singapore Independent Reserve

### Opening his presentation,

Lasanka dove into the focus of his presentation from the get-go - "Why Bitcoin? Why now?" he rhetorically asked. He explained that we find ourselves in a dynamic era where digital assets, Web3.0, tokenisation, and securitised tokens are at the forefront. "But it's important to remember what started it all 14 years ago - Bitcoin. This is the thing that got me truly excited," he reported. "Bitcoin is the highest-performing asset, showing a 125% increase year-to-date. Its significance extends beyond investment returns; it is pivotal for financial independence and enhancing the lives of billions globally."

### Innovative features and vast applicability

Lasanka brought delegates up to speed with a whistle-stop tour of the history of Bitcoin. Originating in 2008 during the Global Financial Crisis, Bitcoin's network, launched in 2009, has shown sustained growth in usage and network strength. With its limited supply of 21 million and decentralised nature, Bitcoin offers significant advantages, including near-perfect network uptime over 14 years. It's a universally accessible, borderless currency that could significantly reduce global financial inefficiencies and foreign exchange costs.

Lasanka then turned his attention to the nature of Bitcoin. "One of the most important and underappreciated features of Bitcoin is its supply schedule," he notes. "Every four years, the network experiences a 'supply shock' where the reward for mining a block is halved. This happens every 210,000 blocks. As more miners join and increase computing power, the network's difficulty level adjusts every 2016 blocks, or about every two weeks, to maintain an average mining time of 10 minutes per block." This monetary policy,

encoded in Bitcoin's software, has remained unchanged for 14 years, says Lasanka, setting it apart from traditional currencies. Consequently, the amount of new Bitcoin entering circulation steadily decreases, moving towards a total limit of 21 million Bitcoins.

The Bitcoin inflation rate has, as such, consistently halved - from 6.9% in 2016, to 1.7% in 2020, and is expected to reach 0.8% in 2024. This predictable and verifiable model is crucial, especially for the two billion unbanked and 1.5 billion underbanked worldwide. With over 15% of the global population experiencing double-digit inflation and many affected by war and unstable regimes, Bitcoin offers a reliable alternative. It allows for 24/7 transactions without intermediaries or permissions, offers a secure store of wealth that can't be debased or seized, and maintains a tamper-proof ledger, making it a powerful tool against the unlimited supply and instability of fiat currencies.

### Bitcoin in the real world

"Bitcoin is a monetary escape hatch, for those that need it the most," says Lasanka. "It was there for the people during the Greek debt crisis in 2015. Bitcoin was

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there for the people when India removed 86% of the circulating currency back in 2016. And Bitcoin is now a much-needed hedge against hyperinflation for those living in Nigeria, Turkey, Argentina and many other places." El Salvador has even already made Bitcoin their new tender, he reports.

Aggressive easing is creating inflation, hurting the poorest, increasing the wealth gap and increasing social unrest. Stable transparent money supply could create better money, better living conditions, and ultimately a better world. Furthermore, Bitcoin is good for the environment, Lasanka reports. "Bitcoin's energy using carbon footprint has been debated for many, many years. So, it's important to put things into perspective. Bitcoin did not consume all the world's energy, as some sources have falsely reported in the past. To support 50 million addresses holding balances, and billions of dollars of on-chain transfers Bitcoin mining uses 155 terawatt hours of electricity

annually, which is about 0.6% of global electricity use. That's about the same as Malaysia." In turn, Bitcoin produces 78 tonnes of CO2 emissions every year, which is about 0.16% of the world's total greenhouse gas emissions. This is 22% less than the estimated emissions from gold mining.

### Environmental Benefits and Investment Potential

Honing in further on Bitcoin, Lasanka notes that the cryptocurrency presents unique opportunities for renewable energy. "During the day, when solar power is abundant but not always needed, mining rigs can operate, using cheap power and turning off during peak hours to stabilise the electricity market. This can enhance the profitability of renewable energy firms and encourage new solar projects," he reports.

Bitcoin mining also addresses the issue of methane emissions, a major climate change contributor, from coal mines, landfills, and oil and gas extraction. Companies like

Crusoe Energy are transforming flared gas, an otherwise wasted energy, into electricity for Bitcoin mining. Similarly, startups like Vespene Energy convert landfill methane into electricity for mining. "In turn, Bitcoin miners can co-locate to isolated inhospitable areas and use energy other applications cannot," explains Lasanka. This can help to promote renewable energy projects and reducing greenhouse gas emissions.

As for investment portfolios, Bitcoin, with 93% already mined, presents a high upside potential. "Plus, it has low correlation with major asset classes," says Lasanka. In turn, Bitcoin's volatility is decreasing over time, and it has been calculated that adding a small percentage of Bitcoin to a traditional portfolio can significantly improve its performance.

Furthermore, Bitcoin's technological advantages over gold, including portability and divisibility, suggest a high growth potential. If Bitcoin reaches half of gold's market cap, its value could soar to \$300,000 per unit, or even \$600,000 per unit, if it matches gold's cap, a significant increase from its current value of \$38,000, Lasanka reports.

### Bitcoin's bright future

Bringing his presentation to a close, Lasanka comments on the potential for Bitcoin's growth, which is substantial, especially if it surpasses gold's \$13 trillion market cap. The phenomenon of Bitcoin halvings lends efficacy to this suggestion. "What happens in a halving? The first halving in 2012 cut the supply to 3,600 per day, leading to a 9,000% price increase in 372 days. The second halving in 2016 decreased supply to 1,800 per day, with a 2,800% increase in

the following 526 days. The third halving reduced it further to 900 per day, and the price rose 600% in 545 days. Currently, the block reward is 6.25 Bitcoins, set to halve to 3.125 in April next year, reducing daily mining to about 450 Bitcoins.”

Therefore, timing is crucial for Bitcoin due to global digitization, says Lasanka, attributable to Bitcoin’s status as a prime digital currency and the endless supply of fiat currency, plus potentially peaking interest rates, improving infrastructure, and easier access to

Bitcoin. “An imminent approval of a Spot Bitcoin ETF and the fact that only 1.5 million Bitcoins are left for mining for 8.5 billion people, with a 50% mining reduction in five months, point to an exciting few years ahead,” Lasanka concluded. ■

### Getting Personal with Lasanka Perera

Lasanka Perera is the Chief Executive Officer at Independent Reserve Singapore. As a co-founder of the company, Perera has played a pivotal role in steering Independent Reserve to become one of the leading crypto exchanges in the Asia Pacific region. The company has also achieved the notable distinction of being the first cryptocurrency exchange to be licensed by the Monetary Authority of Singapore (MAS). Independent Reserve is recognised for its commitment to providing safe and reliable access to digital assets through good corporate governance and ensuring the safety of customer assets.

Prior to his involvement with Independent Reserve, Perera accumulated extensive experience in markets and trading and successfully established several regulated consumer-facing financial services businesses. Recognising the inefficiencies of foreign currency transfers, he identified the significant potential of Bitcoin and other cryptocurrencies to enhance people’s lives, ultimately leading him to transition his career into the crypto space.

As an early adopter of cryptocurrency and a dedicated advocate for the industry, Perera actively engages in trade conferences and industry events. His participation serves to connect with like-minded individuals and businesses, fostering the growth and development of the cryptocurrency industry.

In his spare time, Perera and his family enjoy spending time in the outdoors and experiencing various sports. During his youth, Perera was an avid cricketer. Under his father’s influence, Perera is also a rugby fan. “I love watching the Wallabies,” he says.

Perera wants to instil the good values and habits of an active lifestyle in his young family and the team in Singapore.

Perera is happily married with two children.

