

TALK NOTES • APRIL 21 AND 23, 2026 • FGCU

Bitcoin as collateral, stablecoins as rails

How bitcoin behaved when a war hit markets, why it is better understood as collateral than as spending money, why stablecoins may be the bigger disruption to banks, and why every claim of decentralization deserves a test.

THE IDEA

In a crisis, correlations go to one, so judge bitcoin against other assets and per unit of risk, not against a promise of safety. Bitcoin is not meant to buy your coffee; its best use is as collateral, transparent and digitally native, that other instruments can be built on. The nearer disruption to banks is likely stablecoins, and the rules that make them usable are being written.

These notes come from two sections of “Crypto Conversations,” a practitioner panel in FIN 4443, Financial Policy / Senior Seminar, at Florida Gulf Coast University. Teams of graduating finance seniors presented on blockchain fundamentals, blockchain’s impact on the financial system (including AI and cloud computing), bitcoin as an asset class, and crypto risks. I responded from the practitioner side alongside a co-panelist. I am head of treasury at Ava Labs; the views here are my own, and nothing in them is investment advice. Market facts are as of April 2026 unless dated otherwise. A companion set of notes from the fall 2025 sessions covers settlement, the blockchain trilemma, self-custody and the capital structure of bitcoin treasury companies.

Is bitcoin a safe haven?

The sessions opened with a fair challenge: bitcoin is sold as a hedge, so why did it not protect anyone when war with Iran broke out at the end of February 2026? There is a traditional-finance answer and a crypto answer.

The traditional-finance answer is a line every trading desk knows: **in times of stress, correlations go to one**. When a war threatens oil supply, almost everything sells off at once, including the assets that are supposed to be safe, and only once the dust settles do people sort out what they oversold. It is not fair to single out one asset when Treasuries and gold fell too.

The crypto answer is to adjust for risk. Over the three years to April 2026, bitcoin’s annualized volatility was about 47%, against about 15% for the S&P 500: roughly three times. An asset carrying three times the risk of stocks is expected to move more than stocks in a crisis. In this episode it moved less, which on any risk-adjusted measure is holding up well.

The deeper problem is that bitcoin is still a **reflexive asset**: people buy because the price is rising and sell because it is falling, which produces boom-and-bust cycles. It should not trade like that, and it does because many holders still treat it as a leveraged bet on the Nasdaq rather than as something closer to a commodity or a safe haven. I expect that to change as the market matures.

REAL MARKET DATA

From the last close before the conflict to the day before the first session (Friday, February 27, to Monday, April 20, 2026; daily closes, Yahoo Finance).

	FEB 27	WORST CLOSE IN THE WINDOW	APR 20
10-year Treasury yield	3.96%	4.44% (Mar 27)	4.25%
Gold, front-month future	\$5,248	-16.6% (Mar 26)	-8.0%
S&P 500	6,879	-7.8% (Mar 30)	+3.3%
Bitcoin	\$65,882	-0.2% (Mar 1)	+15.2%

With a modified duration of about 8, the 10-year note lost about 2.3% of its price over the window and about 3.8% at the yield peak. Most of bitcoin's 2026 decline came before the conflict: from about \$97,000 in mid-January to about \$63,000 on February 5.

The long view is better than the cycles suggest. Measured from every day since late 2014, every four-year holding period that ended by April 2026 made money in dollars; the worst returned about 31%. Treat that with care: a buyer at the December 2017 peak was still down about 19% five years later, and history is not a promise. Falling volatility is the story of an emerging asset becoming an institutional one: bitcoin's annualized volatility ran between about 65% and 95% a year from 2017 to 2021, and between about 40% and 57% since 2023. The other half of the diversification case, low correlation with stocks, is not there yet: daily correlation with the S&P 500 was about 0.4 in 2025 and 0.5 in early 2026. Uncorrelated assets are how a portfolio adds return without adding risk, so watch that number.

Collateral, not coffee money

Bitcoin always gets dinged for not working as a currency. You would not buy a coffee with it, but you do not do that with gold either; that is not its job. For most of history currency was backed by a hard asset, and the dollar was backed by gold until 1971. Fiat money rests on the full faith and credit of a government. Bitcoin allows a return to something closer to a collateralized system.

As collateral, bitcoin has a property gold lacks: you can see where every coin is. Addresses are public. You do not know who owns an address, but if an institution discloses its addresses, anyone can verify it holds those coins. Digitally native, verifiable collateral is what you build other instruments on.

STRC is one example. It is a perpetual preferred share issued by Strategy, the largest corporate holder of bitcoin, with a variable dividend that stood at 11.5% a year in April 2026, reset monthly to keep the price near its \$100 stated amount. It is designed to look and feel like a cash product. Be precise about what it is: a claim on a company whose main asset is bitcoin, not a money market fund and not insured. In late June 2026, with bitcoin below \$60,000, STRC closed as low as about \$75 before recovering to near \$100 by October. (The fall 2025 notes walk through Strategy's full lineup of preferred shares.)

Stablecoins are the nearer disruption

What the industry has wanted for a decade is not more regulation but **clear** regulation: how to pay tax on trades, how to treat staking income, how to account for fees. It is arriving.

- **GENIUS Act**, signed in July 2025. It defines a compliant US payment stablecoin: backed one-for-one by cash, insured deposits, Treasury bills maturing in 93 days or less, very short repos or government money market funds. In effect, a token backed by a very short money market portfolio.
- **CLARITY Act**, passed by the House in July 2025 and pending in the Senate in April 2026, would put most cryptocurrencies, as digital commodities, under the CFTC rather than the SEC. On September 15, 2026, a Senate procedural vote on it failed 49 to 50.
- **MiCA**, the European Union's framework, fully in force across the EU since the end of 2024.

Once people trust that a coin such as USDC is backed by real money, they hold it and pay with it. Card networks such as Visa and Mastercard stand to lose payment volume, and banks stand to lose deposits: money held as USDC is not sitting in a bank earning the bank interest it does not pass on to you. For a company, paying a contractor overseas in stablecoins is as easy as paying the person at the next desk, which makes international payroll far simpler. After bitcoin, I think stablecoin payments are the biggest area of growth in this industry.

Test every claim of decentralization

Every chain calls itself decentralized; not every chain is. On April 18, 2026, an attacker preliminarily linked to North Korea's Lazarus group took about \$292 million of Kelp DAO's restaked ether through a bridge flaw, and part of it sat on Arbitrum, a layer-2 network on Ethereum. On April 21, Arbitrum's Security Council froze 30,766 ETH (about \$71 million) by upgrading a core contract so it could move the funds out of the attacker's address without the attacker's private key.

Keeping that money from North Korea is a good outcome. But a network whose council can move funds out of an address without its key cannot, with a straight face, call itself decentralized. Decentralization is a good thing; beware **decentralization theater**.

The same test applies to infrastructure. When a cloud outage takes a chain down with it, you replaced your own servers with someone else's; you did not decentralize. The industry ethos is right: run your own node. (The fall 2025 notes cover the trade-off behind this, the blockchain trilemma.)

Transparency cuts both ways

Every bitcoin transaction can be traced back to the coin's creation. Is that good or bad? Pay for coffee with a credit card and the shop learns nothing else about you. Pay from a crypto wallet where you reuse one address, and the shop can open a block explorer and see every transaction you have made. You can limit this, for example by rotating addresses, but by default you give away a lot of information for free, and that is a security risk.

The bigger risk is people, not the network. The Bitcoin network itself has not been hacked with today's computing (quantum computing is a separate debate). Losses come from giving your keys away, just as handing a stranger a wad of cash would. Operational security is a large part of a crypto treasurer's job. The standard tools are **multisig** wallets, where several independent signatures are needed to move funds, so one compromised person cannot lose the company's money, and **cold storage**, where keys stay off internet-connected machines. Size your setup to your risk tolerance and to the amount at stake.

The man in Wales who threw away a hard drive holding the keys to 8,000 bitcoin in 2013 (over \$600 million at April 2026 prices) is often cited against bitcoin. In 1976 Ronald Wayne, Apple's third co-founder, sold his 10% stake for \$800, on paper about \$400 billion at Apple's 2026 valuation. Nobody concludes

Apple is a bad asset. Both are individual mistakes, not flaws in the asset.

AI makes crypto easier, and needs it

Much of the case against crypto is that it is complicated. My grandmother would not have known how to buy something on Amazon with a credit card; you do it without thinking. A crypto wallet is the next step on the same learning curve, and you can learn one in ten minutes, or increasingly let AI do it for you. AI also improves security: in April 2026 Anthropic said its unreleased Claude Mythos Preview model had found thousands of previously unknown vulnerabilities in widely used software.

AI will also be one of crypto's biggest customers. As AI agents do more of the world's work, they will need a way to move value, often in tiny amounts and around the clock. Crypto is money that is already digital, verifiable, open 24/7 and settled in seconds, which makes it the easiest money for an agent to use.

The gain in access is enormous. A farmer in Kenya with a smartphone, an internet connection, crypto and AI has a better financial stack than the CFO of a Fortune 500 company had thirty years ago. That never shows up on a price chart.

On energy, and on the noise

Bitcoin's energy use is always singled out, while electric cars, AI data centers, hospitals and the military escape the question. Using energy is not bad in itself: plot each country's energy use per person against the UN's Human Development Index and the line slopes up. Why the hostility, then? I do not think there is a grand conspiracy. A small group made a lot of money by being early, many people resent that, and they look for reasons the asset is bad, as happens to anyone who got rich early on Nvidia. It is human nature.

Takeaways

- In a crisis, correlations go to one. Judge any "safe haven" against other assets and per unit of risk, not against its marketing.
- Bitcoin's volatility has fallen, but its correlation with stocks has not, so its diversification case is still a forward claim. Watch both numbers.
- Think of bitcoin as collateral rather than currency, and read every instrument built on it as a claim on an issuer, with its own risks.
- Stablecoins look like the nearer threat to bank deposits and card fees. Follow the rules being written, not just the price of bitcoin.
- Test decentralization: ask who can freeze or move funds, and where the servers run. And remember a public ledger is public; learn address hygiene and protect your keys.

Go further

- GENIUS Act, S. 1582, 119th Congress, full text at [congress.gov](https://www.congress.gov/bills/119/1582).
- Strategy Inc., annual report on Form 10-K (SEC EDGAR), for STRC's dividend-setting terms.