

CRYPTO TOKEN



Episode 134: Jacqueline Kwok On A Superior Crypto Wallet

- Kelley Weaver: Welcome to Crypto Token Talk, a crypto 101 podcast exploring how blockchain applications like bitcoin, ethereum, and other crypto assets could change the world. Learn from blockchain experts, thought leaders, and founders of some of the most innovative companies and world-changing ideas of our time. I'm your host, Kelley Weaver, CEO of Melrose PR, a leading blockchain communications agency. Thanks for joining us today. Today I'm here with JK from Arcana. Welcome to Crypto Token Talk.
- Jacqueline Kwok: Thank you, Kelley, so much for having me.
- Kelley Weaver: Tell us a little bit about who you are and how you first discovered crypto.
- Jacqueline Kwok: Of course. My name is Jacqueline Kwok, but I go by JK. My background is mostly in finance, actually. The bulk of my career has been in private equity. I've lived in different places, I went to school, grad school in France and Singapore. Most recently, I was working at VMware, which is one of the more old school, OG Silicon Valley companies.
- Jacqueline Kwok: I first discovered bitcoin when I was living in China, working in China in 2013. A lot of people, Chinese people specifically, were using bitcoin to transfer their Chinese RMB out of the country and into bitcoin. I thought, "Oh, that's really cool." I didn't know what it was. I started going to meetups and getting people to explain that to me multiple times until I got it.
- Jacqueline Kwok: When I did get it, I was like, "Okay. I'm excited to get it." I saw the price go from \$500 to \$800, and I was like, "Oh, my God. This is super exciting." I started Google-ing how do I buy bitcoin, and I realized that I had to download some weird software onto my computer and then copied my private key onto a piece of paper.
- Kelley Weaver: This was 2013?
- Jacqueline Kwok: This was 2013. At that point Coinbase wasn't in Asia or China, so I was like, "Okay, this is too much work. I don't need this," so I just moved on. Then the Mt. Gox hack actually happened, and I went, "Ha ha! I'm glad I didn't invest."
- Jacqueline Kwok: Fast forward until 2016 or so, I had graduated from grad school and I started looking at emerging technologies, and blockchain was one of them. Then I started Google-ing. I'm like, "Oh, what is blockchain?" I realized that bitcoin and

blockchain are things that go hand-in-hand, because bitcoin, on top of the crypto currency, is also the name of the blockchain.

Jacqueline Kwok: I looked more into that, went down the crypto rabbit hole, and had the awakening. I thought smart contracts was the coolest thing. Having spent some times in other countries, there's a strong need for having a currency that works everywhere in the world. I was very bullish on that, but I realized that now's not a good time for me to work in it because, back in 2016, there wasn't a huge need for financial people, finance or business people, so I waited and I started working at VMware.

Jacqueline Kwok: During that time, a couple of my crypto-enthusiast friends reached out to me and said they were working on a project. I thought, "Well, cool. I'd love to learn more and carry on the conversation." Then they slowly explained it to me until I understood and slowly pivoted the product as we were going. By the time it got to a point where I was comfortable to join, I just took that crypto leap of faith and joined what is now Arcana.

Kelley Weaver: Very cool. I love that you learned it at different points, but didn't make the leap until there was a natural fit. It's interesting. I love how the industry evolved so quickly, where just two years ago, there wasn't that much of a need for business people-

Jacqueline Kwok: No, [crosstalk 00:03:31].

Kelley Weaver: ... but now it's like we're-

Jacqueline Kwok: Where are all the business people, basically?

Kelley Weaver: Tell us a little bit more about Arcana and what you're doing now?

Jacqueline Kwok: How we envision Arcana is basically your cryptocurrency home. With that said, our first product is the Arcana Wallet. It's a custodial multicurrency wallet. At launch, we will support bitcoin, litecoin, ethereum, ERC20 tokens, neo, and nep5 tokens, which, collectively, as it being 500-plus tokens.

Kelley Weaver: Wow!

Jacqueline Kwok: Yes. All of this is powered on top of our Smart Vault technology, which is, in short, distributed cold storage, which is the most secure way to store your crypto assets today.

Kelley Weaver: Can you explain to us what cold storage is?

Jacqueline Kwok: Of course. Whenever you generate a wallet, so to speak, there's a public address and a private key that you need to access your public address. That key pair, where it's generated on a computer is very important because the

definition of a hot wallet is that key pair is generated on a computer or device that has internet access. "Generated" is not the most technically appropriate term, but for all intents and purposes, we'll use the word "generated". For cold storage, the key pair is generated on a machine that has never been exposed to the public internet.

Kelley Weaver: Because if it had been, then people-

Jacqueline Kwok: Because if it happened, then it's susceptible to all sorts of cybersecurity risks and at a much higher risk of being compromised.

Kelley Weaver: You're an easy way for customers like myself or any consumers who may not want to go to all this trouble to set up an offline computer to be able to have the safety and security of cold storage without having to go to all that trouble.

Jacqueline Kwok: Exactly. A lot of crypto enthusiasts have been going through that trouble, myself included, in buying hardware wallets, which is a form of cold storage. Another form is paper wallets, which are really just someone copying down the private key and public address on a piece of paper and just calling it a day, because a paper is not connected to the internet.

Jacqueline Kwok: The existing solution is hardware wallets, which are Ledger Nano S's or Trezors. Those are good for what they serve, but I think in order to realize the mass market adoption that we all want, the average user isn't going to spend €92 or pounds to buy a USB dongle that they could potentially lose.

Jacqueline Kwok: That's my main problem with it. From a personal standpoint, I'm a forgetful person. I don't want to have to worry about a very small item and two pieces of paper that have my recovery seed phrase on it.

Kelley Weaver: Yeah. What are some of the most exciting features of Arcana? I know what you just described is only one of the features that you're going to be rolling out. What are some of these features and what are you most excited about?

Jacqueline Kwok: The existing wallet, the most exciting thing, I think, is the Security+ liquidity. I can go into that later because I didn't mention this before that the hardware wallet, you can only execute trades or do anything with it once it's plugged into a computer. We eliminate that friction there. That's a feature that I touched upon, but I'm most excited about.

Jacqueline Kwok: But there are other ones that are uniquely available to us because we are a custodian. We're able to allow our users to subscribe to trading algorithms so that their crypto earns passive income, instead of locking that away in a hardware wallet, which we think is the modern day equivalent of stashing cash in your ceiling and in your mattress.

- Jacqueline Kwok: A good asset is an asset that works for you, in my opinion. Arcana ... Well, this is just one feature. The trading algorithm would be available to our users and they can earn passive income from that. There's a couple other features that are pretty-
- Kelley Weaver: Instead of just sitting dormant and being susceptible to price volatility, you're using other people's expertise to piggyback on their trading algorithms and swapping actively while you're not really doing anything.
- Jacqueline Kwok: Exactly.
- Kelley Weaver: Sitting back and watching your portfolio grow.
- Jacqueline Kwok: Exactly, exactly.
- Kelley Weaver: That's pretty cool.
- Jacqueline Kwok: That is really cool. A couple other things that, along the same lines of earning passive income that are unique to the crypto industries, are claiming forks such as the future bitcoin cashes out there that forked from bitcoin.
- Kelley Weaver: Can you explain that a little bit? Because the listener may not know or familiar with what happened.
- Jacqueline Kwok: Basically, what happened was there's a disagreement between the bitcoin community, and a chunk of them decided that they wanted to copy the existing code and improve on it and create its own cryptocurrency, to put it in very simple terms. The existing bitcoin holders could earn this forked blockchain, which is bitcoin cash, and they could earn bitcoin cash if they set their account right correctly. We don't think that the average user, average investor wants to put in or invest in the mind space or technical learning in order to be positioned to earn that-
- Kelley Weaver: Or to claim that.
- Jacqueline Kwok: Or to claim that, exactly.
- Kelley Weaver: To claim what they-
- Jacqueline Kwok: To claim that fork.
- Kelley Weaver: Yeah.
- Jacqueline Kwok: Exactly.
- Kelley Weaver: Basically, your wallet, if there were any future forks, without having to go to the trouble of saying, "Okay. Well, I'm entitled to this much bitcoin cash because I

have this much bitcoin." Automatically that bitcoin cash would appear in their Arcana account.

Jacqueline Kwok: Exactly.

Kelley Weaver: Very cool. On the website, you state that your wallet is insured and compliant. Can you elaborate on that?

Jacqueline Kwok: Of course. Our wallet is from our minimum viable product initial product launch. All users' accounts would be insured to up to \$10K. We're doing that through a third party insurance, because if you look at existing bank accounts, there's FDIC insurance, and there isn't such a thing for crypto, so we just thought we should do that for our users to protect them.

Jacqueline Kwok: Compliant because we strive to be long-term operators in this industry, and we need to be on the good side of regulation and the law. With that said, we're also making all of our users go through a KYC/AML process, which is know your customer and anti-money laundering process, in order to ensure that all the assets, all the crypto within our ecosystem is clean to protect our users and to protect our future partners.

Kelley Weaver: Okay, great. Along with these security measures, is it a requirement that I have to put in my KYC, or can I set up an account without that?

Jacqueline Kwok: I think currently you have to go through KYC and AML. We will be airdropping our token to incentivize people to actually go through with that. We understand that from a business standpoint, this is not the best for user growth, but we want to protect our users and be compliant. That is a high priority for us.

Kelley Weaver: But it would be the same as like a Coinbase, for example. You have to provide your information?

Jacqueline Kwok: Yeah.

Kelley Weaver: That's not entirely unusual.

Jacqueline Kwok: Exactly, exactly.

Kelley Weaver: Then being able to access your crypto holdings anywhere and anytime is one of the biggest components of owning crypto. Do you plan to make your wallet mobile friendly, or how can people access their funds on the go?

Jacqueline Kwok: Of course. Right now our MVP launch, minimum viable product launch, will be on a web app that you can view also on your mobile web browser, but because we are anxious to get our product out in the most compliant, functional way, we opted for a web application, because it is faster. But for the listeners who are a little bit more tech-savvy, we're building our product on WiAct, which makes it

easier to port over to a mobile application. That is definitely in the product roadmap.

Kelley Weaver: Cool.

Jacqueline Kwok: That's more of a Q4 this year timeline.

Kelley Weaver: Cool. The steps are being taken so that when that is available, you can make that leap.

Jacqueline Kwok: Absolutely, absolutely.

Kelley Weaver: Very cool. Will Arcana have a token?

Jacqueline Kwok: Arcana will have a token. It is used for a half off ... We'll, it's a half off coupon for all services provided on our platform. For example, subscribing some of your crypto to a trading algorithm. That half off coupon would be used towards that, because we will be charging our users a fee.

Kelley Weaver: Okay. I think you talked about this already, but when you first launched, you were going to be supporting you said almost 500 different tokens, so bitcoin, litecoin. Which others?

Jacqueline Kwok: Ethereum and ERC20, neo and nep5. With that said, you will have one ethereum address for all the ERC20 tokens as well.

Kelley Weaver: Then in the roadmap, is it too early to tell what others you're going to support?

Jacqueline Kwok: No, we aim to be the all-encompassing wallet because I think there are some very important factors that go into downloading a wallet or using a wallet. Number one is security. The second thing, I think, the most important thing is full coin support, because I want all my assets in one place so that I don't have to go to three abstracts to see what I have maybe and then syndicate all that offline in an excel spreadsheet that I built for myself.

Jacqueline Kwok: With that said, the next up would be eos icon, ICX, and ripple, I believe. But in terms of the coin prioritization, we would love to engage our community to see which ones we should prioritize. Hopefully, we're getting things right because we're out there servicing people who are supporting this industry at large.

Kelley Weaver: That's great. You're really looking to the community for them to give you feedback on like, "Hey, I want you to support this token."

Jacqueline Kwok: Exactly. We have the basics. What next, we need your help.

Kelley Weaver: Very cool. Do you have a Telegram channel?

- Jacqueline Kwok: We do have a Telegram channel. It's Arcana Wallet. Just t.me/arcanawallet.
- Kelley Weaver: Cool. Is that a good place for people to ask questions?
- Jacqueline Kwok: Absolutely. That is the place that we prefer that people ask questions because they have a direct access to the management team. We actively manage that community channel.
- Kelley Weaver: That's great. That's a great resource for everybody. What can the community look forward to this year throughout the rest of 2018?
- Jacqueline Kwok: Great question. The number one thing is just more coins. I think that we are off to a great start, but we're not done yet. There are so many other blockchains that we need to cover that are wildly loved by people in the industry.
- Jacqueline Kwok: The second thing would be some of the features that I mentioned earlier, such as hosting trading algorithms, being able to actually claim the forks that are about to come up, automatically doing maintenance swaps for ERC20 placeholder tokens when a lot of some of the projects use ERC20 as their fundraising vehicle and have a place holder token that will be switched into their own token when their own mainnet launches. We're going to be there for that and make sure that all our users are able to capitalize on those profits.
- Kelley Weaver: You mentioned with the token aspect that it's going to be 50% off of the trading features. Are the other features also paid, or what can the users expect to pay for versus be free in terms of functionality on the wallet?
- Jacqueline Kwok: I think that there'll be different pricing tiers that we're still hashing out. We're actively taking feedback from our customers to see which ones they're willing to pay for and for how much. Ideally, we want to be a sustainable business so that we can stay there and actually keep our customers safe, customers' assets safe, because everything that we earn will be reinvested back into making sure our security is as robust as we claim.
- Kelley Weaver: Okay. One question that I like to ask all of my guests on the podcast is there's so much noise and news in the space constantly. Where do you like to get your news and where do you get your information? Are you someone who geeks out on social media or do you read traditional news sites? Where are you looking to get your information, going to meet ups? There's so many different avenues. I'm always curious.
- Jacqueline Kwok: I do a little bit of everything. I listen to various podcasts, this one included, just to learn how to better communicate certain topics in a very simple, easy to understand, easy to digest kind of way. Unchained is also another good podcast to stay on top of the industry. Also, various news sites. I have a preference for CCN.com. I also subscribe to just interest groups with my friends who have Telegram chats, and we share news with each other that spans across the globe.

I have some Korean friends, some Chinese friends. We all talk about different things that are related to that specific market so that I can get a global view of what is happening.

Kelley Weaver: You mentioned earlier that you love Medium as a content consumption.

Jacqueline Kwok: I do love Medium, yes. I absolutely read Medium a lot. There's a lot of good thoughtful articles on the crypto and blockchain space that is published on Medium actually.

Kelley Weaver: I feel like that's a great resource and really authentic content from the source.

Jacqueline Kwok: Exactly, exactly.

Kelley Weaver: And a good place to discover things.

Jacqueline Kwok: Absolutely.

Kelley Weaver: Those are all great suggestions. I think it's cool that you have this global background. I think that probably plays into your perspective of the industry so much, it's so global.

Jacqueline Kwok: Absolutely. Because of that, I'm able to see how much value is yet to be unlocked because of what blockchain can do and what crypto currencies can do. Before we realize that world, we need a safe place to store it because that's step one, to ease the friction and to provide that peace in mind and time save in order to propel this industry into the next wave.

Kelley Weaver: Yeah. What do you think it's going to take to get us to the next wave [crosstalk 00:17:50]?

Jacqueline Kwok: Really great design. I think design is going to unlock the next batch, because if you factor that in, the whole reason why, for example, Coinbase's a success is because their user experience is very easy compared to the wallet approach that I first mentioned when I was introducing myself. I don't think that many people would want to download a random software onto their website and then write down your private key on a piece of paper. That is [crosstalk 00:18:21].

Kelley Weaver: No, I would have gone [crosstalk 00:18:22] in the first five minutes.

Jacqueline Kwok: Exactly. Me, too. I don't trust myself enough to manage that, to be very honest with you. I would rather have someone else worry about it for me.

Kelley Weaver: That's how I make peace with ... I was exposed to it years ago, but disregarded it. I made peace with that, the fact that I probably wouldn't still own it now one

way or another, whether it was losing it in [inaudible 00:18:44] or losing the peace of paper that I wrote down or forgetting my password or whatever.

Jacqueline Kwok: Exactly, exactly.

Kelley Weaver: I think it would have been a long shot, so it's okay.

Jacqueline Kwok: Yeah. You hear stories like that one guy in England who lost his laptop that had his bitcoin wallet and had to go to the dumpster to go find it. Let's not let that happen again.

Kelley Weaver: Exactly.

Jacqueline Kwok: We are willing to be held accountable for people's assets, and we think that this is through a good product that's easy to use would unlock the next batch.

Kelley Weaver: Yeah. You mentioned to me that it's going to be very design-friendly and user-friendly.

Jacqueline Kwok: Yes, absolutely. Absolutely. The things we care about are what coins we have, how is my portfolio doing. As long as we provide that in a very user-friendly way, I think we'll be able to speak to a lot of people and allow a lot of people to invest in this new asset class.

Kelley Weaver: Yeah. Is it going to be easy enough for me to explain to my mom how to use?

Jacqueline Kwok: I think once you walk your mom through it. Because of our user-level security, we're making everybody go through a 2FA process. I don't know how tech-savvy your mom is, but in regards to 2FA, it's pretty standard now, but it's still not just the username and password, which is necessary, I think.

Kelley Weaver: Right, which is ultimately ... Exactly. Trust me. With all of our email accounts, we require that, too.

Jacqueline Kwok: Exactly. 2FA is an industry standard now. We're making them do it, but I don't know if a grandma knows how to do 2FA.

Kelley Weaver: For sure, yeah. But easily explainable.

Jacqueline Kwok: Easily explainable. Once you show them once, they'd be like, "Oh, okay. This makes sense."

Kelley Weaver: Yeah. Great. Well, thank you so much. This has been a really fun discussion. I'm really excited to play with the product. How can people keep up with what you guys are doing and keep up with you personally?

- Jacqueline Kwok: Of course. Like I said, the Telegram channel is great to keep up with the product. Also, Twitter and Medium and Steemit. We're all at Arcana Wallet. Me, personally, I'm on Telegram as well. I manage the Twitter account, so that has direct reach to me. My personal Telegram handle is NotJK.
- Kelley Weaver: Love it. Well, thank you again for taking the time.
- Jacqueline Kwok: Thank you so much, Kelley. I appreciate it.
- Kelley Weaver: That's all for today's episode of Crypto Token Talk. To learn more about blockchain and keep up to date with this fast-paced industry, subscribe at cryptotokentalk.io where you can also find today's show notes. If you have suggestions for topics or guests, please drop me a line on Twitter at [CryptoKelley](https://twitter.com/CryptoKelley), or you can follow the show on Twitter at [CryptoTokenTalk](https://twitter.com/CryptoTokenTalk).
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