AURORACOIN IN THE SPOTLIGHT: AN INTERVIEW WITH MICHAEL HANNES

The bi-weekly EWMCI Coin News Brief focuses on highlighting our member projects, ranging from individual coins to participating exchanges. This service chronicles important current events, with emphasis on new and exciting developments. Our guest this week is Michael Hannes of Auroracoin, a pioneering crypto project based in Iceland. Important highlights of our interview include latest developments with Auroracoin and ongoing efforts to educate the public on cryptocurrency as a viable exchange option, with focus on wider adoption.

In a way of introduction, Hannes was born in Iceland before moving to the United States, where he became interested in computer programming at a young age, in the early 1980's. He subsequently went on to study Business Administration at the University of Texas before starting a career with a top-six accounting firm. His training and line of work, including software design, programming, and database skills, laid the groundwork for his participation in various cryptocurrency-based projects.

"I decided to return to Iceland in 2012," says Hannes. "I set up a shop in downtown Reykjavik, where I regularly interacted with local citizens and tourists from literally every line of work – politicians, merchants, you name it. These connections would quickly prove advantageous to my cryptocurrency work."

It was here that he was introduced to Auroracoin in early 2014, partly through some family connections. This quickly escalated, and as he became increasingly engaged with the project, Auroracoin became known around the world. Hannes emphasizes that his approach to crypto is principle-based, and that it is critical for him (and the project) to stay true to stated goals, through thick and thin.

In the early days, Auroracoin developers were operating out of Netherlands and Iceland, and were working with an increasingly greater number of Icelandic stakeholders. Due to capital controls introduced after the 2008 financial crisis, Icelanders found it near impossible to purchase Bitcoin and other cryptocurrencies. It was therefore logical for Auroracoin to become one of the first "national cryptocurrencies" in the World. In fact, in its earlier days Auroracoin made it to #2 in global coin ranking prior to the initial nationwide airdrop in March 2014.

However, because the price rose so quickly many Icelanders found it simply too tempting to "cash out" and convert their holdings to Bitcoin. Although the public, various vendors, and media were immensely interested in the concept, there was not enough momentum for Auroracoin adoption. Consequently, its value declined over time, leading to increasing amount of complacency.

Hannes continued, "In hindsight it was a truly successful experiment. Over 10% of Icelanders around the country claimed coins, all pre-mined coins are accounted for, cryptocurrency was introduced at the national level, and Auroracoin is still recognized to this day. Furthermore, merchants are gradually becoming more interested in crypto as a payment method."

In 2016, Hannes was approached to participate in a "Vice" documentary series on wealth, sponsored by the United Bank of Switzerland. Through these kinds of efforts, as well as the promotion of "Auroracoin101," Hannes is able to build awareness and maintain essential functions of the Auroracoin Foundation. Even though the team is small, their unrelenting efforts are beginning to pay off in the area of citizen education on how crypto differs from fiat money.

"The Icelandic community is small, and not unlike other places around the globe, citizens can sense when something is wrong with the economic model. They intrinsically want other options that may be better, options that evoke freedom. Yet until now there has not been a concerted effort to truly educate the people, to work with them and to talk about these issues from the standpoint of realistic alternatives."

Part of today's ongoing educational mission by the Auroracoin team includes providing more detailed clarifications of how crypto works, especially for the average person who is trying to learn and understand more. Many people worry about things like the “51% attack,” where tremendous amount of hashing power enables the “bad players” to create a “parallel ledger” and alter transactions. However, the way Auroracoin is built, utilizing a rules-based multi-algorithm blockchain, makes a “51% attack” extremely difficult, and thus highly unlikely.

Another important aspect of the initial Auroracoin distribution was the large airdrop, with millions of coins distributed amongst the Icelandic population. Yet not every coin was claimed, thus leaving a large number of coins to be “burned” or irretrievably lost. In fact, about 50% of all pre-mined Auroracoins were destroyed. In effect, the value of all other outstanding Auroracoins has increased due to the immediate scarcity related to the “burn”. This was in early 2015, at the same time the Auroracoin Foundation (now the Icelandic Blockchain Foundation or IBF) was formed, multi-algorithm support was added, and the project was promoted and re-presented to the nation.

“Because of the burn”, said Hannes, “Any fears of the developer holding onto substantial number of coins have been alleviated.” It also gave the project international credibility. He continued, “Yet although Auroracoin is used worldwide – South Africa, Vietnam, Australia – at present we are looking to keep it aligned, tailored, and growing within the Icelandic microcosm. It is designed with the understanding of local banks, regulations, citizen concerns, etc.”

Interviewer: “So, it is a coin with strong name value and global propensities, with a present-day focus on Iceland?”

Hannes: “First and foremost, it is for the Icelandic people and also to serve as a model for crypto projects elsewhere. As we continue our work, I think it will be easier for us to build and expand various positive aspects of Auroracoin into our community, and thus foster continued positive perceptions.”

Brand recognition is very important, and Auroracoin is a highly recognizable brand. Significant resources are dedicated to promoting our brand, including efforts by the Icelandic Blockchain Foundation (ibf.is) which also incorporates the Icelandic FinTech Cluster. In fact, approximately 70 entities participate in the above initiatives.

Despite significant external pressures, Hannes and the Auroracoin team stayed true to the original promise and purpose of the project. They kept the development team lean and efficient. They managed to maintain project visibility, good reputation, and ongoing adoption efforts. “If you believe in the idea of a strong alternative for Iceland, something you can purchase goods and services with – Auroracoin is perfect. It is fast, with 1 minute block confirmation times – excellent for face-to-face payment.”

Hannes continued, “Right now we’re working on some new wallet improvements. We have delivered new updates every year, including latest web security standards, and new merchant tools – making it easier to make partial payments, issue refunds, and accurately track transaction history. We are also working with local and international exchanges. Our current “Winter 2019 Campaign” will include new improved website and increased social media presence. This will help enhance our general public education campaign and promotion among university students. And with “Auroracoin 101” working alongside the IBF and the new FinTech cluster, we now have – for the first time in five years – a community liaison with development experience. All of this will translate into greater visibility.

Despite some challenges over the years, Auroracoin has weathered downturns quite well. Even though our team is relatively small, we have some important allies. The huge help from the Icelandic Blockchain Foundation (www.ibf.is) cannot be overstated, and has presented to us many valuable opportunities.”

Interviewer: “What are some of the new developments you would like to share with our readers?”

Hannes: “There are several. Auroracoin recently halved the mining reward. This means that there will be increasing scarcity of new Auroracoins, with fewer coins mined each day, even if the overall network capacity was to increase.”

“Among other exciting new things, there is the work by our team we previously discussed, including new wallet and other related developments. We hope that adding new features to Auroracoin will increase its adoption. We are also hopeful that we will continue to develop and grow our relationships within the Icelandic political and regulatory landscape, as well as building important partnerships with the retail and tourism industry. I believe it will only take a few more merchant and brand partnership wins for both the local and crypto communities to take notice."

On a more personal note, Michael shares: "As we engage lobbyist and grow our footprint, time for reflection becomes scarce. For the past two months, I have worked with fishermen, an experience that gave me a unique perspective on life." He continues, "Community engagement is all about people, and Auroracoin is truly a special way of connecting everything and everyone – merchants, citizens, politicians, and others. In this sense, we are growing in a unique way in that we do not equate growth with 'moving away' from our foundational goals. Rather, we move forward with the Icelandic people at our side."

Today Auroracoin continues to mature and develop, including the building of population-wide awareness through the IBF. "Our original hopes of providing an alternative and independent financial system to Iceland have come true as Auroracoin is a recognized as legal payment alternative to the Icelandic Kronur, whereas new blockchain projects face significant regulatory hurdles. We are also working actively on considering 'green energy' and environmentally-conscious policies – an effort that would involve, for example, Icelandic national parks and tourism industry. Auroracoin is truly a national experiment, leveraging connections, growing organically, and now moving into the avenues of academia and the booming tourism industry."

"Looking ahead," said Hannes, "There's no better time to invest energy and resources in the project than now! Our collective network of connections and the strength of the Auroracoin community are moving in tandem, creating tremendous local momentum for growth. We are now exploring the very real possibility of our college graduates being well-versed in blockchain technologies. Moreover, tourists being able to stretch their spending budget using Auroracoin may have truly incredible implications. Again, there is no better time to get involved!"

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