

Bitcoin for payments a distant dream as usage dries up

LONDON (Reuters) - The use of bitcoin for commercial payments has dropped dramatically this year, even as the original digital coin starts to fulfill one of the basic features of any payment currency: stability. The value of bitcoins handled by major payment processors shriveled nearly 80 percent in the year to September, data from blockchain researcher Chainalysis shows. That suggests the cryptocurrency is struggling to mature from speculative asset to a serious alternative to state-issued money.

Months of relative calm in bitcoin prices after the wild swings of last winter had fueled hopes it would become widely used for payments, its intended purpose.

But its collapse in use as a payment currency has instead left big finance and crypto insiders eyeing better technological infrastructure to help bitcoin take off as a way to pay.

"There would have to be a stability requirement if it is to become another form of money," said Joni Teves, a strategist at UBS in London.

"But one thing that would take bitcoin into the mainstream is scalability — is it able to process the value or volume of transactions that money tends to do?"

The blockchain technology, where all bitcoin activity is recorded and validated, can only process a fraction of the transactions per second that major credit card companies can. That renders its mass use impractical. Bitcoin still endures torrid swings in price, as this week's 30 percent plunge shows. For a spell last month, though, the cryptocurrency was more stable than U.S. stocks.

Despite that growing stability, the value of bitcoin payments collapsed to \$96 million in September from a December high of \$427 million, the data from Chainalysis shows.

The firm surveyed 17 bitcoin payments processors, including Atlanta-based BitPay, one of the biggest. Most merchants that accept bitcoin do not do so directly, instead using intermediaries like BitPay to covert bitcoin to fiat currencies.

Comprehensive data on bitcoin used for payments

is patchy, as trades with other currencies tend to be included along with its use for commercial payments.

That said, separate figures for individual payments processors reflect the downward trend. At Vancouver-based Coinpayments, for example, incoming and outgoing transactions slumped by more than half between January and October, according to blockchain analysis site OXT.

Coinpayments did not respond to requests for comment.

"Bitcoin payments processing is seeing a slow but consistent decline," said Lex Sokolin, global director of fintech strategy at research firm Autonomous Next, of the data on Coinpayments.

FIRST DECADE

Through its first decade, Bitcoin has attracted a mix of investors, some convinced that it can reshape global finance by displacing traditional means of payments and others attracted by rapid gains that pushed it close to \$20,000 in December.

It has since lost three-quarters of its value, falling below \$4,500 on Tuesday, burning businesses along the way that had hoped to profit from growing investor interest.

Chip designer Nvidia Corp (NVDA.O), for example, saw its shares fall sharply last week after it blamed disappointing results on unsold chips piling up after the cryptocurrency mining boom evaporated.

Apple gives stocks the holiday blues
Bitcoin's relative stability this year has nevertheless raised expectations that its payments use by both individuals and companies will spread.

"The lack of volatility is a good step in the right direction that starts to make it viable for some of the non-retail use cases," said Zeeshan Feroz, UK CEO of Coinbase, one of the biggest cryptocurrency exchanges.

But both mainstream financial firms and cryptocurrency entrepreneurs say stability is not enough.



To gain traction, bitcoin needs to be faster and cheaper, they say. Clearer rules on an asset that has vexed financial regulators across the world would also help to give users a sense of legitimacy, UBS's Teves said.

LIGHTNING NETWORK

While coordinated regulation remains far off, some developments designed to address the so-called "scalability" problem — how many transactions per second the bitcoin network can handle — are underway.

Though in its infancy, the lightning network — code that can be added to the bitcoin blockchain designed to make payments faster and cheaper — is growing in use and capacity.

The network this week reached a record 4,101 "nodes" or computers that run its software, according to data aggregator 1ML, a rise of more than a quarter since August.

Lightning is popular, users say, because it allows users to send money to one another instead of having to complete time-consuming transactions on the blockchain.

"Lightning solves some of bitcoin's scaling issue," said Ed Cooper, who oversees cryptocurrencies at fintech startup Revolut. "It's getting payments into the wild, into the bitcoin network for children and seniors. Children under 3 years old are admitted to all Moody Gardens attractions for free. Parking is also free.

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Editor's Choice



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U.S. President Donald Trump, First Lady Melania Trump and Barron Trump board Air Force One as they depart Joint Base Andrews



FILE PHOTO: A woman walks past a Banco Popular and Santander banks offices in Barcelona



Defense attorney William Purpura cross examines government witness Jesus Zambada in Brooklyn federal court in New York



A politician Viktor Alksnis attends a conference of military veterans on decision to ask the International Criminal Court (ICC) to investigate Russia's secret deployment of civilian contractors in Syria, Ukraine and Africa, in Moscow



Soccer Football - UEFA Nations League - League C - Group 1 - Scotland v Israel - Hampden Park, Glasgow, Britain - November 20, 2018 Scotland's Steven Fletcher in action REUTERS/Russell Cheyne



A migrant, part of a caravan of thousands traveling from Central America en route to the United States, casts her shadow on a wall of graffiti as she makes his way to Tijuana from Mexicali

SPECIAL REPORT

The Facebook Dilemma

Three Reasons To Stop Using Facebook

By Dr. Joseph Mercola

Compiled And Edited By John T. Robbins, Southern Daily Editor



Facebook founder and CEO, Mark Zuckerberg at age 30.

users engaged is the news feed, described by former product manager on Facebook's advertising team, Antonio Garcia Martinez, as "Your personalized newspaper; your 'The New York Times' of you, channel you. It is your customized, optimized vision of the world."

The addition of the "Like" button in 2009 revolutionized the company's ability to gather personal data — information about your preferences that can then be sold for cold hard cash. It also "acted as a social lubricant" and a "fly-wheel of engagement," Soleio Cuervo, a former product manager for the company, says.

The ability to get feedback through "likes" made people feel like they were being heard, and this ultimately became "the driving force of the product," Cuervo says. However, the "Like" button also suddenly allowed Facebook to determine who you care about most among your friends and family, what kind of content makes you react or take acwvition, and which businesses and interests are truly important to you — information that helps build your personality profile and can be sold.

The Legal Provision That Allows Facebook to Exist and Flourish

The Facebook news feed was made possible by laws that do not hold internet companies liable for the content posted on their website. As explained by Sparapani, "Section 230 of the Communications Decency Act is the provision which allows the internet economy to grow and thrive. And Facebook is one of the principal beneficiaries of this provision."

Section 230 of the Communications Decency Act basically says an internet provider cannot be held responsible if someone posts something violent, offensive or even unlawful on their site. According to Sparapani, Facebook "took a very libertarian perspective" with regard to what it would allow on its site.

Real-World Impacts of Social Media

The tremendous impact of social media, the ability to share information with like-minded

individuals, became apparent during the so-called "Arab Spring" in 2011, when a Facebook page created by Wael Ghonim, a Google employee in the Middle East, literally sparked a revolution that led to the resignation of Egyptian President Muhammad Hosni El Sayed Mubarak, just 18 days after a Facebook call-out for protest resulted in hundreds of thousands of people taking to the streets.

Around the world, it became clear that Facebook could be used to create democratic change; that it has the power to change society as we know it. Alas, with the good comes the bad. After the revolution, conflict in the Middle East spiraled out of control as the polarization between opposing sides grew — and the social media environment both bred and encouraged that polarization.

What's worse, Facebook's news feed algorithm was actually designed to reward polarizing material with greater distribution. The end result played out in the streets, where sectarian violence led to bloodshed.

Since the Arab Spring, the rise of fake news has been relentless.

Privacy — What Privacy?

In order for Facebook to go public, it had to be profitable, which is where the selling of user data comes in. By selling the information the platform has collected about you as you move through content and even web pages outside of Facebook, "liking" and commenting on posts along the way, marketers are able to target their chosen market.

While this seems innocuous enough at first glance, this data harvesting and selling has tremendous ramifications, opening people up to be purposely deceived and misled.

Zuckerberg, whose experience with advertising was limited, hired former Google vice president of global online sales and operations, Sheryl Sandberg, as chief operating officer. In one interview, Sandberg stresses that Facebook is "focused on privacy," and that their business model "is by far the most privacy-friendly to consumers."

"That's our mission," Zuckerberg chimes in, adding "We have to do that because if people feel like they don't have control over how they're sharing things, then we're failing them."

Internally, however, Sandberg demanded revenue growth, which meant selling more ads, which led to data harvesting that today exceeds people's wildest imagination.

How to Build an Orwellian Surveillance Machine

Information is also being collected by Facebook about all other websites you're perusing, outside of Facebook's platform. All of this information, obtained by companies without your knowledge, is shared with Facebook, so that Facebook can sell ads that target specific groups of users. As noted by Tufekci, in order for Facebook's business model to work, "it has to remain a surveillance machine."

In short, it's the ultimate advertising tool ever created. The price? Your privacy. Sparapani was so uncomfortable with this new direction of Facebook, he resigned before the company's partnering with data brokers took effect.



The extent of Facebook's data collection remained largely unknown until Max Schrems, an Austrian privacy advocate, filed 22 complaints with the Irish Data Protection Commission, where Facebook's international headquarters are located.

Schrems claimed that Facebook's personal data collection violated European privacy law, as Facebook was not telling users how that data was being used. In the end, nothing happened.

Federal Trade Commission Investigates Privacy Concerns

A 2010 investigation of Facebook's data collection by the U.S. Federal Trade Commission (FTC) revealed the company was sharing user data with third party software developers without the users' consent — conduct the FTC deemed deceptive.

The FTC also grew concerned about the potential misuse of personal information, as Facebook was not tracking how third parties were using the information. They just handed over access, and these third parties could have been absolutely anyone capable of developing a third-party app for the site. Facebook settled the FTC's case against them without admitting guilt, but agreed by consent order to "identify risk to personal privacy" and eliminate those risks.

Internally, however, privacy issues were clearly not a priority, according to testimony by Sandy Parakilas, Facebook's platform operations manager between 2011 and 2012.

The Cambridge Analytica Scandal
Facebook, with founder Mark Zuckerberg at its helm, faced a firestorm after The New York

Times and British media outlets reported Cambridge Analytica used "improperly gleaned" data from 87 million Facebook users to influence American voters during the 2016 presidential election.



Cambridge Analytica data scientist Christopher Wylie, who blew the whistle on his employer, revealed the company built "a system that could profile individual U.S. voters in order to target them with personalized political advertisements" during the presidential campaign.

Parakilas insisted Facebook could have prevented the whole thing had they actually paid attention to and beefed up their internal security practices. Indeed, Cambridge Analytica used the very weakness the FTC had identified years before — a third-party personality quiz app called "This Is Your Digital Life."¹³

The Dark Side of Social Media Rears Its Ugly Head Again

Indeed, the U.S. Department of Defense has also expressed its concerns about Facebook, noting the ease with which it can spread disinformation. As noted by former Defense Advanced Research Projects Agency program manager, Rand Waltzman, the significant danger with giving out personal data is that you're opening yourself up to be a target of manipulation — whether you're being manipulated to buy something you don't need or believe something that isn't true.

Between 2012 and 2015, Waltzman and colleagues published 200 scientific papers on the potential threats posed by social media, detailing how Facebook and other platforms could be used for nefarious purposes. According to Waltzman, disinformation can be turned "into a serious weapon" on Facebook, as you have the ability to mislead enormous amounts of people with very little effort.

Essentially, Facebook allows for the propagation of propaganda at an enormous scale. "It's the scale that makes it a weapon," Waltzman says.



Understand the Risks of Social Media Use

Social media has many wonderful benefits. But there's a dark side, and it's important to be aware of this. Sen. Ron Wyden (D-OR) has actually drafted legislation to protect consumer information by enforcing strict punishments, including jail time for up to 20 years, for senior company executives who fail to follow the guidelines to protect user data.

Aside from privacy concerns and fake news, Facebook lurking has also been linked to decreased emotional well-being, and online bullying, social isolation and depression have all become serious problems among our youth.

Conclusion

The obvious answer to all of these issues is to minimize your use of Facebook, and be mindful of what you post, click on and comment on while there. Information is still being gathered on your personal life by other data brokers, but at least it won't be as effectively "weaponized" against you if it's not tied to your Facebook profile. (Courtesy <https://articles.mercola.com>)

As of the third quarter of 2018, 2.27 billion people actively used Facebook, the world's largest social media site, up from 1 billion in 2012. On average, each user spends about 41 minutes using the site daily, down from 50 minutes average in 2016.

Some, of course, spend far more. Teens, for instance, may spend up to nine hours perusing the site, the consequences of which are only beginning to be understood.

During the third quarter of 2018, Facebook generated more than \$6 per user. For the fourth quarter of 2017, Facebook raked in a total of \$12.97 billion, \$4.3 billion of which was net profit.

Most of this revenue — \$11.4 billion for the fourth quarter alone — came from mobile ads, which are customized to users' preferences and habits. According to CNN Money, 98 percent of Facebook's revenue comes from advertising, totaling \$39.9 billion in 2017.

Facebook's Primary Business Is Collecting and Selling Your Personal Data

Facebook has repeatedly been caught mishandling users' data and/or lying about its collection practices. The fact is, its entire profit model is based on the selling of personal information that facilitates everything from targeted advertising to targeted fraud.

Like Google, Facebook records, tracks and stores every single thing you do on Facebook: every post, comment, "like," private message and file ever sent and received, contacts, friends lists, login locations, stickers and more. Even the recurrent use of certain words is noted and can become valuable currency for advertisers.

Job 1 for Facebook: Is Collecting and Selling Your Personal Data

Facebook also has the ability to access your computer or smartphone's microphone without your knowledge. If you suddenly find yourself on the receiving end of ads for products or services you just spoke about out loud, chances are one or more apps are linked into your microphone and are eavesdropping.

The Early Days of Facebook

In the featured video, "The Facebook Dilemma," Frontline PBS correspondent James Jacoby investigates Facebook's influence over the democracy of nations, and the lax privacy parameters that allowed for tens of millions of users' data to be siphoned off and used in an effort to influence the U.S. elections.

In an early Harvard lecture, Zuckerberg talks about how he believes it's "more useful to make things happen and apologize later than it is to make sure you dot all your i's now, and not get stuff done." As noted by Roger McNamee, an early Facebook investor, it was Zuckerberg's "renegade philosophy and disrespect for authority that led to the Facebook motto, 'Move fast and break things.'"

While that motto speaks volumes today, "It wasn't that they intended to do harm, as much as they were unconcerned about the possibility that harm would result," McNamee says. As for the sharing of information, Zuckerberg assured a journalist in an early interview that no user information would be sold or shared with anyone the user had not specifically given permission to.

The Facebook News Feed

One of the key features of Facebook that keeps

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Drinks maker in talks with Aurora Cannabis--BNN Bloomberg says Pot stocks Aurora, Tilray jump on the Coke's CBD interest

Coca-Cola Is Eyeing The Cannabis Market

Compiled And Edited By John T. Robbins, Southern Daily Editor

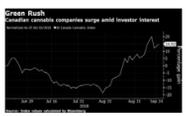


Aurora Cannabis Inc. led pot stocks higher after Coca-Cola Co. said it's eyeing the cannabis drinks market...

Coca-Cola says it's monitoring the nascent industry and is interested in drinks infused with CBD -- the non-psychoactive ingredient in marijuana that treats pain but doesn't get you high.

"We are closely watching the growth of non-psychoactive CBD as an ingredient in functional wellness beverages around the world," Coca-Cola spokesman Kent Landers said in an emailed statement to Bloomberg News.

Aurora's shares surged on the news, jumping as much as 23 percent Monday in New York to \$8. Other stocks in the cannabis industry got a boost, with Tilray Inc. adding as much as 9.4 percent in response to Coca-Cola's interest.



Coke's possible foray into the marijuana sector comes as beverage makers are trying to add cannabis as a trendy ingredient while their traditional businesses slow.

Last month, Corona beer brewer Constellation Brands Inc. announced it will spend \$3.8 billion to increase its stake in Canopy Growth Corp., the Canadian marijuana producer with a value that exceeds \$13 billion (\$10 billion).

Molson Coors Brewing Co. is starting a joint venture with Quebec's Hexo's Corp., formerly known as Hydrophocary Corp., to develop cannabis drinks in Canada.

Why the World Is Watching Canada's Pot Legalization: QuickTake

Coca-Cola has already been diversifying as consumption of soda continues to decline. The company, with its iconic brands ranging from Coke and Sprite to Powerade, announced it will acquire the Costa Coffee chain for \$5.1 billion in August...



Aurora Comment

Heather MacGregor, a spokeswoman for Aurora, said in an emailed statement that the cannabis producer has expressed specific interest in the infused-beverage space...

While marijuana remains illegal at the national level in the U.S., there is growing acceptance of the use of CBD derived from marijuana to treat illnesses ranging from chronic pain to anxiety and epilepsy.

Aurora is Canada's third-largest pot company, with a market value of \$8.7 billion.

The Edmonton, Alberta-based company has soared along with other pot stocks in Canada as the country gears up to become the first Group of Seven nation to legalize cannabis on Oct. 17.

Related

3 Reasons Marijuana Stocks Are Soaring, Once Again

Some of the biggest cannabis growers are up 61% to 83% in just eight trading sessions. The big event is now just 50 days away.

This big day was a long time coming for Canada, with Parliament debating Bill C-45 (better known as the Cannabis Act) for months, and Prime Minister Justin Trudeau promising a push to legalizing pot for years.



Pot stocks find their stride, once again.

However, the past week and change have turned that cannabis frown upside down. Since their close on Aug. 14, 2018, and through their close on Friday Aug. 24, here's how a handful of the largest pot stocks have performed:

Aurora Cannabis: up 61%
Aphria (NASDAQOTH:APHQF): up 61%
Tilray: up 81%
Cronos Group (NASDAQ:CRON): up 76%

Why such a dramatic surge in valuation in less than two weeks? There have been three catalysts: 1. Alcohol companies are looking for cannabis partners...

Before the opening bell on Aug. 15, Constellation Brands (NYSE:STZ), the company behind the Corona and Modelo beer brands, announced that it was significantly upping its existing equity stake in Canopy Growth Corp. to 38% with a \$3.8 billion investment...



Alcohol companies are looking for cannabis partners

The big news here is twofold. First, Constellation Brands received 139.7 million warrants as a result of its investment, which, if exercised, could push Constellation's ownership in Canopy Growth over 50%.

for a variety of reasons prior to late 2020 or 2021, at the earliest. Secondly, it has Wall Street wondering what pot stock is next to partner with big alcohol.

2. Donald Trump isn't happy with Jeff Sessions

Another reason pot stocks could be soaring is the growing rift between U.S. President Donald Trump and Attorney General Jeff Sessions.

Sessions is perhaps the most ardent opponent of marijuana's state-level expansion on Capitol Hill, and was the primary figure behind the rescission of the Cole memo in early January.



3. This is a momentum-driven industry, and the tide has again shifted

Finally, we have to realize that marijuana stocks are more of an emotion-based or momentum trade at the moment than they are a fundamental long-term investment.



Though there are obviously big dollar figures behind the legalization of adult-use weed in Canada, it's going to take some time before pot stocks are generating recurring profits.

As a reminder, it's virtually impossible to perfectly predict the peaks and troughs in the stock market or individual stocks with any consistency over the long run...

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