



# THE BIGGER PICTURE



## AI & Crypto: A Match Made in Heaven?

## Table of Contents

<b>Executive Summary</b>	<b>3</b>
<b>The Upside</b>	<b>4</b>
● ● ● Breaking the Big Tech Monopoly	4
Why Not Just Pay \$20 for Claude?	4
● ● ● Agentic Economy	5
● ● ● Owning a Piece of the Cloud	5
<b>Wild Cards</b>	<b>7</b>
● ● ● The Incentive Trap	7
● ● ● Provenance Versus Truth	8
● ● ● Double-Edged Shield	9
<b>The Downside</b>	<b>10</b>
● ● ● The Speed and Stability Gap	10
● ● ● Regulatory Risks	10
● ● ● The Resource War	11
<b>Projects to Watch For</b>	<b>13</b>
<b>What Does This Mean For You?</b>	<b>14</b>

## Executive Summary

AI and crypto are the two most disruptive technologies of our time. They are also increasingly building on each other and the implications are bigger than most people realise.

This report cuts through the hype to ask a simple question: does the combination of AI and crypto actually make them both better? The answer, as with most things worth asking, is complicated.

AI needs compute, identity and financial rails. Crypto needs intelligence, users and a reason to exist beyond speculation. On paper, they complete each other perfectly. In practice, the relationship is messier, more contested and more interesting than either side admits.

At the time of writing, Bittensor's TAO had just seen a leading contributor publicly exit the network over governance concerns. Separately, Anthropic chose not to release its most powerful model, citing capabilities it considered too dangerous to deploy.

The questions this report asks stopped being academic while we were writing it.



## The Upside

The convergence of AI and crypto is not just theoretical; in several areas, each makes the other meaningfully more capable. The following is where theory meets practice.

### ●●● Breaking the Big Tech Monopoly

Amazon Web Services (~30%), Microsoft Azure (~20%) and Google Cloud (~13%) together control over 60% of the global cloud infrastructure market. They dictate the terms of AI development.

Renting a high-end NVIDIA H100 GPU on a major cloud platform runs between \$4 and \$8 per GPU-hour, a figure that quickly filters out small players before they begin.

For resource-constrained teams, the savings on offer from decentralised providers are not marginal as the chart below shows.



*Huge difference in prices for GPU-per-hour between centralised and decentralised clusters.*

### Why Not Just Pay \$20 for Claude?

If you subscribe to Claude, ChatGPT, or any major AI service, you are a renter. You pay a monthly fee for access to a model someone else owns, controls and can update without your consent. If the company decides your prompt is unsafe, it gets blocked.

Decentralised compute offers a different arrangement. For a comparable cost, you can rent infrastructure directly and run open-source models. Networks like Bittensor go further training models across distributed nodes, with no single company controlling the output.

However, this is not primarily an argument about money. It is about who controls the most powerful technology in human history. If the answer remains three companies, the decentralisation thesis fails at its most fundamental level regardless of any tokenomics.

## ●●● **Agentic Economy**

AI agents are increasingly capable of doing real work – researching, hiring, transacting and optimising. But without a financial identity, they hit a wall that crypto conveniently removes. An agent can operate with resources without needing a human intermediary.

What makes this more than theoretical is the payment infrastructure. Blockchain already enables micropayments at machine speed – fractions of a cent with near-instant finality. Smart contracts provide the guardrails: a user defines the boundaries and the agent is unable to exceed them. Autonomy without oversight becomes a much easier sell.

The relationship works in reverse too. Crypto has always had a complexity problem and most people never get past the first step. AI changes that. Instead, users can simply use AI agents to navigate the complex crypto universe.




If AI is the brain of the new economy, crypto is its blood. One provides the intelligence to make decisions, the other the permissionless rails to execute them.

## ●●● **Owning a Piece of the Cloud**

Buying GPUs is expensive and the hardware depreciates. Renting from AWS is flexible but you build no equity. Until recently, those were the only two options.

Blockchain introduces a third. Protocols like Compute Labs and Aethir allow investors to buy fractional ownership of real GPU clusters. Those GPUs get rented out to AI companies and the rental revenue flows back to token holders as yield. When an investor wants out, they sell their position on a decentralised exchange. No lock-in, no depreciation risk.

Aethir operates over 440,000 GPU containers across 94 countries and has connected its infrastructure to broader DeFi ecosystems, allowing staked assets to back real compute capacity. The business is real, but the question for investors is whether token demand can keep pace with a large scheduled supply expansion.

 <p><b>Buy hardware</b></p> <p>High cost, low flexibility</p> <p>Depreciates 30–40% per year. Difficult to resell at fair value.</p> <p><b>ILLIQUID</b></p>	 <p><b>Rent from cloud</b></p> <p>Pay as you go, own nothing</p> <p>Flexible, but you build zero equity. No residual value when you stop paying.</p> <p><b>NO OWNERSHIP</b></p>	 <p><b>Tokenised stake</b></p> <p>Earn yield, flexible exit</p> <p>Fractional entry. Revenue flows back. Exit on a DEX anytime.</p> <p><b>LIQUID</b></p>
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*Blockchain introduces a third way.*

The practical implication is straightforward: compute is transitioning from a cost centre into an asset class. One that can be owned, traded and exited like any other financial instrument.



## Wild Cards

Not all results of pairing AI and crypto are clearly positive or negative. Some depend entirely on how the technology is used. And by whom.



*Two sides of the same coin.*

### ●●● The Incentive Trap

Tokens can do something no company can: recruit a global workforce instantly. Anyone who contributes value to the network gets paid. The better your contribution, the more you earn. On paper, it is the most democratic system ever built for developing AI.

Networks like Bittensor and Grass demonstrate this decentralised synergy in action. While Bittensor uses a competitive subnet model to incentivise the development of AI models, Grass crowdsources the raw bandwidth needed to feed them.

But the flaw becomes obvious quickly. When tokens are the reward, people find the cheapest way to earn them. Grass has been flooded with fake nodes submitting junk data. On certain Bittensor subnets, validators and miners have been caught quietly rewarding each other's mediocre work.

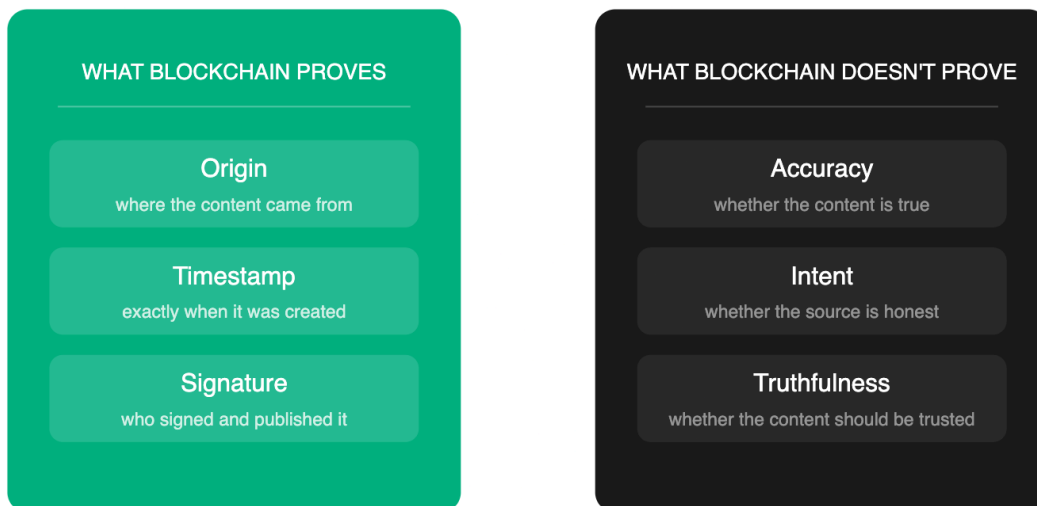
As more participants join, individual rewards shrink. The economics start favouring those running automated bot-farms over those doing genuine work, the opposite of the original intention.

This is the problem that determines whether decentralised AI becomes a global brain or just noise. The recent Covenant AI departure from Bittensor is a live case study in exactly this dynamic. When the incentives broke down, so did the decentralisation.

## ●●● Provenance Versus Truth

The core promise of digital provenance is the ability to cryptographically sign AI outputs, creating a permanent, verifiable record of origin. In theory, this allows a user to verify on-chain that medical advice or financial data came from a specific, certified model and has not been altered.

However, a verified badge only proves who signed the message, not that it was true. If a malicious AI agent generates a lie and signs it with its private key, the blockchain will accurately confirm the identity of the liar while the lie itself remains immutable.



*Verified is not the same as true.*

Unlike centralised platforms that can delete any content, including deepfakes, at any time, decentralised storage networks are permanent. This creates a systemic risk known as model collapse, a phenomenon documented by researchers at Oxford and Cambridge Universities.

Their findings show that when AI models are trained recursively on synthetic AI-generated content, they progressively lose the ability to represent reality, with rare but essential information disappearing first.

The industry is building an infrastructure that ensures the internet never forgets, without first ensuring that what it remembers is accurate. Provenance verifies origin, but it remains a human responsibility to decide if the source is worth trusting.

## **Double-Edged Shield**

AI is increasingly being used as a security layer for crypto. Instead of asking users to read complex code before signing a transaction, an AI reads it for them and flags or blocks anything suspicious. Ordinary users can for the first time interact with blockchains directly, without needing a technical background to stay safe.

But any AI capable of understanding a malicious transaction is also capable of being manipulated by one. Attackers can hide instructions inside a webpage or a transaction that silently reprogramme a user's AI mid-session, turning the bodyguard into an accomplice.

The structural flaw of autonomous AI agents is that they are often exploitable by design. When an agent can access private data, process untrusted content and communicate externally, it becomes a high-value target for manipulation.

This tension was brought into sharp focus in early April when Anthropic announced Claude Mythos Preview. A model so capable at identifying software vulnerabilities that the company chose not to release it publicly.

AI does not tip the security balance in one direction, it amplifies both sides simultaneously. The more powerful the tool, the more powerful the threat that it creates.



## The Downside

The positive case for AI and crypto is real, but so are the obstacles. Here is how the reality falls short of the vision.

### ● ● ● The Speed and Stability Gap

Decentralised AI is caught in a pincer movement: it is technically slower and economically less predictable than centralised alternatives. For most serious businesses, both matter enormously.

On the performance side, the physics are unforgiving. Centralised AI clusters use hardware where GPUs sit inches apart, communicating at extraordinary speed. Decentralised networks run over the open internet, which is significantly slower.

On the cost side, volatility is the enemy of adoption. Businesses need predictable expenses. Tokens like TAO or FET can swing double-digit percent or more on speculation alone. When your bill follows that curve, budgets become unmanageable. Until stablecoin denominated billing becomes standard, most companies will default to centralised providers.

There is also a structural irony worth noting. Many decentralised AI nodes are simply renting capacity from AWS or Google Cloud and reselling it on-chain. If the centralised cloud goes down, so does a significant portion of the decentralised network built on top of it.

Independence is, in many cases, an illusion. Until decentralised infrastructure can stand fully on its own, the networks promising to replace Big Tech are, in part, dependent on it.

### ● ● ● Regulatory Risks

Modern regulation runs on a single principle: if something goes wrong, someone is liable. Decentralised AI, by design, makes that person impossible to find.

The EU AI Act, coming into full effect in August 2026, requires any high-risk AI system in healthcare, finance or critical infrastructure to have an identifiable legal representative. In a network like Bittensor, that person does not exist. Institutions operating under the EU are effectively barred from using ownerless AI.

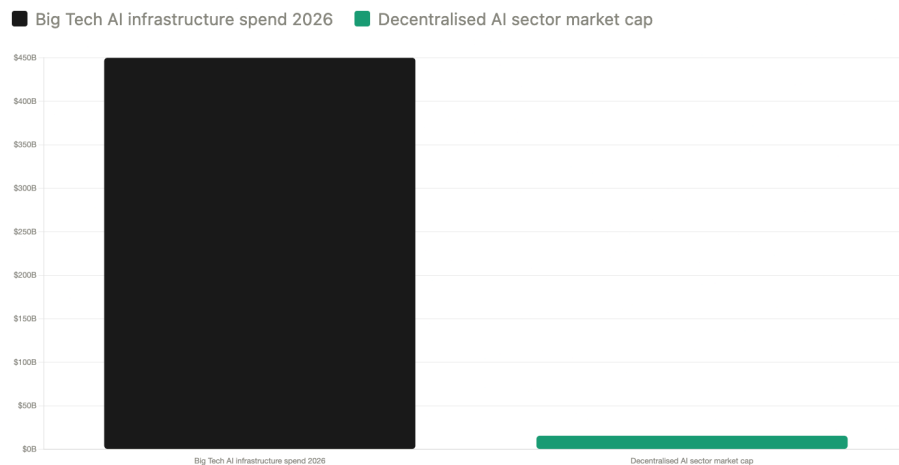
The US is moving in the opposite direction. The current administration dropped most crypto enforcement actions and signed the GENIUS Act into law, positioning the US as the most crypto-friendly major jurisdiction for crypto activity.

The contrast between these jurisdictions creates a fundamental divide in how the technology can be deployed. While the US leans into a light-touch approach, the EU and Switzerland have prioritised a compliance-first architecture.

An important implication on the Agentic Economy described earlier in this report should not be overlooked. The legal status of AI agents transacting autonomously, paying each other in crypto is unsettled under the EU and Swiss law as it stands today. For now, at least, the Agentic Economy exists in a legal grey zone that limits scale and adoption.

## ●●● The Resource War

Both AI and decentralised compute run on the same two things: high-end chips and electricity. The biggest AI companies are buying both faster than anyone else can compete.



Sources: company guidance and analyst estimates (Big Tech); CoinGecko AI category (market cap), April 2026.

*The entire DeAI market cap is dwarfed by Big Tech's 2026 infrastructure spend.*

Big Tech is projected to spend over \$450 billion on AI infrastructure in 2026 alone, pre-purchasing entire chip generations before smaller players can access them. NVIDIA now derives virtually all of its revenue from AI data centre infrastructure.

For decentralised networks like Akash or Bittensor, which depend on competitive hardware access to undercut centralised cloud pricing, this directly undermines their core proposition.

Energy is the second constraint. Power grids in Northern Virginia and parts of Dublin are already at capacity, forcing permit freezes on new data centres. When energy is scarce, the deepest pockets win first.

Bitcoin is largely insulated, using specialised mining hardware that self-corrects when computing power leaves the network. The real squeeze is on the decentralised AI vision, which becomes harder to sustain when its physical inputs are being absorbed by trillion-dollar companies.



## Projects to Watch For

While there are dozens of tokens looking to ride the AI narrative, there are only a few with a more credible combination of real usage, architecture and relevant tokenomics. This is not an endorsement for any, it is just a rundown of projects that are on the radar of the SwissBorg Investment team.

**Chainlink (LINK)** through its Runtime Environment (CRE) acts as the orchestration layer for the machine economy. It allows AI agents to coordinate off-chain logic that remains cryptographically verifiable on-chain. This provides a verifiable record that AI agents need to act on real-world data without the risk of manipulation.

**Bittensor (TAO)** mirrors Bitcoin's tokenomics with a 21 million hard cap, halving mechanism and no pre-mine. Pending Grayscale and Bitwise ETF applications represent a potential institutional demand catalyst, but the main concerns revolve around its governance, as portrayed by the Covenant AI departure at the time of writing.

**Venice (VVV)** is the leading platform for private, uncensored AI. Based on Venice's privacy claims, no prompts are logged, no outputs are filtered and no corporation sits between you and the model. The VVV token powers access to the network. Supply has been reduced by around 42% to date, initially through a burn of unclaimed airdrop tokens and now sustained by an ongoing buyback and burn programme.

**Render (RENDER)** connects GPU owners with those needing compute for AI inference, rendering and machine learning. It has a burn-and-mint model where when demand rises, burns outpace new emissions. In April 2026, a governance vote added approximately 60,000 GPUs to the network. Key risk is whether GPU demand grows fast enough.

**ASI Alliance (FET)** unites Fetch.ai and SingularityNET under one token to build infrastructure for autonomous AI agents that can transact and coordinate on-chain. It is one of the most direct bets on the agentic economy. The key risk is integration complexity - Ocean Protocol's exit in October 2025 showed that consolidation in crypto is easier to announce than sustain.

Every project in this space deserves two questions before any other consideration: does the network have paying customers and does the token capture any of that value? Most projects mentioned above have credible answers to the first. The second varies.

## What Does This Mean For You?

This report has covered a lot of ground. Here is what it means depending on where you sit.

**As an investor**, the AI/crypto thesis is real but uneven. The strongest near-term opportunities sit at the infrastructure layer. Compute networks, tokenised GPU assets and protocols with verifiable on-chain revenue. The distinction between a project with real revenue and one riding the AI narrative alone is increasingly visible on-chain and increasingly priced in.

The risk is token volatility and regulatory exposure, particularly for anything touching the EU market. Diversification across the thesis, rather than concentration in a single token, reflects the uncertainty better than conviction in any one name.

**As a user**, the most immediate change is already happening around you. AI agents are beginning to handle transactions, find yields and execute financial decisions on behalf of users who never read a line of code. That is genuinely powerful and risky at the same time.

The practical advice is simple: understand what you are signing before an AI signs it for you and keep meaningful assets in self-custody where the keys are yours alone. Alternatively, if self-custody feels out of reach, using a regulated platform like SwissBorg is a safer middle ground.

**As a business**, the regulatory question is the most urgent. If you operate under EU or Swiss jurisdiction, the agentic economy is not yet available to you in any compliant form. That is not a reason to ignore it. It is a reason to watch the US closely, where the regulatory environment is moving fast in the opposite direction.

The companies building compliant AI/crypto infrastructure today will have a significant head start when the rules catch up.

The convergence of AI and crypto is not a bubble waiting to pop or a revolution already won. It is an infrastructure shift in progress, uneven, contested and consequential. The question is not whether it matters. It is whether you are paying attention early enough to position accordingly.

