"Where crypto 'anarchy' will end", Lex Megatrends, *Financial Times* video, December 10 2021, Illustration and animation by Russell Birkett; written by Jonathan Guthrie; narrated by Alan Livsey
https://next-media-api.ft.com/renditions/16389946238460/1280x720.mp4

Read the text and watch the video. Then do the questions afterwards. The words in *italics* are included in a definition activity at the end of text. The words in **bold** are defined on the right.

Lex Megatrends. The Crypto Revolution. Anarchy has not conquered the UK despite the predictions of the Sex Pistols. But a version of it is gaining **traction** in finance worldwide. Cryptocurrencies such as Bitcoin have **bedazzled** investors and are entering the *financial mainstream*. Cryptos embody a core **tenet** of anarchism, co-operation in the absence of centralised authority.	"Anarchy in the UK": a punk rock hit in 1976. Traction=pulling, pulling power Bedazzled=mesmorised Tenet=belief, principle
The financial *establishment* is worried. In this video we predict where it may all end. The invention of Bitcoin in the *noughties* is credited to the pseudonymous Satoshi Nakamoto. He, or perhaps they, had the revolutionary idea of creating a decentralised currency. Bitcoin deals are recorded in a public distributed **ledger**, a database accessed and managed by multiple participants.	Ledger= a book that records monetary transactions
They verify transactions by solving cryptographic puzzles and are paid in Bitcoin. But Bitcoin is a **flagship** with **flaws**. Criminals favour the currency, which sometimes resembles a *Ponzi scheme*. It is polluting. It is volatile. And Bitcoin is too clumsy to be **handy** for everyday transactions.	Flagship= ship with the fleet commander's flag; a lead business Flaws=weaknesses Handy= easy to use
Despite this, Bitcoin has done something truly remarkable. It has shown that a decentralised digital currency can suck in billions, thanks to healthy dissent, **base greed**, **lofty idealism**, and **sheer fear** of **missing out**. It was valued at over $1tn in late October, 2021. The crypto universe was valued at some $2.4tn. That compares with the UK GDP of $2.7tn.	Base greed=simple greed Lofty idealism=high-minded idealism Sheer fear=pure fear Missing out= not being included
Lex is still sceptical about Bitcoin's value. We don't like European bank stocks, or Brussels sprouts, either. But we believe digital assets will disrupt finance. Central banks **fret** that cryptos could destabilise financial systems. Bitcoin is 12 times more **volatile** than the S&P 500 index. A prolonged *bear market* could bring it down to earth with a bump. That would hurt *leveraged investors* most. Stablecoins *pegged* to official currencies would increase, rather than **dampen** risks, if assets and liabilities were *mismatched*.	Fret=worry Volatile= changing, fluctuating Dampen= (here) reduce, make wet
Official currencies help governments stay in charge, alongside police and armies. Establishments fear cryptos will **undermine** their power, as well as financial stability. That is why China has launched a digital yuan for *retail transactions*. The European Union plans to introduce a digital euro. Europeans could **end up** depositing some of their cash with the ECB, or national central banks, such as the German Bundesbank.	Undermine=weaken To end up= finish by
Central bankers are too **high and mighty** to service retail customers. Commercial banks would do that for them, somehow. Digital euros or dollars or pounds wouldn't generate easy profits for banks, though. Funding costs would go up if their own deposits fell. In a crisis customers might **leave them in droves**.	High and mighty= important and powerful Leave in droves= leave in large numbers (drove= a flock (birds), a herd (cows, etc.))
Digital assets create opportunities for banks, too. Many are **hiring** teams of crypto experts to advise clients and their own senior management. Official regulation of digital assets will make their jobs easier. Eventually *low-friction*	Hiring=employing

dealing in stocks and bonds, using public ledger technology, will **hit profits** for some but raise it for others. Lex believes the financial establishment will struggle to assimilate digital assets. But assimilate them it will. Some cryptos will stay forever on the margins. But anarchism in finance, as in politics and music, is very vulnerable to **sell-outs**. As crypto **bros** take jobs in the City and on Wall Street the idealists may ask one another the question posed by [Johnny Rotten]() of the Sex Pistols: "Ever get the feeling you've been cheated?"	Hit profits= reduce profits Sell-out=liquidation, people withdrawing from the market/activity Bros=brothers

Match the following words/expressions on the left, with the definitions on the right (answers below).

1. Financial mainstream	a) trading easily with little costs and few administrative barriers.
2. Ponzi scheme	b) the years with "noughts", a British English word for "zero": i.e., the 2000s. There is also a pun here on "naughty", which means behaving badly. Up until the global financial crisis in 2007-2009, this decade was a time of easy money and easy living for many people in the UK.
3. Bear market	c) normal, standard, majority financial activity.
4. Leveraged investors	d) households and small businesses which use banking services and are unable to access wholesale financial markets reserved for large clients and large transactions (such as governments or large companies issuing bonds or shares).
5. Pegged	e) the groups of people and institutions holding power in a society.
6. Mismatched	f) an investment scheme in which original investors are paid high earnings with the capital of new investors, and not just from the income/returns actually generated by their investments. When not enough new investors enter the scheme, it breaks down. Such schemes are illegal. Asset market bubbles behave like legal Ponzi schemes when speculation becomes strongly irrational: they eventually crash as no new investors enter the bubble to buy assets.
7. Establishment	g) the maturities of assets and liabilities are not the same; they are not matched. Households, for example, borrow long (over the long term) to finance house purchases, but their money and savings are often in "sight deposits", current accounts and savings accounts from which they can withdraw money quickly. One of the key functions of banks is to manage this situation: banks lend long, but borrow short. This means that they are vulnerable to bank runs: i.e., depositors suddenly withdrawing their money because they are worried.
8. Retail customers	h) investors who borrow money for investing in assets, and who may risk the value of their assets crashing below the value of their debts.
9. Low-friction dealing	i) linked to another currency or basket of currencies in order to increase stability (for example, the authorities in a small or emerging country may link their currency to the dollar or euro).
10. noughties	j) a market in which prices are generally falling, compared to a bull market in which they are rising

Based on the text and video, are the following sentences True or False? (Answers below)

1/ Cryptocurrencies share anarchism's belief of cooperation without the need for centralised power. True/False

2/ Bitcoin transactions are controlled by many participants operating the system. True/False

3/ Bitcoins are generally seen as a reliable investment and easy to use to buy things. True/False

4/ Official currencies are part of the institutions contributing to state power. True/False

5/ Central banks will likely use stablecoins to control retail customer accounts. True/False

6/ Crypto currencies are likely to become the main form of money in the future. True/False

Answers: 1c; 2f; 3j; 4h; 5i; 6i; 7e; 8d; 9a; 10b; – 1/ true; 2/ true; 3/false; 4/ true; 5/ false; 6 false