TFTC 433

**Marty:** [00:00:00] We're rolling. Jose. We didn't call each other this morning, but I guess, uh, I guess we just decided. Green pants, blue shirt. It's time to go. Yeah,

**Jose:** I think it's, uh, it's the look. It is the

**Marty:** look. I, I've been getting a lot of compliments. I'm not sure if you have as well.

Yeah, because, uh, it's, it's humid out here. I've got the terry cloth on to soak up the sweat. That's smart. Yeah. That's smart. Yeah. But it is a great event. Shout out to the, uh, Rod, Matt, Harry at Bitcoin Park, putting this event together. Yeah. Yeah. It's,

**Jose:** it's been really good. Yeah, really good.

**Marty:** When did you get into town?

This morning or

**Jose:** yesterday? No, I got in yesterday night. Yeah. Yeah. Yeah. How are your travels? Good. Uh, you know, it's always, uh, interesting going through customs as a Guatemalan, but no major issues, so we're happy. Well,

uh,

**Marty:** if it makes you feel any better, I got molested at the Philadelphia airport on my way here.

Yeah. Yeah. I had the, uh, the alarm go off and they had to pat me down. Not fun.

**Jose:** Yeah. I, I had a recent one where I was wearing these [00:01:00] drawstring pants, but they had like same metal stuff and I got

**Marty:** felt up. That's what happened to me. I had the drawstring pants on and got Oh, got flagged in the, uh, yeah, in the radar go or whatever that is.

That thing that microwaves you. Yeah. Hands up. Ugh. So what's going on? It's been what, since I think like a year, maybe even more. Cause we were, I was in the back porch studio in my house, so that would had to be, yeah. Like fall of 2021, early 2022. Yeah. Yeah. I think you

were

**Jose:** just get, uh, getting into Austin, right?

Yeah.

**Marty:** So it's been almost two years. A lot's happened since then.

**Jose:** Yeah, quite a bit. Quite a bit. Yeah.

**Marty:** I mean, I think this, this whole week here, the lightning summer, we're in Nashville for the lightning summer. That's why we're recording at the Bitcoin Park Studio. Mm-hmm. That's one thing over the last couple days and just beyond this event, what I've been thinking, it feels like lightning is reaching a point of maturation where it's getting possible to build cool things to actually provide utility [00:02:00] to individuals and enterprises.

Yeah, absolutely.

**Jose:** I, I fully agree with that. Yeah.

**Marty:** Yeah, yeah. So what, what are you guys seeing at Ivex?

**Jose:** Well, Actually very interesting. We, we've actually started to see like, uh, transformation in our customer profile, so to speak. Mm-hmm. So now for anybody that's listening that doesn't know what we do at Ibex, we, we provide backend infrastructure to enterprise level clients that are looking to integrate lightning capabilities into their products and services.

So apps and, you know, if you have, let's say for, to give an example of what would be possible, right? So let's say you're so Spotify and you wanna change your subscription model into a Payas, you go model where you can actually charge fractions of a ascent per second of song listened. Uh, you, you could contact Ibex and we can help [00:03:00] you.

Integrate that payment system into your, into your app.

**Marty:** Yeah, that's, I mean, that's been like a big hot theme this week and last week, particularly because l and d announcing like L 4 0 2. Mm-hmm. And their implementation with lag chain and mm-hmm. Aperture. And again, it really seems like we're getting to the point where the lightning ecosystem is at a point of maturation where it's possible to do this stuff.

And like, what do you think is making it possible? Is it just liquidity profile, the network? Is it the tooling around the network? Is it people have been playing around with it

**Jose:** long enough? Yeah. I think it's just, you know, playing around with it. So you need to get comfortable with the technology, but then also figuring out the weaknesses of the technology and addressing those weaknesses.

So, you know, there's, there's two components to Lightning, right? One is the, let's call it the Bitcoin technology part. Where, [00:04:00] which is how do we interact with this protocol? But another huge part of lightning is basically BA database management. Mm-hmm. So, DevOps, right? And how do we get to a point where we're scalable enough, reliable enough, secure enough to, you know, service commercial customers like real, you know, big customers.

Cuz you know, payments is, uh, 500, 600 trillion volume per year. That's, you know, almost 2 trillion per day. So, and, and your technology to move that amount of money has to be bulletproof. Yeah, and we gotta get our customers, you know, comfortable with this. And so that's kind of our sandbox, right? Because our thesis is that just like you [00:05:00] don't necessarily run your own email server or you don't do your own cloud infrastructure for lightning at a certain level, you probably don't wanna do your own lightning infrastructure.

You, because you know somebody like Ibex. Or we can do it better, faster, more securely, and for less.

**Marty:** Yeah. And so what are like the product KPIs that you pay attention to, to make sure that you're delivering that service? Is it mainly revolve around, uh, successful payments and failure rates? Is it, yeah, it's amount of money that can be moved.

Combination of

**Jose:** all, combination of a little bit of all, but a lot of it is just, like I said, uh, very much kind of like, it looks a lot like a database management thing. So, you know, uptime. Transaction transaction success rate. Um, at least on our end. The interesting thing about Lightning right, is that we don't necessarily get notified when a payment fails [00:06:00] on our end because the one that knows that the payment failed is the guy that's sending out the payment.

Mm-hmm. Not the person receiving it. We just understand that the invoice has not been fulfilled. Yes. Right. And if it's because, you know, whoever is sending it doesn't have, you know, the req, the required liquidity doesn't have, you know, the correct channel, uh, management. And this is why I think Lightning really is more, um, geared towards, you know, this type of email, cloud service type of structure is because if you want to have, uh, guaranteed and reliable payments, you.

Basically have to, you know, dedicate yourself to making sure that your, uh, infrastructure is good enough. Mm-hmm. And so I do see, you know, probably some people that are really interested in it are and are interested in [00:07:00] managing, you know, their lightning infrastructure in house. They're gonna do it, but, but other than that, you're probably better off with somebody like Ibex.

Yeah.

**Marty:** And what are the tradeoffs that enterprises individuals make by doing this? Cuz I agree, like, it probably doesn't make sense for everybody to go out, spin up their own node mm-hmm. Trade their own channel liquidity. Yeah. What's the, uh, what's the experience for like an enterprise coming to you and like,

**Jose:** well, the trade-offs for enterprises, so, so we have to like differentiate here a little bit from the customer profile, right?

So for enterprises, They're not much different than any other requirement they would need in adopting any other payments technology. So we go into the world of, you know, compliance, kyc, all of that stuff. But, you know, these are enterprises that are, you know, they have to do it anyway. Mm-hmm. Right. So we're not too worried about that.

Where it [00:08:00] gets a little bit trickier is at the individual personal level. Right. And that's also why we don't, um, like to onboard individuals onto lightning. Mm-hmm. Uh, we're more geared towards, you know, businesses and we're really operate kind of like behind the person that, uh, you know, delivers the service.

Yeah. Right. And so these customers, they're used to this. There's no big trade offs if you have to go down, you know, to It is, it's that. There's no privacy. But again, I am for no privacy for corporations. Yeah. They don't need it. Right? They don't need it. No. Exactly. Yeah.

**Marty:** What uh, and that's the beauty of Lightning too.

Like, yes, there's like, you know, who the corporation is and who you're onboarding, but the rest of the Lightning Network really doesn't have to [00:09:00] know that they're receiving payments. So like you can't see exactly that. They're doing a bunch of flow

**Jose:** and have some Yeah. Well that, and, and the beauty of Lightning is that, uh, also for me, and this is going back to the whole profile of customer changing.

So let's say when we started off, um, back in late 21, early 22, offering this service, most of our customers and, and, and people we had talks with were, you know, uh, either. Crypto businesses or wallets, exchanges, you know, somebody that wanted to do payments with crypto or digital or whatever, right? Whereas, uh, today most of our customers are more fintechs, um, settlement players, uh, financial institutions, those type of customers that are looking for a better way to [00:10:00] move money globally to move value globally, which is super interesting to me because it's that realization that, okay, these guys are really paying attention to the technology and they're right to do so.

Yeah.

**Marty:** I mean, you mentioned the Spotify example of being able to charge customers per minute, listen per song, listen whatever it may be per second. Per second. Like, what else does this solve for enterprise companies? Like that's just pure payment flow. Mm-hmm. Like how much. Does chargeback risk come up in the conversations you're having?

**Jose:** Um, it's significant part. So a lot of the reason why we have these huge compliance, uh, you know, infrastructure set up, it's not even necessarily about, you know, uh, money laundering or KYC or anything like that. A lot of it is just, you know, information flow. So s o c two compliance and that type of stuff.

Mm-hmm. Uh, SOC two compliance, uh, by the way, is, uh, a way of guaranteeing, you know, the [00:11:00] database integrity mm-hmm. And that the information that you're exposing is not compromising anybody's privacy. Yeah. That kind of stuff. Right. And so those problems really don't exist enlightening, right? No, because you don't know exactly who you're sending money to, or ideally you don't.

Or who you're receiving money from, like your end customer knows. But us as, uh, you know, backend infrastructure providers, we don't necessarily know or want to know, uh, because it lowers the risk. Right. And, uh, so conversations are, are tricky because it's a, a, a lot of changing of the mindset. Like you don't really need all of this stuff

**Marty:** that you used to need.

So people think it's almost too good to be true.

**Jose:** Well, in a sense, and, and then the final settlement, right, which is where we started the [00:12:00] conversation, is it's really interesting to explain to somebody, listen, the thing is that enlightening, either it was successful or it failed and there's no in between.

Mm-hmm. And being successful also means you paid the exact amount that was required. So I'll give you an example that we run into right now. Uh, and this is difference between Onin payments and Lightning payments because lightning requires you to generate an invoice, right? Mm-hmm. And say, pay me X amount.

So let's say 10 million Satoshis for a concert ticket. I don't know. That's an expensive

**Marty:** concert.

**Jose:** You're gonna Taylor Swift concert. Yeah. It's a Taylor Swift concert. Exactly. So anyway. 10 millions Satoshis, if you don't pay exactly 10 millions Satoshis, the payment just doesn't go through. Mm-hmm. So it fails, but if you pay the [00:13:00] 10 millions Satoshis, you're guaranteed those 10 millions Satoshis are in the merchant's account and they can release the product.

Mm-hmm. Right. What happens with on chain? On chain, you can send what, whatever amount. And so, you know, for, for, uh, for some customers that we operate the unchain payments, especially online, it's a pain because, you know, we get like, oh, the, they underpaid by two satoshi and it's a pain. Yeah,

**Marty:** it's a pain. What is that like, like a thousandth of

**Jose:** a cent if that, something like that?

Is it? Yeah, it's a ridiculous amount. It's like we just go in, we send two Satoshi from our own backend and it goes through Right. But the customer experience is horrible. Mm-hmm. That's why we really, you know, want to move everybody, at least in payments onto lightning. Mm-hmm. Especially at the retail level.

Like for other type of transactions, there is a use case and ar [00:14:00] argument to be made for on chain, but for anything retail and I mean anything, it doesn't matter really. The amount, you kind of wanna have it beyond lightning. Yeah.

**Marty:** Because the invoice is like, all right, pay this exact amount. Yeah. Send the exact amount.

Exactly. And so these conversations with enterprise customers that you're having mm-hmm. They're, I would imagine predominantly wanting to leverage Bitcoin for the final statement, settlement and the mm-hmm. The quickness of the transaction. Relatively low fees. Are any of them like holding any Bitcoin, do you think?

Um,

**Jose:** No, no, no. Well, not for anything other than testing purposes. Mm-hmm. So right now, uh, also for, for anybody that doesn't know exactly how this works, when you go into that enterprise world, um, the first thing that happens is you get a rfi. Right? So that's our request for information. This, this means that they are starting to kind of like, um, [00:15:00] look into, into the technology.

Mm-hmm. They probably, you know, bought some Bitcoin, transacted some Bitcoin on chain, did, uh, some of this stuff. And, uh, after that, you know, once the R f I you submit it, once they, they choose a provider, then you go into, Do a poc, so a proof of concept of how this could work within their exec existing technology.

If the p ooc, you know, gets validated, then you go into, you know, e either an R F P or an R R F Q, which is request for quote or request for a proposal where you do the final like, economic proposal to the customer. And so it's a, it's a fairly involved process. Uh, takes probably 12 months, maybe a little bit more, depending on how fast people wanna [00:16:00] move.

Mm-hmm. But you know, it's, uh, it's also, we're talking about multi-million dollar investments, right. So, you know, it, that's why they go through this whole

**Marty:** thing. And when they're going through the RFP or the rfq mm-hmm. Process, are they, are they seeing that like interacting with IECs, using lightning? As a solution, saving them on cost.

Yeah.

**Jose:** Yeah. Well, well that actually happens during, in the poc. You can like tell pretty quickly. Now the tough part for us has been uh, you know, kind of when we go into the R ffi, cuz everything right now pretty much is at R F I or POC stage. Mm-hmm. Uh, very few deals have escalated past that, right? Mm-hmm.

Because technology is just on you, right? Yeah. But what happens with Lightning is it really changes the paradigm of payments, especially global [00:17:00] payments technology. Um, at its core Lightning, how we think of it is it's a hyper efficient settlement network. Mm-hmm Check a hyper efficient global settlement network.

Right. Which is very unique and it changes. Payments completely cuz it turns it on. It said, what do I mean by that? So traditionally and right now, what, what is most efficient in traditional payment rails is to batch transactions. Mm-hmm. So what you wanna do, let's say we're sending remittances, I want collect as many remittances as possible, put them into a huge lump Right.

And send that. Mm-hmm. So, you know, a hundred million or 10 million at a time. Right. But lightning, it's really more efficient to send smaller transactions. Mm-hmm. So what you wanna do is real time processing [00:18:00] of, you know, payments and global, uh, transactions. And it, it, it really ch has to change the way you look at how your business is structured.

If you're one of these traditional. Payment or settlement networks. Right? Cuz it doesn't operate anything like what you're used to. But I think it brings great advantages and as we move forward, I think we're gonna start seeing a lot of these players kind of come to terms with this and understand it.

And for me it's kind of like the switch from batch, you know, um, instruction processing that we had with computers in the early eighties, late seventies, right? Where it was mainframes and you would like group as much information and then push it in one batch trans, you know, transaction in the computer into, you know, with the microprocessor it became better to do real [00:19:00] time, you know, transaction processing.

Yeah. And that changed the game completely. Like none of this that we're doing right now with technology would be possible without real time processing of transactions. Mm-hmm. And if we're bringing that to commerce, like I can only imagine the new business opportunities that will be available,

**Marty:** not only the business opportunities yet to imagine just internally from a process perspective, like what you just described in the company, using the incumbent payments and financial system as to batch all these transactions.

Mm-hmm. That probably entails them, uh, creating these processes like you mentioned, where somebody's getting them all in mm-hmm. An Excel file or a database and mm-hmm. Spending time to line all that up and then push the transaction. Like just having it happen automatically over lightning. Yeah. Like you reduce all that, that workload at that operational, uh, point of their, of their business.

**Jose:** Exactly. Yeah. [00:20:00]

**Marty:** Exactly. And so, It seems like companies that are doing a lot of international business are, are getting this quicker than maybe others that aren't. Yeah. Yeah.

**Jose:** Like multinationals, this is a huge pain point for them. Mm-hmm. Right. But even beyond, let's say multinationals, which are, you know, one specific type of customer, you know, really anybody that sends money globally, like even remittance operators.

Mm-hmm. I can tell you, I know for a fact are looking at this today. You name any names or I'm on the, uh, so many NDAs. Marty, I can, I cannot say you one more name. I've been advised, like have

**Marty:** to ask, have to ask, have to try to get that out out there. Yeah. No, but, but as you're building this and getting this out to enterprises, I mean, again, the last time we spoke was probably a year and a half, almost two years ago.

Mm-hmm. How's the like State of the Lightning [00:21:00] network improved over? That period of time, is it easier for you guys to build? Is

**Jose:** Yeah. Significantly. Yeah. Well, some of it is, you know, the technology maturing. Some of it is also us maturing along with it. Uh, you know, working and playing around with it.

Technology, you also find out a lot of stuff, right? And so now knowing where, where your value add is exactly how it is that you operate, where you can like go in and really help, uh, you know, these customers. Yeah.

**Marty:** And so where do you see this guy? Obviously we're in the early stages. Yeah. Like what do you, what do you think's needed to really push the ball over the edge and get the, the snowball rolling where it becomes like the point where every business is like, oh my gosh, we need to integrate this immediately.

**Jose:** Yeah. I think honestly this will play out a lot like. Email at first. Mm-hmm. You know, where the [00:22:00] companies that first adopted email, uh, gained a significant, uh, competitive advantage, and then everybody knows it, noticed like, oh, we need an email. And then it happened again when, you know, uh, websites and e-commerce came along where everybody at first like, oh, what, what are you saying?

A website? Right? Like, no, I have my brick and mortar store. And no. And eventually you either adopted this technology and to the point that today, I think as a company, you, you set up your website first and then you figure out about a commercial space, right? Mm-hmm. Or a physical space. Um, I think it's gonna follow more or less the same trajectory.

Uh, the more visionary com companies, uh, probably not the incumbents are gonna be, you know, the first two adopt technology. Those that are, let's say, Uh, like in second, third, fourth place are gonna be really incentivized to look [00:23:00] at lightning and say, oh, we can leapfrog. Yeah.

**Marty:** Yeah. And that's again, like the, the emergence of AI over the last six to eight months and now with L four oh too.

Um, I mean, it's been out there, but having more robust tooling around it, like, um, maybe not even like incumbent multinationals or payments companies specifically get into this, like the, the emergence and the convergence of Bitcoin and AI together seems like that could be a really interesting mix if these AI companies get it and realize the value it can provide

**Jose:** them.

Well, this is super interesting, right, what you're talking about because it actually touches upon. Something that I, I, I've been talking for a while now right? That the main failure of i o T has been monetization. Mm-hmm. [00:24:00] Cause it's really difficult to monetize, you know, i o t stuff, like smart balls and that type of stuff.

Right. But lightning actually enables that to happen. And what's more, it enables these, uh, let's call it machines, quote unquote, but devices, right. To actually send value from one to another, automatically between them and do handoffs. So, you know, things like to go to an old tried and true example is your electric car, if you have one.

Mm-hmm. Right. Pulling up to a parking space and immediately, you know, you start to stream a payment to the charger. Right. Let's say we set up a wireless charger for the car and it can start charging. Charging, and the second you drive away it stops. Yeah. Without you having to do anything. Mm-hmm. Right.

**Marty:** So is that like a [00:25:00] potential customer for you guys?

Tesla, you get into Tesla systems and, Hey, wallet, it's in the cars. Yeah. You can pull up and

**Jose:** definitely that, that would be a potential customer. And, uh, but then you can also do it like with municipalities, right. With street parking. Mm-hmm. Anytime you park on a street, you know, if you, if you can tag the, the license plate and you and your car established as communication with a post, then it's, uh, give me a second here.

Oh.

**Marty:** Sorry about that. He's busy, man. He's got enterprises calling to no, and, uh,

**Jose:** I, I, I really forgot to just, it's all good. But anyway, coming back to example, you know, if, if, if we have these, you know, just like you could have like lamps, right? That are declarative, but also are the devi, the charges for, uh, [00:26:00] the space, the parking space.

Mm-hmm. Yeah. Automatically you just park and go. Yeah, it's,

**Marty:** you wanna be crazy like the, again, I've been talking about this last few weeks. Yeah. I had Bellagio on actually last like month or two. I had Bellagio on last month, and he really, Got me hooked on this idea of the machine payable web back in 2015 when he did it with 21 Co.

And that was like, the whole idea is machines paying each other to do task. Yeah. Um, or to do tasks on behalf of humans. Like AI agents is a great example of that. You give an AI agent a prompt like, Hey, mm-hmm. I need you to book me, um, a trip to Austin, Texas. I need my trip back to Austin. Uh, it needs to be under this price and on this date between these times.

And then it just goes. And if you can give it a wallet with macaroons and a budget and you can go out and do that, like just go on a website and talk to the machine on the back end of the airline. Mm-hmm. And just pay, like, [00:27:00] think of the efficiencies that you gain in your own life.

**Jose:** Yeah, yeah, yeah. But you know, when we're talking about these type of payments, size matters, right?

Mm-hmm. In the sense that you sometimes need to go really low. And that's what always kind of is our problem today. And this is kind of what we're really solving for. What we're solving for is that, you know, as our products and services become digital, they decrease in value, right? Because it's easier to make, you know, produce content, it's easier to do this.

You have a wider audience, you know. Uh, and so what happens is we've come up with really inefficient monetization model. So add revenue model, you're the product. Mm-hmm. Prepayment model, which nobody likes,

**Marty:** cuz you're not gonna get the full value

**Jose:** of what you're paying know exactly. Mm-hmm. And then the subscription model, which, you know, well, great for [00:28:00] incumbents, like Netflix sucks for any newcomer because, you know, the while they have to scale is humongous.

Like you get subscription fatigue, right? Mm-hmm. And so, you know, going low on payments, facilitating, you know, uh, nano transactions. So anything below 1 cents. Can't be done with traditional payment rails, but we can do it on lightning. And what's even more incredible is that we have final settlement for sub 1 cent transactions.

Yeah. Which is mind blowing. Yeah. It's if, if you're in payment, you really like,

**Marty:** well, that's the thing. Why, why do you think it hasn't caught on as quick? Cause it's obvious to us as Bitcoiners and obviously somebody who's building Yeah. A whole company that can cater to these enterprises. Yeah.

**Jose:** Well a lot of it is education and misinformation, right?

Mm-hmm. So there were a lot of narratives built around this technology that [00:29:00] are, are holding true to this day. Right. Uh, that, you know, too slow. There's no use case. There's no need, all of this. But the truth of the matter is that there is great need. Mm-hmm. And technology evolves. It's not static. You know that that is a huge difference.

Yeah. So, uh, I think as people start to realize that these narratives are not holding true, I think it's when we start to see this and we're already kind of starting to see it, but there's a significantly la a significant lag between, you know, when let's say big corporations start looking at something and when it actually makes it to market.

Yeah.

**Marty:** And so what do you think we can do better on the education and marketing side of Lightning? Particularly because I had to call earlier this week with somebody, um, just reaching out on behalf of 10 [00:30:00] 31, like, Hey, here's what we're doing, like, interested in Lightning. And he was like, ah, lightning doesn't work.

Like

**Jose:** put a wallet in their hands. Yeah. Like, honestly, what works most for me is I don't even call, go and tell them anything. I demo the product. They see it working and then they, they get interested and then we can start to have a conversation of, oh, this is, you know, what's happening

**Marty:** on the back

**Jose:** end?

Yeah, yeah. Like, oh, how is that even possible? No, I don't trust you. And then you show them how, you know, it really happened, it really got executed. And then, you know, their eyes go like saucers. Yeah. And it's really cool to see that,

**Marty:** by the way. No, and for everybody who it seems like to be a lot of impatience in the broader market who are looking at crypto broadly and seeing Bitcoin as a slow, dumb thing, and lightning as something they perceive doesn't work.

Mm-hmm. Whether it's Bitcoin going towards its monetization phase with all the volatility, people are like, ah, it's [00:31:00] too volatile. It'll never be a stable, uh, store value. But it's like, all right, this is a new monetary asset monetizing in real time, there's gonna be some volatility. And then when it's lightning, it's like, ah.

It's like, it's not widespread yet. It's like, yeah. Well there needs to be infrastructure built out, dev tools, companies. Like it's not gonna happen

**Jose:** overnight. Exactly. And you know, what's interesting is that I, I, I think wrongly, a lot of people conflate to things that are very different, right? Which is one is, you know, the store of value part of Bitcoin, but then the other part, which is what we're starting to do with Lightning, which is the value transfer mm-hmm.

Mechanism of Bitcoin. And first of all, I don't think there's any asset out there that has ever been used as a store of value, that it's not volatile like real estate. But people still use it, right? Mm-hmm. Gold people still use it as a store of value, you know, [00:32:00] fine art collectibles, they're all used as store of value.

Yeah. Like, we don't go out and pay with a Ferrari, but Yeah. You know, it is a store of value. Yeah. Right Now, as a value delivery mechanism, which is what, you know, lightning brings to the table, is we don't care about the value of Bitcoin because we're in and out of transactions so fast that, you know, at the end points it could be like dollars and pounds or, or or Gonzalez and pounds and you know, we just deliver the value and whenever it leaves one point and gets to the other, it automatically gets converted.

And it doesn't matter. No. Like you just use Bitcoin as a super efficient, you know, payments network and it's, it's actually astonishing to see. So I'll give you an example. We have, and I can probably send you, uh, a [00:33:00] video so you can see it or share it if you want. But one of our clients, Osmo, you know, he, he works in Gonzalez, so, which is the Guatemalan national currency.

And so whenever a payment, uh, gets into his wallet, it automatically gets converted or can get converted into Gonzalez. Mm-hmm. Now, the interesting part and of this demo is that he, he's using, um, wallet denominated in pounds, right. British pounds and he's requesting $2. He receives the $2, which is equivalent where for the guy that's sending it to one pound 69 pence receives the transfer immediately gets converted into Gonzalez.

The exchange rate delivers 15.47 into his account. Mm-hmm. This, the slippage of the guy you're [00:34:00] receiving is only 0.3%. Point three. Yeah. The slippage of the guy that's sending at it, uh, turns out to be somewhere around three uh percent, 3.4%. Mm-hmm. But bear in mind, this includes fees plus a FX rate.

Mm-hmm. And this is between two currencies that don't have a natural pair. So if you wanted to send pounds to Gonzalez, you send $2 and then dollars to Gonzalez, which on average will cost you an fx. 14%. Oh shit. Yeah. So this is a transaction that cannot be done on any other technology. No, that's what, just

**Marty:** full stop.

20% of what that cost would be. Yeah. This is like

**Jose:** 80%. Yeah. No. And the size, right. You can't send $2 from the UK to Guatemala any other way. No. Like impossible. Yeah.

**Marty:** And it's, again, [00:35:00] it's crazy how people, I think people are beginning to wake up too. Um, what's happening to the, what you guys are doing.

Companies like Strike and others are getting out there and really like, Hey, no, that you can use this as a payments network. Like you don't need to take the volatility risk of the underlying asset. And again, it's fascinating too, like BlackRock's coming out and, uh, launching their etf and you have Larry Fink Yeah.

Doing the rounds on media and. Even these people are getting in, they think they know it. He's like, no, Bitcoin's digital gold. We're gonna give people access to this. The people really don't understand the network side of it. They really just focus on the asset. Um, yeah. And when you combine the two, the asset and the network, particularly over the Lightning network, it's insane what can be done.

**Jose:** Yeah. But it's, it's kind of like the natural way of how things should progress, right. So, uh, any technology likes to scale in layers. It's [00:36:00] the best way to do it. And why is it the best way to do it? It's because, you know, There are compromises whenever you are maximizing for one feature or another. Mm-hmm.

So for example, you know, for a store of value, you have to make certain design decisions at the technological level that will make it a great store of value. Right. And you see this with, let's go back, let's not talk about Bitcoin, let's talk about gold. So gold was a great store of value because it had certain properties.

Mm-hmm. But those same properties made it really slow. So, you know, from the mining, so obtaining gold right to the transportation cuz it's super heavy. Mm-hmm. Right. It was a pain asked to to transport. Right. And. As, you know, our economies evolved, uh, and technology improved, [00:37:00] especially, you know, you know, commercial technology like, uh, uh, uh, ships and, and uh, navies and stuff, right?

Gold wasn't fast enough. It, it, like, it was a great store of value, but you couldn't really commerce with it. And that's when paper money sprung up, right? Because we needed letters of credit. Mm-hmm. The reason we needed letters of credit backed by gold was because gold was basically immovable mm-hmm. To all effects and purposes.

Like, you know, it's, it's really interesting to me, you, you see these movies like, oh, we'll, you know, uh, uh, take the money from Fort Knox. Like, do you have any idea what it takes to move that amount of gold anywhere? Its ridiculous. Yeah. Right. So paper was way more convenient and, you know, Technology demands.

And so gold scaled in layers. The problem with the gold was that we got to a [00:38:00] layer where it allowed for shenanigans. Mm-hmm. So it allowed for me to, you know, say I got 10 pounds of gold when I have 10 ounces. Yeah.

**Marty:** And that can't happen with Bitcoin and the Lightning Network. Right? No. And why, for anybody who's listening, who may not be aware of why this can't happen on Bitcoin and Lightning, like how does it work so that you know that you're not reating SATs on the

**Jose:** Lightning Network?

Because any, uh, Satoshi that you wanna move on, the Lightning Network has to be committed in a transaction in the Bitcoin layer. Mm-hmm. So if I want to have, let's say 10 10 Bitcoin available to move or to transact with on the Lightning Network, I have to first commitment, commit them on a transaction on chain.

Think of it as an escrow system. Mm-hmm. Right? So for me to move x I have to commit X. [00:39:00] If I become then, uh, let's say a bad player, I lose only money committed. Mm-hmm. And that keeps me

**Marty:** honest. Yep. Loose incentives are a beautiful thing. Yeah. It's Toshi brought to us with, uh, on chain Bitcoin at the protocol layer.

And now, uh, using that, that concept and bringing it to lightning is beautiful. And yeah, like anybody in a gold vault, Uh, you just have to trust that vault up there. They actually have the gold that they are issuing dollars on top of, and we found that they were issuing way more dollars in, in Bitcoin and lightning.

You can go verify on chain that. Yeah. The, the Bitcoin is locked up in this H T L C. It's there and it, you can only actually send it if it is there in the first place.

**Jose:** Exactly. Yeah. And for those that don't know, uh, HT C ish is time lock contract, which is basically a pre-sign transaction on chain. [00:40:00] Yeah. So, and if I'm, you know, what happens with prey transactions is that if I'm a bad actor right?

Anybody that's holding that, uh, contract can then execute it because it, it's already pre-signed and take the money Yeah.

**Marty:** From me. Yeah. If you're bad actor in the channel, your, your counterpart gets the money. You don't wanna give your money to the counterpart. You wanna keep your money. Exactly. So as you're, uh, interacting with these enterprises, are they providing any feedback that surprised you?

Any feature requests that, um, you didn't foresee that you were like, oh, this is actually

**Jose:** pretty cool. Well, honestly, what, what what has surprised me, you know, is just how heavy they're compliance burden is. Mm-hmm. At every level. Yeah. Like, you start to understand, okay, this is why this is so hard to do today.

Like, why we cannot get beyond, let's say t plus one. T plus one means that settle [00:41:00] settlement of any financial transaction happens plus one day. So you make it and one day later it gets settled at best. Yeah. This is at best. And you start to, you know, kind of really dig into this very weird world of payments.

And that has been super interesting. Yeah. And do you

**Marty:** think as. Lightning scales becomes more integrated with people's business processes that the compliance departments will, uh, get smaller because there's not really too many boxes to check because it's again, happening

**Jose:** instantly and yeah. Well that's the beautiful thing of, of lightning, right?

Is that because it is more efficient to do smaller value transactions, the whole risk lower significantly for the transaction, not only from, let's say the money laundering risk because you know, nobody cares about a five. Dollar transaction. Right. But also from, [00:42:00] you know, the operational risk and the money logistics risk.

Like, you know, if you lose five bucks, so to speak, even though I argue enlightening, you cannot lose it. And this is one of the conversations we have with compliance people. Like, but how do we know that it happened? Well, if I tried to fake it, I lose a couple million, so I'm not gonna fake it. Yeah, right. Um, but it, it lowers, you know, liquidity requirements, capital commitment, uh, and so your whole operation at every level gets de-risked.

Yeah. Well

**Marty:** that's the, the other thing, like just opening up, like with the incumbent payments system, a lot of capital gets locked up for a significant amount of time. And now with Lightning, since you had this instant settlement, it opens up a lot of app. Capital that previously you couldn't put to work.

It's like what does this do? I'm just, I don't know if this is a rhetorical question, but like what does this do for businesses being able to reinvest in themselves and [00:43:00] go do r d in a certain area, or go hire more people Cause they don't have to lock up this capital in this weird payments system.

**Jose:** Yeah, no, it's like the efficiencies you gain are gonna be significant.

So imagine this, any capital that you have committed, not only, let's say costs in real time, but let's say you can probably, a business could generate a yield between, depending on if it's private or if it's pub public, anywhere between eight to 20%. Mm-hmm. So that's right now your loss, how that gets, you know, really, uh, brought.

Down to, let's say to to earth. Uh, we don't know yet. You know, whether they, you know, are more efficient in hiring, expand their operations or what, what have you. Right? But the fact of the matter is there's eight to 20% on the table that [00:44:00] right now is just wasted. It's cost

**Marty:** of doing business, right? Yeah.

Yeah. It's, it's, from a capital efficiency standpoint, it's gonna be insane what gets unlocked for, for companies and individuals globally, and especially in times right now. Like, um, I know we talked about this the first time you were on, like why we're in Bitcoin and why we're like passionate about this, but it does seem sitting here today, July, 2023 with everything going on in the world.

Like there is an urgency to move and get these tools into people's hands.

**Jose:** Absolutely. Absolutely. And I think, you know, the, the sooner we can get into this, uh, more of a, let's call it digital distributed, you know, systems, the better off we'll be. And getting into, you know, digital distributed money can only only, you know, help, uh, uh, [00:45:00] let's say make us more peaceful.

Yeah. Because a lot of the violence that's going on in the world today comes down to, you know, people taking advantage of Yeah. Well it's the money, the possibility that you can actually steal money from others by, by, uh, force.

**Marty:** Yeah, by force Or printing it. The basing it and giving it out to your friends first, well, think

**Jose:** of this, that, that printing money also can get it.

The only way it can get executed is by force. Yeah. Compelling people to use your money allows you to print money. Mm-hmm. If not, you know, the moment you start printing, people stop using. Yeah,

**Marty:** yeah. You literally point a gun at you say, this is the legal contender, you gotta use this. It's, yeah. Like, no, we were, we were at, went to dinner last night, we were talking about this.

It is insane. Um, cuz Matt and I are obviously public Bitcoiners with Reput Bull [00:46:00] recap with this show, with Citadel Dispatch. Yeah. With everything we're doing. And we do get that, that fear every once in a while, uh, we're putting ourselves out there. Bitcoin's a pretty big affront to the government's control of money globally.

And, and we just had this conversation last night at dinner, like, it is insane that we have to like, worry about this. Like, do we have to worry about that? We're like evangelizing a system that just allows people to send money to each

**Jose:** other. Yeah. Yeah. But listen me that, uh, probably on the other side, right?

Because I. You know, just by the nature of our business, we engage a lot with regulators, uh, both on the private as well as on the public sector. Um, I would venture to say 95 if not more. Percent of the people are just, you know, guys doing their job and they're, you know, they're not evil people. Yeah. You know, they're, they're like, just, and they have some real concerns at that we [00:47:00] try to address, like, okay, let's, this is what you're worried about.

So, you know, criminal, whatever. Well, let's, let's figure this out. Let's see how we can like, um, get around this issue. But also what this gives us is, uh, is an opportunity to really educate, right. And engage in these more philosophical conversations of like, listen, I, I understand what you're trying to do, but, um, let's not throw, you know, Yeah.

Let's not solve for one people and then basically condemn half of humanity to poverty. Yeah. Right. Let, let's find another way to solve for, for, for

**Marty:** this. Yeah. That's way this trade off that makes sense to be overburdensome from a regulatory perspective. Like what is the positive ev on that? Yeah. Compared to just opening it up and bringing people

**Jose:** into this economy.

Yeah. And then you also get into situations [00:48:00] where, you know, even regulators are, are like, they, it's, it's touchy cuz uh, you know, we like to say, listen, money's going to be digital pretty soon. Sooner than a lot of people expect. Like right now to, to me, money is already digital cuz it's, you know, 95, 90 7% digital.

Only 3% of money is printed cash actually. Mm-hmm. Out there. This is globally. Right. Um, well what happens when we get rid of that 3%? Which is not hard to do, by the way. No. Uh, okay. Are we gonna KYC five year olds

**Marty:** kid that just wants to go to the corner store, buy some candy?

**Jose:** Yeah. Like, you want to give your kid, you know, you're a parent.

You, you, you want teach your kids about money, you give them an allowance, you give them whatever. Right. They're 5, 6, 7, 8 year olds. Are we k y seeing them? [00:49:00] Because that's the question, right. Or are we just excluding 'em and say, if you're a kid, you cannot touch money. Yeah.

**Marty:** Like in the cbdc world, like that's a.

Like everybody's talking about the rollout of this wallets. That's actually something I've never thought about. Like, are the kids gonna get wallets? And if

**Jose:** so, yeah. Well, how are you gonna give money to your kids? Yeah. How do we solve that? Yeah.

**Marty:** That's the beauty of Bitcoin and Lightning. It's like, all right, just download this app and top 'em up

**Jose:** Well, right now.

But, you know, if, if a regulators really like, you know, put, put a gun to, you know, companies, uh, like ours or lightning companies or even like, you know, somebody that's been, you know, uh, pretty, uh, I, I don't wanna name names cause I don't wanna put anybody hot water, but let's say any of the wallets that are out there that right now don't ask you for any documentation very easily, their local [00:50:00] government could go and say, listen, from now on, if you want to continue to have your wallet out there, you're gonna have to ask for a K Y C.

Do you think that's gonna happen? It might. I really hope it doesn't. I, I hope it doesn't as well. Yeah. And you know, there's gonna be huge workarounds and everything, but if we're talking about go, you know, having Bitcoin go mainstream and having this technology go mainstream, well the mainstream is gonna be okay with it, right?

They already are. Cuz it's what they're used to. But now we're invol involving, you know, uh, populations that really do become an issue, right? So let's take this for example. The reason let's say 50 to 70% of the worst population is either, you know, unbanked or on their banked. It's not because, you know, banks don't wanna service them, or it's not because, you know, we don't have the [00:51:00] technology to service people.

It's that right now it's not cost effective. Mm-hmm. And the more we push, you know, K Y C a ML policies down the throats of financial institutions, the harder it is to bank these people. So, you know, you can't, and this is why I say we like to sit down with regulators and say, listen, yeah, I understand this is what you wanna work against, but know that the more you, you screw down this, the more people that you're le leaving at the margins of the economy.

Yeah. Because there's no way to service, you know, customers. If it costs me, you know, five bucks to onboard you and your L T V, it's maybe 15. I'm not gonna do it. Yeah. I'm gonna comply with the regulators and say, listen, all of you customers, I'm not. [00:52:00] Good

**Marty:** luck. Yeah. Sorry. Sorry. Can't serve you here. Can't serve.

No, no. That's why, I mean, that's why we focus here and on Rhr and civil dispatch, like really driving home like KYC is the illicit, like, illicit, uh, activity because at the end of the day, it's not really effective. Like criminals are gonna criminal and we need to get out of this morass of the last few decades that we've been in or since, what was it?

The Secrecy Act in the seventies where K Y C A A ML started getting forced on companies. Yeah. And like the cost it adds to, to companies, the burden it add to individuals to give up their information. Um, and then that information getting leaked and their identity's getting stolen, their credit cards being spent by, by criminals.

Like there's, there's gotta be a better way. There's, I think, The authorities that are pushing these compliance regulations via KYC and AM ml need [00:53:00] to look in the mirror and say, Hey, this actually isn't working. Cause I think the stat that was floating around a year or two ago was like, I think kyc, a ml, uh, policies have stopped something like 1.1% of global money laundering flows.

Like it's completely ineffective.

**Jose:** Yeah. If that, yeah. Like, uh, it's, you know, uh, it, their, their track record is not good. They think that by implementing more controls, it's gonna get better. I don't think that it is, that's just my personal opinion. And I think honestly, like this is how it, you know, it comes back to me.

Right. Sometimes there's no good solution. Sometimes you're just confronted with two bad choices, and at that point you have to make a choice of we, which is the lesser. You know, of, of the evils, right? And I think right now we know K Y C A M L is failing [00:54:00] and it's not gonna get better. And we also know that by pushing these policies, we're living, we're, we're leaving over 50% of the world's population in serious financial trouble.

And so we gotta go back to the drawing board and say, okay, well this, we tried it, it didn't work. Let's at least get 50% of the world's population on board. Like, come on, it's only gonna raise the standard of living for everybody. Right? It's gonna make the world a better place, right? Uh, we, we want to, you know, start to worry about pollution and carbon emissions and all of this stuff.

I, I, I'm all for it. Let's, let's have those conversations. But first, let's, let's lift the people. So, Out of priority. And we don't have to lift them. People will lift themselves. We just have to let them lift themselves. Like let let the guy help himself. Yeah. [00:55:00] Right. Don't, yeah. And cuz that's kind of like the, the countries I come from, we, we really see that like it's close to the surface.

Like here in the US or in Europe, Western Europe, it, it's, uh, a bit more like, uh, disassociated, right? But we see the effects of these policies like up close and personal. Like for example, myself, you know, cuz it's not just about payments, it's about financial inclusion. That means also financial products. I cannot open a brokerage account, so, Unless I'm a multimillionaire that has a private banking relationship, if I'm from Guatemala, I cannot open a brokerage account to buy and sell stock.

Oh, so you're just cut out, cut out, and you Nobody takes my [00:56:00] business. No.

**Marty:** And somebody, your profile here in the United States has that access immediately. Yeah, yeah, yeah. And so, I mean, going on or pulling on that thread mm-hmm. Like these services are needed in places like Guatemala and elsewhere in the world where many people are unbanked.

Is that where you guys are seeing a lot of activity? You know, a lot of traction?

**Jose:** Honestly. Honestly. And this is very encouraging to see. We see this as a global movement. Mm-hmm. So yes, we're getting a lot of clients and interest from Lanam, but we're also getting a lot of clients and interest from, you know, let's call it the global North.

Mm-hmm. Right. Uh, I think things are more challenging from, for companies in the global North due to, you know, restrictions and regulations and whatnot. Uh, so they're probably gonna be a lot slower to move on this, [00:57:00] but the interest is there on both sides. I think this is a global movement. Yeah. I really do.

**Marty:** And. We can cut this out if it's not public. I'm pretty sure it is though. But you guys are doing some big things in Mexico, right? Oh, yeah,

**Jose:** yeah, yeah. No, uh, I think we made an announcement, uh, in the, I don't think I know, cuz I did it. I was in stage in Miami. Yeah, yeah. Announcing, you know, our partnership with, uh, guru Salinas and, you know, it's very exciting.

I think Mexico really is going to be, or has the potential to be the first big economy to adopt lightning at a large scale. Mm-hmm. And, you know, I've been having conversations, I just, well I actually flew in from Mexico, uh, yesterday. Mm-hmm. Because I was in Mexico just starting to get these conversations rolling on, you know, [00:58:00] let's really leverage this technology to see how far we can push it.

And how many people we can, uh, empower financially. Mm-hmm.

**Marty:** And so what is the, the partnership with Group of Salinas? What, what are you guys about to roll out in

**Jose:** Mexico? Well, they already rolled out the ability for a, their customers in total play, which is an internet cable and phone company. Mm-hmm. To pay their bills with it.

I know that they are gonna be rolling out throughout pretty much all of their conglomerate. This is gonna take a bunch of months. So what I can tell you is expect to have more announcements coming from, from Mexico in the short term. Mm-hmm. Because, you know, we still. Don't know exactly like, uh, timeframes and stuff, but we do know there's a big push around, you know, really leveraging this [00:59:00] technology and all of its efficiencies to, at the end of the day, deliver better customer experience.

Mm-hmm. And empower people financially. Cuz there's a lot of very interesting things we can do on lightning beyond just payments. What,

**Marty:** what, what are you, uh, what are you getting at there?

**Jose:** Well, not, not, there's this I can say, because there's already some people working on this. Uh, I'm talking about, you know, leveraging, uh, lightning as a, as a settlement network.

Well, beyond payments, what else needs settlement? Well, every financial transaction needs settlement. So we're talking about digital assets and the like. Okay.

**Marty:** So would you leverage something like Tarro for that or?

**Jose:** Uh, right now the two main, uh, projects are taro, which I believe we should stop using. Why is that?

I think, uh, uh, they had, uh, asis [01:00:00] desist.

**Marty:** Oh, the name Tarro? Yes. Yeah. Tarro Labs

**Jose:** hit Withs and Desist. Now it's like, yeah. Now it's like, uh, taproot something. Mm-hmm. Asset register. I don't know, but we, we gotta figure out that name. Mm-hmm. And, and then the guys over at, at Rrgb as well. Yeah. So,

**Marty:** yeah, RGB is, um, not talked about as much, but it's very

**Jose:** interesting.

Rrgb, uh, is kind of like the open source version of Taproot asset. Mm-hmm. Yeah.

**Marty:** And so do you think this is, you think cuz it is, uh, a touch, not a touchy subject, but people have very strong opinions on both sides. Mm-hmm. Do we need to put these financial assets on lightning? Yes, we do. You think so?

**Jose:** Oh, a hundred percent.

Like, there's the people who, who argue against it, don't, don't understand the nature of financial assets or the nature of, uh, you know, lightning or, and settlement networks.

**Marty:** What are their biggest misconceptions, do you think? [01:01:00]

**Jose:** Um, well the first thing we have to understand, uh, is we gotta understand why financial assets are important, right?

And specifically, uh, sophisticated financial products. Mm-hmm. The whole reason they exist is to connect, uh, let's call it lacy capital. So capital that's just lying around with good ideas. That's what Wall Street was basically built on. Mm-hmm. And it's super important because in the measure that you as an economy are efficient in making these connections, the, let's say, economic ceiling of, uh, the participants of that economy races considerably.

Yeah. This is why the US is the richest country in the world right now, because you guys are the most efficient at connecting lacy capital with good ideas. Mm-hmm. And [01:02:00] this is why you have, you know, like them or not, you know, the Amazons, the Facebooks, and you can say whatever you want about, you know, the evilness of Jeff Bezos or Bezos or Mark Zuckerberg or Bill Gates or Steve Jobs or whatever.

But everybody's life today in the US is multiples better than it was before. They were, were around. Like, there's no argument here.

**Marty:** And globally. And globally. I mean, we're looking, yeah, we're using a MacBook here. Yeah,

**Jose:** there's a, yeah, yeah. We use these products daily and, you know, uh, they just make your life better.

They raise the standard of living, and this was feasible because of sophisticated financial products. Like, for example, I, I like to explain to people like, do you know why there could never be, let's say a Google born in [01:03:00] Guatemala? I do not, because you cannot manage the risk, because we don't have the sophisticated financial products to do so, so Google is such a risky endeavor, right?

Because back when it started, like you didn't even know how is it gonna get monetized? Where's, what's the business model? What business model? Right? Like they just have users, but nobody's paying for search. Mm-hmm. Right? Nobody's paying for this. And, and it needed a lot of money and it needed multiple billions of dollars to actually get to where it is today.

And the people that put up that money were investors. But when you're invest investing multiple billions of dollars, even billionaires cannot handle that risk. Mm-hmm. So how do you handle it? The only way you can is by distributing that risk over enough people, enough investors, that it's actually manageable for each one.[01:04:00]

Mm-hmm. Right? And the only way to do that have such a wide investor base is by having sophisticated financial products. It's impossible otherwise. To give you another example, right now, we, uh, we took money from VCs. Where are these VCs? They're us, Canada, Europe. Mm-hmm. Why didn't we raise money in Guatemala?

Cuz we couldn't, our company today is too risky for Guatemalan. So now we're a US company, right? Mm-hmm.

**Marty:** Yeah. It's like, so like the financialization on tarot could add like sophisticated products that people could tap into to grow their businesses locally. But then the top of that, like you have essentially a stable banking layer via Bitcoin and Yeah.

**Jose:** And then the other thing, and this is why I say like why it is, uh, necessary and why [01:05:00] it's, why it's actually convenient is. What happens when it's this, everything is running on the same settlement layer. What happens is everything gets super efficient. Mm-hmm. So you can have very, very interesting, you know, new types of securities.

Like for example, let's say, uh, you know, or new financial products. Like for example, let's say, uh, uh, your podcast wants to take in investors, but instead of, you know, doing whole p and l and stuff, right. Uh, you say, we'll take in money, but what we'll do is we'll give everybody a percentage of the revenue that comes in.

Yeah. And because all of your revenue is gonna be collected in lightning over light, ambi over lightning, right. It can automatically get split off and delivered to anybody that, you know, holds one of your. You [01:06:00] know, financial products Yeah. In real time. And so anybody that you know, buys this or invest in, you guys would be able to see revenue streaming in real time immediately into their own wallets.

Yeah. At no cost. We could

**Marty:** do this right now, podcasting 2.0 can just go into the back end of the wallet and change the splits and boom. Like that's the, uh, I, I completely agree. I think that's the future of things that are po I mean, the, it's possible right now.

**Jose:** Yeah. Technically. Well, there's a couple of things.

Like, for example, you, you still don't have the digital. Assets, uh, technology like fully vetted cuz you need to vet it so that you need to, but it's gonna happen quickly enough.

**Marty:** Yeah. That's the other thing with taro or whether it's taro or rgb, a combination of both. Like mm-hmm Again, we're still so early, like the infrastructure needs to be built out, like [01:07:00] wallets need to be able to send and receive the particular assets running over these networks.

And yeah. And so on that note too, like how, how early do you think we are?

**Jose:** Like, I think right now, cuz uh, uh, it's interesting. Uh, I think right now, if we were to kind of say, okay, lightning, we're a human, right? So mm-hmm. Which, how old is it? I think right now we're like just about to enter teenagehood, right?

Mm-hmm. So let's say between 20 and 12 years old and just preteens, no, yeah. Pre-teens, you know, kind of wanting to break out, uh, feeling independent enough to be dangerous to himself as well as others. Mm-hmm. But you know, kind of like going into, into that stage where, where we're actually gonna be growing fast.

And by the way, [01:08:00] each year enlightening feels like five years in any other industry. Why do you say that? Because it just moves so fast. Yeah. Like every day it's like, uh, I was talking with a, with a friend the other day that's also in, in Lightning and Bitcoin, and we're like, oh, when did we see each other?

Like, oh, like two months ago. I thought I had seen, hadn't seen him for like six, seven months. Like Yeah. So much has happened. Yeah, I know.

**Marty:** Yeah, that's, yeah. I mean, again, like here at the park this week, I think it's indicative of that there's so many people here to talk about Lightning specifically and all the things going on.

You have different, it's spinning up like infrastructure providers, like you guys, like that's mm-hmm. That's the other thing too. There's like enough niches that people have identified within Lightning to dedicate like their energy at like mm-hmm. Whether it's lightning service providers, um, enterprise.

Yeah.

**Jose:** [01:09:00] Um, well, yeah. Not only that, we, when, when you're saying adoption, right? So I did this kind of thought experiment. If, let's say every Fortune 500 company today decides they need their own lightning solution or strategy, right? How long would it take us to onboard them? Not Ibex, I mean, every lightning company out there helping the Fortune 500 people, it would take at least five years.

You think so? Oh yeah. Like we need a lot more developers, a lot more talent coming into this space. We need not only, you know, the technical people, we need people from legal profession. So for compliance and stuff, cuz we're gonna get asked that again, if we're going mainstream, like it or not, we need to, you know, engage, uh, with, you know, uh, these players.

Uh, we have to have people from [01:10:00] design, you know, marketing all of this and. And we need to educate a lot more. And we're very like, sometimes, you know, I feel like when we're in, in these events and at school as they are, you know, once you like step outside. Mm-hmm. So

**Marty:** actually you step outside people were like, what the hell are you talking about?

So what you saw, we just saw. Yeah. Like we were all jamming. It was good.

**Jose:** Yeah. Like, no, we, we were actually, somebody said, made this analogy with, which I thought was perfect. Right? So let's say Michael Sailor goes to a Bitcoin event and he has to walk around with security and everything, right. And everybody, but he's like, ah, you know, and rightfully so good.

Kai's brilliant. But if you were to drop Michael Sailor into any shopping mall in America, you'd be able to walk free, right? Yeah. Just no attention paid. Absolutely zero. Yeah. No, I don't, I

**Marty:** don't know who [01:11:00] that is. No, but I agree we need more talent and that's actually been one of the most encouraging things of this bear market particularly.

Mm-hmm. I've been around since 2013, so seen my fair share of bear markets and yeah, I don't think there's been any that compare to this in terms of people, uh, in different industries deciding, you know what? I'm gonna take a risk. I'm gonna go work in Bitcoin because it makes sense to me and it hasn't died.

Like the amount of talent that has come in from other industries during the bear market has been

**Jose:** incredible and more diverse talent. Mm-hmm. We're seeing a shift away from like, what was, from predominantly engineering talent into these other, let's call it softer, uh, type of, uh, professions. So hr, a lot of HR Bitcoin companies coming up online, right?

Mm-hmm. Um, design. A lot of design. People are coming in and reaching out. Uh, so. To me it's very [01:12:00] encouraging. I also like to say, uh, Bitcoin doesn't have bur markets. Bitcoin has bull markets and build markets and it's actually important cuz uh, also having gone through a few of this, when, uh, Bitcoin price starts to pick up and it's a bull market, you cannot get a lot of work done.

It's very distracting. It's very distracting and you, you get, you get so many calls and stuff that it's very difficult to like build. Yeah.

**Marty:** Well, as somebody. Running a business in the space. Like how do you prepare your team mentally? Cuz that's one thing that I think we do need to get better at as an industry is not getting too distracted in the bear market.

It's like, or the bull market. And like setting expectations for people. Like it's gonna happen. Yeah. At some point. Prepare mentally and when it does come, like you can't get too distracted. We have to like batten down the hatches and really double down [01:13:00] here.

**Jose:** Yeah. Well when it's a bull market, it's very hard.

It's easier. Oddly enough, it's easier in the bear market. Yeah. Because the price is so sad that you just don't look at it. But when it's a bull market, it's, it's even distracting because you just get so many calls. Mm-hmm. You, you, you've been through this, like, when it's a bull market, people that hadn't talked to you in five years start calling you.

That's why this filling you up.

**Marty:** That's why this podcast exists. I started the newsletter, which led to the podcast. The newsletter started cause I, I was getting so many texts and emails and calls. People hit me up, was like, all right, there's too many of you. I'm just write this newsletter. Go read it. And you learn about Bitcoin.

**Jose:** Yeah. And, and that's what happens in bull markets is it's not even, it's too hard to get, get away from the noise in bull markets. So, you know, you do try to explain this is what's gonna happen. And, but honestly, only experience. So the people that have been in [01:14:00] the company through bull markets before, they kind of like get a lot better at managing it.

Yeah. Like the new visas just

**Marty:** like, yeah. We'll, we'll see if Capso de comes back in the next, the next bull market. Yeah. Yeah. He gets really, he, Matt loves his bull markets. Yeah. Stay humble. Stack sets is his, uh, his mantra, but in the bull market Yeah. He Let's loose a little bit. Yeah, we all do. I mean, it is, except, I mean, we're ripping right now, we're just ripped past 31,000.

Yeah. Thanks to Ripple. Um, yeah.

**Jose:** Well, uh, somebody was saying wait till the Black Rock ETF comes online. Yeah.

**Marty:** Do you think it's gonna get approved?

**Jose:** Yeah, probably. Yeah. It's, it's, it's like the third time that people are going for ETFs. I think. Uh, first ETF idea was floated around like 2015 or

**Marty:** something. Yeah.

The Winkle V really thought they're

**Jose:** gonna get it. Something like that. Didn't go through that in 20 17, 16. Oh, I forget now. [01:15:00] Long time ago. Yeah. Ambient terms. Uh, then the gvt C came along, right. Gray scale and I, I, I was gonna say no to BlackRock. Yeah.

**Marty:** I find it hard to believe that they're gonna get turned around.

I mean, they're 575 or 576 in terms of filings that have gotten approved. So

**Jose:** yeah, this is not for, just

**Marty:** looking at the stats, they're literally almost batting a thousand. So, yeah. So

**Jose:** right now, I, I do think it's gonna get approved. I, and uh, and when that comes in line, you know, what we don't realize is the amount of capital that, you know, some, somebody like this is able to deploy.

It's never been seen in Bitcoin. No, never. And we're talking right now, what are we, uh, a little bit over half a trillion, something like that. Yeah,

**Marty:** probably. And approaching 600. Yeah, 600 billion. Yeah.

**Jose:** And the other thing is we have to understand how market works. [01:16:00] That that price is not the price of every Bitcoin that's out there.

Right. It's just what's being traded float. Yeah. It's, it's the float on the exchanges, right? Which is a small percentage of the amount of Bitcoin that is out there. So it doesn't take a lot of money to move this price. And by a lot, we're talking multiple millions of dollars people. So let's put it in context, right?

Yeah. Uh, it's not that it's, but you know, not a lot of money in the financial industry means a hundred million. You suddenly dump a hundred million into Bitcoin that Flo Strike starts to race and starts to race quick.

**Marty:** And you start doing that once a day, once a week. BlackRock won't be the only one.

BlackRock comes in, gets approved, sends a signal to the market, like high net worth individuals, family offices, pensions, the like, just start. All right, I guess we're [01:17:00] gonna get

**Jose:** exposure. Yeah. Well, you know, and you have these smaller players, like, like us, we actually have a digital wealth management division where we educate, uh, um, you know, high net worth and ultra high net worth individuals in, in Central America and LA in Latin America.

And, you know, we're doing road shows. There's very interesting financial products that are coming online, uh, with regards to Bitcoin and this last road show, which still is ongoing, but has been, you know, started last week. Uh, the feedback we've gotten has been super positive.

**Marty:** What, uh, in what way are people like, oh, I get it now, like, I'm ready.

**Jose:** Exactly. Yeah. Like, oh, thank you for explaining Bitcoin in a way I could understand it and make sense financially. Mm-hmm. Because that's the thing, right? Whenever you're investing, you don't invest in what you [01:18:00] don't understand. Mm-hmm. And, uh, previously, and I've been, you know, guilty of this, so as Bitcoiners, we've been too technical in our explanation, but, um, you know, like, like a friend likes to say, you know, I u I use the internet.

I don't know how T C P I P works. Yeah. Like, Why are you explaining this? Yeah. And so we go in and we explain the use case and the technology and why it's important and no, the good, the bad, and the ugly. And you know, they, they really respond to us. They, they really respond and like, you know, they're for sure are dumb people with money, but by and large the people that you know are self-made, self-starters and, you know, these are not dumb individuals.

**Marty:** Yeah. And they got there

for

**Jose:** a reason. Yeah. They got [01:19:00] there for a reason. And if you go with, the thing is that Bitcoin is not under radar date today, right? Mm-hmm. But if you manage to sit down with them and, you know, you have an hour long presentation, you explain it to them in terms that are familiar to them.

So you don't go in and, and, you know, I don't throw words like h TLCs and I, I shy away from any of these. What do you know about SHA 2 56? Actually Yeah. Any of the jargon I just explained. You know, once they get the concept and they wanna dig deeper into the nitty-gritty of the technology, then you explain it.

But by and large, they're not that interested in how it works, but they wanna know how, uh, why and devalue prop and that becomes really easy to explain. Yeah.

**Marty:** And that's one thing I wonder, cuz again, we'll be 15 years into the white paper this October. Mm-hmm. So a decade and a half. It's a lot of [01:20:00] time in, in the digital age.

Like is this and. Probably just kind of jinx myself, but it feels like, especially with like the Black Rocks of the world entering mm-hmm. Like, is this the cycle where we don't look behind and it's I an idea that is undeniable and something that people can't ignore anymore?

**Jose:** Yeah. Well I was just thinking about that.

I don't know who has this quote. Maybe you, you remember who said it, but nothing is as powerful as an idea whose time has come. Mm-hmm. Yeah, I do feel that. Yeah, absolutely. A hundred percent. Yeah. And you know, it's, that being said, it's like, it's not like, you know, it, the time comes and suddenly we're, you know, at a million for, for each Bitcoin or something like that.

It's, it's not that, but it's when it becomes entrenched sufficiently that you, uh, you know, [01:21:00] It's just never gonna go away. Yeah. And I do think we're dangerously close to that. Like, uh, Bitcoin going to zero probably after, you know, the BlackRocks of the world and, you know, financial institutions come in zero.

The no, it doesn't happen. And yeah, I, I agree with you on that. You know, the price still will have its ups and downs, but you know, by and large it'll get adopted. Um, another friend I was talking to was actually making this, uh, analogy, you know, back in the eighties, encryption was actually, uh, what was it?

State, uh, Weapon or ERs?

**Marty:** Darpa, I think DARPA or the nsa

**Jose:** like, yeah. Yeah. But it was like proper weapons grade technology. Weapons grade technology, exactly. Mm-hmm. So encryption was weapons grade technology. UN until PGP pretty good. Privacy came along. [01:22:00] Right. And there was this huge lawsuit. And the thing that PGP did to kind of know the Trump card was they published the code in a book.

Mm-hmm. And put it on t-shirts too, right? Yeah. Yeah. And at that point it became a freedom of speech, you know, subject. But even after that, and, and after, you know, the Department of Defense lost the lawsuit cuz they did lose, um, even after it wasn't like, It was pretty tough to use pgp. Mm-hmm. Like, uh, you were hassled and frowned upon and everything, but then the banks realized, oh, with this we can like have open banking standards cuz the transmission of information can be secure and we can do this and we can do that and we can make, you know, our operations more efficient.

And, and, and they saw this use case, right? For the [01:23:00] encryption technology and then all of that pushback against encryption. So just evaporated went away. Today nobody even talks about encryption, right? Like we know we have to encrypt stuff and if the lightning technology becomes entrenched in, you know, financial institutions, the narrative will change completely around all of this technology.

Cuz if they start making money with, uh, lightning and I know they will.

**Marty:** Game. That's the beauty of Bitcoin. It weaponizes human greed to create this, this system that can't be corrupted.

**Jose:** Yeah. No, it's, it's really awesome.

**Marty:** Yeah. Well, it's awesome what you're building. I'm pumped that we got to do this in person.

It's much better in person than, uh, than through the, uh, the

**Jose:** laptop screen. Yeah, absolutely. Especially when I'm in places with crappy internet, which happens quite often. [01:24:00] Yeah. Well,

**Marty:** what else should we end it on? Anything else that we didn't touch on that you think we should wrap up here?

**Jose:** Uh, if I can ask you a question.

Yes, sir. What are you most looking forward to with a Bitcoin and then B Lightning. Hmm.

**Marty:** Bitcoin the. That's something I've been obsessed with for the last five years in the mining industry. That's another thing, like you talk about financial industries getting in, um, the financial industry, getting in, and institutions getting in, getting drawn by the, the asset of Bitcoin is a hard asset.

Um, that could be a store value, certainly good, but I think equally as important as the energy sector getting mining as an additive feature to their operational stack. And that's the most exciting thing to me, uh, in Bitcoin right now, is the convergence of the energy sector with Bitcoin mining, [01:25:00] um, working in the symbiotic relationship to make Bitcoin more secure and make our energy infrastructure more secure, efficient, reliable and robust.

Uh, and then lightning. I think this AI stuff is gonna be big. Um, I think the timing of where Lightning is at its maturation process and the nascency of the AI industry creates an environment where, um, I would imagine the AI industry is more willing to experiment with new things that are additive. It's sort of like a, a tabular RAA that people can build new processes and design features into.

And I think the convergence of AI in the Lightning Network is just a no-brainer. Um, especially considering that they're extremely capital intensive businesses for all the GPUs they need to set up. And so like chargeback risk for them is pretty massive. And so it would make sense out of the gate for [01:26:00] them to align.

Yeah. With a payments network like Lightning to prevent that risk because they probably have very thin margins with which they can play with.

**Jose:** Yeah. And, and you know, I agree with you a hundred percent on that because, um, you can't do ch you can't adopt a payments technology that has chargebacks if you're gonna be, you know, transact doing transactions less than 5 cents.

Yeah. Can't handle

**Marty:** chargebacks. Oh yeah. And you can create, I mean, that's the panel I'm about to lead here, um, at 4:00 PM today is AI and the Lightning Network. And like it works both ways. Like ai, the AI industry is all about building these large language models. And what do they need for those models?

They need a bunch of data. Mm-hmm. One way to get the data is to pay people to feed data into the L L M and you can pay a global. Workforce over the Lightning Network. Micro transactions for, yeah. Completing tasks that [01:27:00] adds data to the L L M and then on the front end, so that's the back end. And then on the front end, consumers, like myself, I use Mid Journey for the newsletter to create our thumbnails.

Mm-hmm. Instead of paying a monthly fee using a credit card, I would love to go into my account and generate an image and pay over the Lightning Network. Yeah. For the exact image that I'm getting. Yeah. And just get. Um, pay per image. Yeah, pay per image. Like Yeah, makes sense. Uh, on their end to reduce the chargeback risk, to allow themselves to build the LLM models, and then on my end as a consumer to get the lowest cost possible for the value they're

**Jose:** providing me.

And, and not only that, like ex, you know, being able to transact value for value. Okay. I'm receiving this product, I'm paying for it, and that's it. Yeah. We don't need to have anything else happen between us, right? Yeah. Like, I'll pay you as long as I like your product and when I don't

**Marty:** Yeah. When I'm not using it, I'm not, yeah, I'm not.

Thank you. Yeah. I mean, [01:28:00] say I write three to five newsletters a week, so that's 12 to 20 a month, so I'm using it 20 times a month. Like I should probably be paying maybe less than $5 for those images, probably paying $20 a month now.

**Jose:** So, yeah, no, I, I agree. Uh, that's really interesting. Yeah, and I especially like, uh, the, the part about Bitcoin with mins and the energy sector, I think, I've always thought this, I think, uh, that Bitcoin enables a nuclear energy future.

Agreed. And I think people, you know, they, I, I'm scared about what's gonna happen with the Open Heimer movie now, to be honest. Uh, but, uh, people need to really understand that nuclear energy is the best source of energy we have by far. Like, [01:29:00] it's not even close, like in terms of cleanliness, in, in terms of efficiency, I.

Density, all density, all of it is just like miles better than anything else out there. But there it does come at a significant, uh, you know, there is a significant issue, which is a nuclear reactor cannot be stopped. Yeah. So you need somebody that's a captive client of the nuclear plant that is gonna consume anything that the nuclear power plant produces.

Mm-hmm. And those are Bitcoin miners. Yeah. Cuz they will stabilize your demand. Yeah.

**Marty:** It's a beautiful thing and it's, I think we're gonna win that narrative. I think it's becoming abundantly clear that we should

**Jose:** Yeah. Like if. You know, we need to get more engineers in politics. That's, that's my philosophy.

We just

**Marty:** need to like, let the politicians, let the engineers do their job [01:30:00] and stop getting in the way. Well,

**Jose:** that would be helpful as well.

**Marty:** Yeah. Uh, Jose, it's been a pleasure, sir. It's great to see you in person. Yeah,

**Jose:** no, same. Likewise.

**Marty:** Yeah. I'm pumped for what you guys are doing at Ibex. It's, uh, really exciting and I think it's an very important part of the industry.

Like really, again, the niche that you're working in, going after the enterprise level and trying to really be, get them to understand Bitcoin and then incorporate into their business is extremely high leverage for making sure that Bitcoin's successful in the long

**Jose:** run. Yeah. Well, thank you. Thank you for the award, Marty.

Well, and I. No, but listen, I, I'm also kind of like, we appreciate what you guys do so much as well. So know, getting the word out there and you know, getting exposure for all of the Bitcoin projects that are available and you know's, it's very interesting times, very exciting. Uh, I can't wait, [01:31:00] uh, to read this story, right?

Yeah.

**Marty:** The, uh, old men sitting in leather chairs reading the story like, huh, that was pretty cool what we did there. Yeah,

**Jose:** yeah. Remember that guy happened.

**Marty:** We're all in this together. That's the beauty of it. And then that's why I love events like this cuz it gets everybody building in the space together.

And it's said often, but can't be overstated. It's just like the people in this industry are pure and. It's really fun seeing everybody work together. Everybody wants to help each other out and lift each other up, and it's a massive problem that we're all working to solve. And yeah, the, the people in their individual efforts and then the collaboration, uh, across efforts is something special that I think we'll look back when we're reading that book and cherish that we had the opportunity to take part in it.

**Jose:** Yeah. Yeah. No, it's gonna be awesome. Yeah. So we should get up there and [01:32:00] join our, I I think we should. Okay. I think we've hit it our way long enough.

**Marty:** All right. That's all we got today for peace and love. Thank you.