

## Phil Blows of AQRU

**Speaker1:** [00:00:04] This is the Investor Connect podcast program. I'm Hall Martin. I'm the host of the show in which we interview Angel Investors, venture capital, family offices, private equity, and many other investors for early stage and growth companies. I hope you enjoy this episode. Investor Connect is a 501 C three nonprofit dedicated to the education of investors and startups for fund raising. Please consider donating \$100 to the program to help others in their investor and entrepreneur journey. You can find the donate button on the Investor Connect org website.

**Speaker2:** [00:00:44] Hello, this is Hall Martin with Investor Connect. Today we hear Phil Blows , founder and CEO at AQRU and author of The Money Triangle. A Crew is a business that specializes in helping institutional and retail customers earn high interest rates on their cryptocurrency. Phil, thank you for joining us.

**Speaker3:** [00:01:00] Pleasure to be here. Thanks for having me.

**Speaker2:** [00:01:02] So where does this podcast find you today?

**Speaker3:** [00:01:05] So just outside London in the UK. So a few a few hours ahead of you? I think so. Hence the slightly dark, the darkness outside.

**Speaker2:** [00:01:14] Great. So tell us more about your background. What did you do before this?

**Speaker3:** [00:01:19] So I spent kind of 15 years in traditional finance working in kind of long short equity, which is sort of like a market neutral trading for a couple of small hedge funds, always working at quite small businesses and quite enjoying that because it was allowed me to sort of, I guess, delve into lots of different areas of every business from kind of strategy through to sales and and kind of finance, all those sorts of things. So I did sort of, I guess fairly, fairly deep finance for kind of 11 or 12 years, then moved into fintech where we started work for Robo Advisor, where we built products to sort of help people better manage their finances. And yeah, then, then a brief stint at a payments company and then found a crew.

**Speaker2:** [00:02:03] Well, great. So tell us more about monetising digital assets. It's a hot topic today and many people are trying to figure it out. But tell us what your take on it is.

**Speaker3:** [00:02:13] So I guess a lot of people when they think of crypto, think of this almost like gambling money. Let's say you chuck a small amount of money into it and you hope it's going to be ten x overnight. And that's that's sort of the the extent of what you should expose it to. But I think increasingly we're finding institutions entering the space and a lot of professional investors that are looking at it as a as a proper asset class. And, you know, a lot of institutions and high net worth saying, you know, five, 10% of their portfolios is now going into crypto. So it's been the best performing asset class in the last ten years. And it seems to be gaining just more and more traction, more and more use cases. So it's been something that is really appreciated. So I guess where that market is now changing, I think why a lot of professionals are now looking at it is previously it was very speculative and now because you're able to do a lot more with things like Bitcoin and Ethereum, you don't just look for price appreciation.

**Speaker3:** [00:03:12] Most people are now actually earning interest on them. So lending those assets out to credible institutions who are paying very, very high interest rates. And that's quite an exciting development, especially in the low yield environment that we're in. But also there's been this market called Stablecoins within crypto, which is so simply put, they're cryptocurrencies that track the value of the dollar. So if you can imagine just having a dollar all be a dollar, but just in the world of crypto, that's what a stablecoin is. And you know, these coins are really in demand. So what you find is a lot of institutions willing to borrow them at much higher rates. So, for example, at a crew, we'll pay people 12% if they deposit stablecoins with us or if they buy Stablecoins on our platform. So yeah, there's some really nice new opportunities. It's sort of the, the, the birth of, of kind of a fully functional financial system, all of it on blockchain within crypto. And yeah, the space is going from strength to strength.

**Speaker2:** [00:04:12] So what you see is the long term opportunity here is going to be multi asset class is going to go in one direction. Where do you think it's going to end up?

**Speaker3:** [00:04:20] I think you're going to see it. I mean, in terms of the tech. I think you'll see the technology that sort of underpins cryptocurrency being adopted more by traditional finance. So, you know, you've just got to look at the fact that I could send \$1,000,000,000 of

Bitcoin to you today and it would take 5 minutes and cost \$5. And if you did that through kind of the Swift network, if I was getting money from the U.K. to to yourself, it would probably, you know, although there might be an intermediary in place that might sort of artificially accelerated, it's actually going through what's called the Swift Payments Network, which is taking days. It's going through several banks. It's slow, it's expensive. And it's it's not a very useful way of transferring value around the world. So I think that that blockchain technology is going to permeate this. And this is one use case. There are dozens, I think so. I mean, that's how blockchain is going to bust up and use by institutions. But I think people are going to start looking at crypto as more of a I guess taking a more of a portfolio approach to it. So those are two, two products that we look at. If you think of Bitcoin and Ethereum, they are highly volatile. Hopefully they're going to increase in price over time.

**Speaker3:** [00:05:28] But what we do at accrue is we also pay yield of about 7% on that. Now if you think of the structure of what that looks like, it's sort of the underlying asset is volatile and you're earning a 7% yield that actually looks quite a lot like a dividend paying stock. And then those Stablecoin products I mentioned where effectively the underlying asset is a dollar, but you're earning 12% yield on it. So what that looks like there more like a bond. So what a lot of investors are now doing is saying, well, as opposed to just investing in crypto and hoping it's going to go crazy, what I'm going to do is take some of the volatility out. So I'm going to have some of my portfolio in in growth, which is sort of Bitcoin and Ethereum and get a nice yield and some of it more stable, high yielding products like Stablecoin. So you get this kind of nice diversified products that has an element of growth, an element of high yield. And I think that is where professional investors are going to look at it in the media in the long term and say, well, that's a portfolio that could significantly outperform traditional asset classes. So I think that's where we'll probably see it go.

**Speaker2:** [00:06:36] So what is the challenge risk here? Every return also has a commensurate risk that goes with it.

**Speaker3:** [00:06:42] So there's fundamental risks in crypto. I mean, there's clearly the the assets themselves are very, very volatile. So the Bitcoin is quite interesting in that there's always a fixed supply of Bitcoin. So there's only ever going to be 21 million Bitcoin and we've mined something like 19 million so far. So if price is kind of a mixture of sort of supply and demand,

you know, we know what the supply is. So really the whole price is being driven by how demand waxes and wanes over time. And I think that's that's why you see so much volatility, because in any given day, you have a government coming out and saying, look, we're going to accept this as payments. And then you have another government coming out saying, yeah, we're probably going to ban this in the future. So you end up with this like highly volatile asset class. So that's one that's the main risk that you're looking at is the volatility of the asset class.

**Speaker2:** [00:07:37] Great. Then what do you think is the potential reward in the long term? You mentioned several benefits, but where do you think that's going to end up?

**Speaker3:** [00:07:46] I think it'll normalize because, you know, it's the crypto is crypto is a two and a half trillion dollars market already. You know, there's a lot of room for growth if you compare it to things like gold and other things. And if the the more assets that get brought into that, the realm of blockchain and cryptocurrency, the bigger that market can potentially be. I mean, I don't see it sort of doing the same kind of level of price depreciation as we've seen in the last ten years, which has been thousands of X. So I think it's simply the world's economy is not that big. So I think we'll begin to see it normalizing, but I think still having a significant kind of premium over what traditional asset classes do. But I think as as that kind of price appreciation yield goes out, people will be looking to sweat those assets a bit more and hopefully coming to companies like a crew who can pay high interest on it because, you know, you need you need that to sort of boost the return and, you know, sort of get rewarded for the additional risks that you're taking.

**Speaker2:** [00:08:46] Well. So one of the risks is regulatory. Of course, it's as you mentioned before, it's changing. And one government is doing one and the other is doing another. Where do you think that's going to end up? How do you think that's going to settle out in the long term?

**Speaker3:** [00:08:58] Our hope is that the regulatory environment, as our view is the regulatory regulated crypto is several orders of magnitude larger than unregulated crypto and all of the big institutions banks that I speak to. The number one reason why they don't invest in crypto is because the regulatory landscape isn't clear. And I think we've had some very, very positive comments at the US and then very quickly followed by the EU and the UK saying that they will

want to be cryptocurrency hubs and not stifle innovation, promote it, use this technology and to improve the way that the economies work. So they're all they're all making the right noises, which hopefully means that regulators are going to take a proactive and hopefully not a heavy handed approach in this in this market, which once they've done that, that's going to really open the floodgates, because all of the capital sets with regulated and large, large institutions now, and they haven't even entered the crypto market yet. So I think that's what's going to weirdly be the next big catalyst for the next bull run in crypto. And we see prices going a bit mad. There's probably, as you see, regulatory certainty entering the market because it's going to unleash all this institutional capital that's been sitting on the sidelines. And I'm hopeful that that's where the market goes, that we do we do kind of build a, you know, a regulatory framework that allows the businesses to innovate but also protects consumers.

**Speaker2:** [00:10:31] So tell us more about a crew. How big is the company and what exactly does it offer?

**Speaker3:** [00:10:36] So we've we've been going since January of last year. So in January of last year, it was a bit of a basically a PowerPoint deck that we were running around and pitching to seed investors. Very good timing in terms of the market. Crypto was one of the largest areas for us of angel investors to put money into and obviously VCs as well. So we raised \$1,000,000 pretty quickly. We then sort of hide the team, built it out. And within about sort of six months after completing the seed round, we got an offer to basically list and publicly trade in the UK via a virus back. So in the process of doing that, we raised another £10 million. So the whole the total for the year was about 11 million. And since then we've just been it's been on that kind of mega scale up. So we're we're now about 40 people. We've onboarded as of about a month ago, 10,000 customers. But we've had a pretty significant growth curve since then. And yeah, it's sort of growing at about 100% a month currently as a business. And the way that is, is because we have a the simplest place really in crypto to deposit an existing portfolio or deposit traditional currency and start earning the highest yield you're going to find in in digital assets. So as I mentioned before, stablecoins at 12% probably have 50% higher yield than you'll get from our competitors. And Bitcoin and Ethereum at 7% again is about the same sort of 50% higher than you'll get if you go to other other competitors in the space. So that's that's making us stand out. We're obviously attracting a lot of assets because of that rate.

**Speaker2:** [00:12:20] Well, aside from the yield difference, what other differences do you have between you and your competitors?

**Speaker3:** [00:12:25] I think I think our size is actually a bit of a benefit. We're still although we've already got 10,000 customers and we're growing and we've been very, very keen to have a to be sort of overstaffed in our customer service team from day one. So we get amazing feedback from our customers around whenever they contact the team and reach out that our team does go to the nth degree to educate, to help, and to be to give a level of customer service. It really isn't sort of around in many places in crypto, you know, probably because a lot of companies in crypto have grown very rapidly and they completely outpace their ability to service the customer. That's something that we've been very aware of, that we want to give a really good service to every customer. So it sounds really simplistic, but it's something that's just not being done well in crypto. So I think that that's one main thing. The fact that we launched with not just sort of a web app, but we've also got an Android and an Apple app from day one, which a lot of a lot of companies have struggled to build out that kind of ease of use. So we've we've got all three platforms live and up and running in a very, very short order. It just means it's a lot more simple for customers to use and the ability to also deposit not just crypto but also just normal currency and convert that into cryptocurrency for no fee is another area. So we have like fee free exchanges on the platform.

**Speaker2:** [00:13:49] So what advice you give someone that engages here with your program?

**Speaker3:** [00:13:54] I'd say first, obviously do your own research and understand the risks involved in crypto and the fact it is a volatile asset. And then maybe pick from the assets that we've got on the platform, like trying to think about what's most appropriate for you. You know, as I mentioned, Stablecoins, you know, they're they're less, less volatile and they pay a higher yield. Or are you aiming for capital growth, in which case Bitcoin and Ethereum more volatile, more risky. But you hope you're hoping there's going to be a lot more price appreciation in the medium term. That's probably be the main things.

**Speaker2:** [00:14:23] Great. Well, when you started the business, what one thing happened that you didn't expect?

**Speaker3:** [00:14:31] I'd say it was quite interesting. We we had we had all of the money that we needed lined up. And then the market crashed by about 50% in May of last year. So one of the good things was we had all of the a lot of angels. Half of the round was was seed investors and kind of angels. And not one of them dropped out. They were just like steadfast, believed in the team, believed in the company, couldn't have asked for more loyal customers. And then we had another team which were VCs, and none of them picked the phone up to us in the market downturn. We then closed the round market, went back up again and they all came back. At which point we didn't need the cash. But, you know, I think there's a bit of a lesson that we were probably a little bit slow closing the round. And I think, you know, I was we had we had good relationships with all the investors that we were trying to get on board, but we kind of yeah, it meant that that kind of downturn when were at the at the point when we were beginning to hire people and things like that, that was quite, quite painful. You know, it was a good a good lesson for everyone. And I think we we retained a really good group of loyal shareholders on the back of it. So I think it was probably probably for the best.

**Speaker2:** [00:15:50] Great. So what online information source do you find most helpful in your work here?

**Speaker3:** [00:15:56] It's sad to say it's Twitter. I know that sounds ridiculous. But, you know, it's like the. That. I mean, the the the sort of the news flow and the insight that you can get from a curated list of of contributors on Twitter is the best place that you'll find for for crypto information. I mean, you can get generic headlines and sort of like generic industry information from the major sources like Cointelegraph and things like that. But if you want, if you want real kind of insights and alpha, it's a the community is really open. So it's like the best fund managers in the world telling you exactly what their process is for, for investing. And everyone does it in crypto. Everyone's very, very open about their strategies. So you can learn a lot by just following the right people and and doing it that way.

**Speaker2:** [00:16:49] I'd like to switch gears for a moment. You wrote the book, The Money Triangle. What inspired you to write it?

**Speaker3:** [00:16:56] I mean, it was a bit of it was a bit of a labor of love that I worked at this fintech for for four years. And as I mentioned, we were kind of running around the country

trying to help people manage their money. And over that four year period, probably, you know, interviewed about 10,000 people and took them through this this tool. And, you know, it was pretty if I'm honest, it was pretty depressing stuff. You know, most people get to the end of every month. They've they've spent everything that they've earned. They're slipping more into debt. They're not saving enough. And they're they're kind of sleepwalking towards a dreadful retirement, which probably means they're never going to be able to stop working fully because they're just not going to be able to. So, you know, I guess whilst I was running around the country during they're spending a lot of time on trains as opposed to sitting there kind of watching Netflix. I was I was just started writing a book on the train. I pretty much exclusively wrote the book on public transport. Just going in between client meetings and just just basically writing down, just distilling the learnings from speaking to all these people around in just, just a few pointers how, how people could improve their basic financial knowledge based on financial circumstances. So yeah, it was it was really just from from that experience.

**Speaker2:** [00:18:14] And who's the primary audience you were writing it for?

**Speaker3:** [00:18:18] I think it's it's kind of a it's I wouldn't say it's a pretty broad audience. You know, it's because the the level of kind of financial understanding of most people and it was sort of pointed towards a UK audience. But, you know, I did try to make it more global with sort of referencing a lot of us kind of financial concepts and things like that. You know, it's anyone who's not really sure about how to how to get on top of their finances. Maybe they feel like they're slipping a little bit. You know, they they need some pointers around how to spend their money a little bit more wisely. They're, you know, they don't know how to if they're investing their money, where to put it. And maybe they're kind of sitting there thinking, should I do a side hustle to try and improve what I earn? Or, you know, how do I make sure I'm next in line for kind of the the promotion of work, these sorts of things? And those are really the three sides. It's like how you spend it, how you save it and how you earn it. It's trying to have all all three of those sort of sides of the money triangle together. Is is the idea of the book great.

**Speaker2:** [00:19:24] And so what surprised you the most when you wrote it?

**Speaker3:** [00:19:28] I think how difficult the editing process was. I think that kind of sits there going back and kind of fine tuning everything was writing it. I think I probably wrote in about



three months, but then probably edited it over about 9 to 12, I think. You know, just having to go back and over and over again and trying to get feedback from other other people. That was the real killer. But yeah, that was the most surprising part.

**Speaker2:** [00:19:57] What was the most important takeaway you found in the whole process?

**Speaker3:** [00:20:02] I think just I mean just to get started. So stuff like this, I speak to so many people who say, oh, I wish I write a book, I wish I could write a book. And they say, Well, you can just write like two or 300 words a day and you'll, you know, you'll have one in six, 6 to 9 months. Yeah, I know. That's Yeah. 200 words a text. You probably text more that on WhatsApp every day so it's you know like. It's just got to stop. I think most people overthink things and, you know, don't get started. And it's the same with founding a crew. You know, I could have just we could have just sat there and thought about it for a very long time, but we just started something and that then snowballed. But it was yeah. Just just just trying to get that catalyst, not, not mess around and sort of like, overthink it. Just, just try and get something out there, kick it off and then, you know, that's kind of the first step.

**Speaker2:** [00:21:00] So based on this experience, what would you consider writing next?

**Speaker3:** [00:21:05] I think it would had to be about crypto now. Oh like and I'm hope I'm hopefully it's going to be about how the story of how we we we went from a you know, a PowerPoint in January of last year to \$1,000,000,000 company in the next year. You know, we've got the past in front of us and we're scaling rapidly and we're in that kind of super, super high growth phase, which is really exciting and the lessons that we learn in the process. But, you know, I'd love to think that it's kind of ours to screw up at this stage. We've got a great platform and amazing team. The customers are loving the products and I'd like to think we're doing a very good job for them. So we're going to hopefully continue to grow at that kind of rapid pace and. Yeah. With any luck, that would be the next book.

**Speaker2:** [00:21:53] That's great. Well, the last 2 minutes that we have here, what should we cover that we haven't?

**Speaker3:** [00:21:59] I just think I'd encourage people to maybe look at crypto for the first time, but look at it in a different light than maybe they have done previously. You know, try and think about. Crypto as an asset class like stocks and shares and bonds. Don't think of it as kind of fun money and gambling money because that's the easiest way to lose money in the space. So I would I'd encourage people. This is an area that's growing. It's one of the most exciting areas of finance at the moment, and it's probably worth educating yourself on the topic. And we have educational material on our website and we we encourage people to do that before they ever look at investing. But I think this this is going to be an exciting part of finance that everyone is going to touch one way or another for the next decade. So it probably makes sense to try and be early and understand it and then educate those around you, because it's going to be very frustrating if you don't.

**Speaker2:** [00:23:04] Great. So how best for listeners to get back in touch with you?

**Speaker3:** [00:23:08] I think the best way is to probably go onto the site, which is a cru io aq io io. Eye contact. We've got an intercom there, which, you know, I read all of the messages that come through that. And we've got a really, really helpful customer service team that can that can help everyone. Yeah. Or reach out to me on LinkedIn is the best way. I always like to hear feedback. It's the it's the breakfast of champions. So we like the we like feedback. So, you know, keep it coming. We'd love to hear from from the audience.

**Speaker2:** [00:23:39] Great. Well, we'll include those in the show notes. I want to thank you for joining us today and hope to have you back for a follow up soon.

**Speaker3:** [00:23:45] Thanks so much. Appreciate it.

**Speaker1:** [00:23:48] Investor Connect helps investors interested in startup funding. In this podcast series Experience, investors share their experience and advice. You can learn more at Investor Connect dot org team. Martin is the director of Investor Connect, which is a 503 nonprofit dedicated to the education of investors for early stage funding. All opinions expressed by hall and podcast guests are solely their own opinions and do not reflect the opinion of Investor Connect. This podcast is for informational purposes only and should not be relied upon as a basis for investment decisions.

