

URL: <https://stvp.stanford.edu/clips/lessons-from-the-fall-of-ftx>

Dante Disparte, chief strategy officer and head of global policy at Circle, shares the lessons we can take away from the fall of the cryptocurrency exchange FTX. He believes the promise of crypto and blockchain technology should be separated from unethical behavior, and future financial tech and crypto entrepreneurs should respect the rules of finance and the movement of money.



Transcript

- First of all, it's a teachable lesson 00:00:06,660 in not necessarily the failure of a technology.. So at the outset, I would be remiss if I didn't say the word crypto is short form for cryptography.. In the same way that the emails that you and I receive and send is probably the greatest vector of misinformation and disinformation and ransomware attacks all over the planet, and you're as good as the person between the keyboard and the chair if you wanna keep a company safe of noisome and terrible and insidious cyber risks.. We also have to start to disambiguate the term of art that relates to a technology, and technology, like a hammer, can be used to build a house or tear something down, from effectively bad behavior, bad conduct, the lack of, call it a north star corporate ethics or anything of the like.. And so FTX, I think history will bear out, will be a teachable lesson in the perils of fraud or nearshore, nearly regulated companies that have risks of opportunity versus the failure of crypto and blockchains.. And so with it, I also hope, as I said at the outset, the crypto industry has come up with a lot of jargon.. One of them is this idea that you're entering a winter phase whenever there is a decline in speculative activity, a decline in trading, or a decline in Bitcoin's value.. The term of art is it's a winter.. My hope is that it becomes an Ice Age to end the era of speculation.. In the same way that you need the dot-com bubble to burst to give the internet and Web 1.0 or Web 2.0 over to real, long-term durable founders, durable leaders, durable business models..

I think crypto needs these speculative phase to stay frozen in ice and to be a testament to the misdeeds of just because you can do it with the internet and with code and with blockchains and cryptography, doesn't mean you should, piece one.. Piece two, finance and the movement of money is rules based.. I know very intimately because if you wanna get summoned to speak at every Senate hearing all over the world all at once, you produce a white paper with a byline, reinventing money, AKA the birth of the Libra Project.. And all of a sudden the central banks, the policy makers, and regulators and everybody else has an opinion about who can reinvent money and what are the boundaries of reinventing money.. So finance and money is rules based.. Fintechs and cryptographers would do well in watching the post FTX lessons and having some healthy respect for what those rules might be.. Even if it's a loosely regulated domain, respecting those rules can help build a durable business versus one that has flash in the pan variety, flash in the pan growth.. And so there's a teachable a lesson here between maximizers and optimizers as well, where the optimizers want as much value as they could have for as long as they could have it.. And with money, there just simply are no shortcuts...