

Global Cryptocurrencies and Digital Assets

Interview on Bloomberg TV

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Interviewee: Candace Browning, BofA Global Research

Interviewer 1: Tom Keene, Bloomberg US

Interviewer 2: Lisa Abramowicz, Bloomberg US

Tom: Right now, for Lisa Abramowicz and I, it's a great joy in radio and television to bring in Candace Browning. Yes, she's head of Global Research at Bank of America, but very much like Tobias Levkovich of Citigroup, her strength is she started out in the trenches. If you are 17 years in a row the airline analyst of the world, and if you do securities analyst... analysis, I should say, like Candace Browning did years ago, that is a research foundation. And we're thrilled she could join us today.

Candace, you have a new report out that's on Bitcoin. I don't even know, Candace, did Brian Moynihan let you put the Doge in your crypto report?

Candace: Well, thank you, Tom, so much for having me on the show today. Actually, what we're doing today is not really so much about Bitcoin. Bitcoin's just a part of it. What we did today is we are the first major bank on the South Side to launch a strategist, and his job is to be the crypto and digital assets strategist.

Tom: Lucky you.

Candace: Yeah, and lucky him. So the reason we did it is because it's such a huge growing market. So, if you look at it today, digital assets are about \$2 trillion. Bitcoin is about \$900 billion of the \$2 trillion. So it's big and there's a ton of investor interest in this space. It's growing. So if you look at the number of participants, last year there were about 66 million people participating in this market. Today, it's over 220 million people who are participating. And if you look at the number of corporates mentioning crypto on their earnings calls, that's gone from about 17 last year to about 147 in the most recent quarter.

So it's really going kind of mainstream and people are getting interested in it, which brings us to the last reason, Tom, why we decided to launch this. And that's really, and this is the most important word, I think, is ecosystem. This isn't just Bitcoin anymore. This is digital assets and it's creating a whole ecosystem of new companies and new opportunities and new applications. And you can see that in the fact that venture capital, which invested about \$5.5 billion into digital assets last year, year-to-date has already invested \$17 billion. So this is growing and it's mainstream and it's not just Bitcoin.

Lisa: You have a great prospective, Candace, because you deal with both retail and corporate clients and institutional investors. How much is the interest being driven by retail investors versus the institutional players?

Candace: That's a great question, Lisa, because there is an, obviously an enormous amount of retail interest in this space. People want to learn about it in our retail system. But there's a huge growing institutional interest in this space as well. And so, we're launching this for all of our customers. And really, we're launching it more, as I said, about the ecosystem and more to learn about this really potentially revolutionary technology, and that's why we put a former tech analyst in this spot. The analyst, Alkesh Shah, has over 20 years experience as a tech analyst. And I really think this is about, whether we want to call it internet 2.0, or whatever we want to call it, it's all about this revolutionary new technology and its possibilities.

Lisa: But, Candace, this is actually super important. The idea of digital assets, not necessarily being a sort of asset class like commodity. Is it a currency or is this an issue of transmitting money beyond the borders, basically removing some of the frictions that have traditionally been there? Which do you see as the primal driver of the research here and, frankly, of institutional interest?

Candace: Yeah. It's a great question. I do think that over time, this can become its own asset class and I think its own sector, just like the internet. And the point is with this new revolutionary technology, you can really address a lot of the issues that you brought up. You can bank the \$1.7 billion people who are currently unbanked. You can do that with much less friction. You can create assets, such as NFTs, that you can sell that will have royalties associated with them without lawyers. So those are just examples of all different kinds of things you can do with [crosstalk 00:04:56] this new technology. And yes, it can also be money, it can be. But it can be so many other things as well, and that's really the point.

Tom: Candace, we're almost out of time. I want to go to Rafael Auer at the Bank of International Settlements in Geneva who's got absolutely pristine research on the foundations of Bitcoin, the foundations of digital currency, the foundations of crypto. And I want to fold it over to where your tech analyst is going to have to look at the regulation in what you call the wild west of crypto. I mean, what do you do with Gary Gensler and the rest when the police show up to say "enough?"

Candace: Well, you've put your finger on something that I think is one of the greatest risks to crypto, and you've already seen China and India outlaw Bitcoin trading. But on the other hand, Gary Gensler has also said that he sees this revolutionary new technology as offering a tons of wonderful opportunities. And the Fed is studying Central Bank digital currencies. So yes, regulation is a huge potential risk in this space, but you could also argue that once there's a regulatory roadmap in place, it will offer enormous opportunities as people conform to that.

Tom: Okay, we'll have to leave it there. Candace Browning, congratulations on driving forward the discussion on crypto with Bank of America.

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