

# FinTech Talks

Issue 05  
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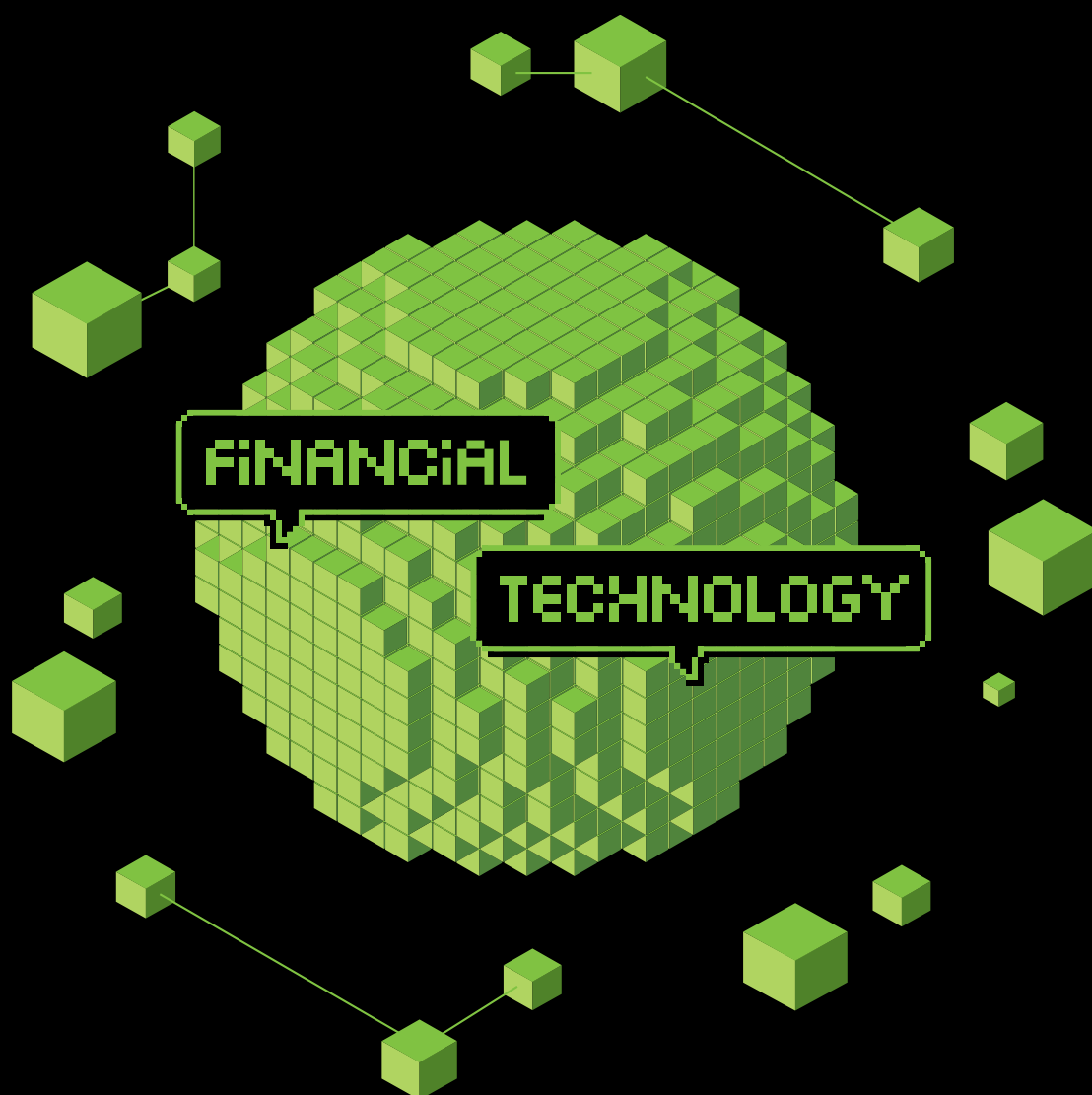
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05

# FSI in MetaFi: reinventing the game

How Web3, Crypto and NFT are driving Finance to the Metaverse



**NINO BERGFELD**  
DIRECTOR RETAIL ADVISORY  
& CO-FOUNDER WEB3 STUDIO, SALESFORCE



**MATTHEW GARDINER**  
FOUNDER A1 AI

**Please welcome Matthew Gardiner and Nino Bergfeld from the Salesforce metaverse in San Francisco. Nino, please introduce yourself in one minute.**

**Nino:** Hello I'm Nino I'm a Retail advisor and I'm with the company for 8 years. I work predominately in retails consumer goods at Salesforce, and I have another job, as many in the industry, or the newly born industry of Web3, where you meet people that always have not only one but 2 or 3 jobs. I have also 2 jobs, next to my retail job, where I have the pleasure to work with many retailers and global brands. I work in a Web3 Studio at Salesforce.

**Thank you, Nino. Matthew, please introduce yourself as well**

**Matthew:** Well, thank you. I advise on crypto exchanges for banks and central banks on acquisitions, and that goes quite widely on investment acquisitions and structuring around Web3. It's a very new science and great presentations today made my job a lot easier explaining exactly why the metaverse is so tangible. So, I am really glad to be here.

**Thank you. We have a financial services angle and an industry focused on retail angle. I have my own definition of Metaverse and try to beat that in terms of how you can explain it in a very balanced and gender equal way. So, my definition of metaverse is that "if NFT, Web3, decentralises apps and Internet are respectively Thor, Ironman, Black Widow and Spiderman, then Metaverse is The Avengers"**

**Matthew:** Quite right

**Now please give me your definitions of Metaverse**

**Matthew:** If you imagine Instagram 10 years ago, nobody could really imagine how interactive it would be; Metaverse is like that but more real time for me. I think there's a core of 3D in metaverse and lots of ancillary parts around it, therefore it really could be the new Internet. Nobody imagined that Instagram for example would be so effective and we're looking at having a new Internet, which is far more live and interactive and from a business point of view that's just means far more efficiency in business.

**Nino:** I would always put Web3 above Metaverse because I think for me this is the biggest theme and the biggest topic. I think the central concept obviously is ownership, which is what everybody needs to get used to and get a feeling for it. I think the other presenter earlier discussed about his younger brother, 13 years old, which is used to owning digital assets and spending virtual currency based on the blockchain and I think that this is the big concept that everybody needs to learn, and you can only learn it if you experience it and immerse yourself with that. I would say that it would be my definition. Obviously, you can go deeper if you think of Web3 is the umbrella: there is a metaverse angle to it and there is a virtual component as augmented reality component. I would even say that the headphones I'm wearing are a kind of a metaverse, an audio-verse. And then you have NFTs, and you have cryptocurrencies and luckily DAOs I would say. So this is my framework.

**So guys in terms of what is going to happen in the second part of the event, we will start with the macro, and we will go to micro, from the definition of business to clients doing stuff with and within the metaverse. So, let's start by asking ourselves and then sharing with the crowd, since when did metaverse become a thing in financial services and in the industry space? Please take whatever example you want, make a little bit of a genesis, and add also why it is relevant.**

**Matthew:** Metaverse really came onto the scene last year, when Facebook was renamed to Meta. The search level went up in October and it really was the year for kind of widespread recognition. Beyond that, it's been really a thing since about 2016. The first book - Snow Crash - was out in 1992 and many various claimants have their first NFTs. I guess it's quite immaterial for many, that's kind of insider thing. Since last year it's been recognised as something very tangible; one of first entities apparently produced it in 2006 but there was no infrastructure around it to support it; what we see now is a live infrastructure. Further, we have also crypto being a very big thing. The best biggest attribute with crypto at the core is its live encryption so it can enable a lot of communication and transaction in quite a secure way. So, this is my answer, since last year for most people it became a tangible thing, and the starter move by Facebook in that direction has been highly influential.

**Nino:** I would also go with that. I would say for most people this has started up last year. I think if you especially look at the luxury brands/retailers like Gucci or Adidas from apparel and lifestyle perspective, they were the first to open that, and also Nike from the US. I would say the direction changed a little bit: last year a lot of experimentation with digital assets were made for example virtual handbags in a computer game like Roblox or the Balenciaga's skins or, in general, skins, where a big brand who used to operate top down and control everything, they now just open and move into the space off the future buyers. For example, I think Gen Z it's a very interesting group to investigate on how they operate, how they think, or what they value do, as the focus has changed a little bit from last year to this year as a little bit more maturity and a little bit of a different angle towards NFTs is present.

**Before getting into the retail industry and the luxury brands, when we prepared this talk Matthew talked about numbers that are unimaginable in the sport industry related to the metaverse. My question is: isn't it a little bit a lure to the masses?**



**Because it looks like a very famous football player buys tokens of your football team. It seems like only few people will make money and people will just think they are helping their football club but in real life they will lose it. So, talk about sports and then bring it to the luxury brands, I want to see what you think about it.**

**Matthew:** Very quickly on luxury, you can buy \$1,000,000 Dolce&Gabbana Crown, you can buy Gucci trainers, or even Nike has now a deal with Polygon to run one of the big crypto infrastructure pieces to run their own Web3 Studio. There's a lot happening there, as it's very big mature art market which crashed in May and if it had their crash earlier this year so not so affected by the FTX crash. There's a very kind of big luxury market there with big predictions, but also lots of sports had its series of influencers and sponsorship, as football or basketball in the US. So yes, there has been a big kind of surge of influencers around crypto and really encouraging people to buy into crypto exchanges, which is kind of not being such a certain strategy in the last three weeks with so much contagion in the crypto market so a big lesson there in many ways.

**Nino, how much of a trap is that? Because it looks like a trap, meaning taking advantage of unaware users to buy tokens and to bring into a scheme that they don't really understand.**

**Nino:** I would say, from my perspective, it's not so much about the selling. A particular interesting spot is looking at NFTs as a future way of engaging your audience and I think this has been an angle that we haven't seen in the last month, but we will see more often. And just one example with the app called STEP, that's a sports tracker app, which is not so much different from others and even worse compared to Strava or Adidas or Nike plus, you can earn digital assets in the form of a patch or you can play around with it. So gamification is very big, and if you take this topic and think ahead, this could be relevant for luxury brands and also in this case apparel brands. The infinite possibilities of future engaging your consumers: if you had a connected wallet button to your website for example, you incentivise your most frequently engaged users and make them more loyal than they had been before because they run every day, they show very sustainable behaviour, and they buy a certain category. The good thing is that back to ownership, it's basically a currency that you put on the market that you can trade. If you don't value what the brand is giving you, you can just trade it in to someone who is willing and more.

**Matthew:** That's the question, kind of a big opportunity in this area today. How can you have a community where people are just concerned about the price? So, there is a big thing with the NFTs and DAOs where you buy in your positive community, your ownership or your voting rights as part of it. It's legally complicated as there's a lot to go on that, but you can see how it works as a concept, like Delaware is working on that now they have the equipment status for LLPs. There's a future for it but the kind attention is how do you have something which has got a value, but you also have a community? How committed are your fans to your brand? Will they stay with you as you go to \$1.00 when you've been at 20? Or will they dump you? So, you

go through this kind of paradigm around value and community, which is just what you have to face in the Web3 world.

**So, why do banks and financial institutions care when it comes to the Metaverse? And then I have a follow up question to both of you.**

**Matthew:** Well briefly, I think they care because you can see how valuable that potentially is, how valuable already is, and banks do risk being disintermediated. I was introduced to crypto when I was working on PSD2 and open banking in 2014, I bought a crypto exchange to me in central bank and the rest is history. Banks risks is being intermediated. Look at USDC's circle, the stable coin that has relationship with Polygon and Shopify. This is all about gaming, buying luxury goods and football. It is quite intangible for a bank. But if we progressed all the reports we have talked about, the future of maybe medicine or buying goods or using VR, to anticipate when we look through the glasses which we saw earlier, then obviously a purchase has to be made. Now, would you make a paper purchase using Shopify and your bank? No, you do with USDC. So further down the road, how does a bank get into that conversation? MasterCard are also part of that relationship, so maybe MasterCard will be alright; but any bank, Italians or around the world, how involved are they in that transaction? There's a big risk for disintermediation and being removed from that equation. Similar thing happened in China with Ali Baba, a lot of the banks lost payments and he paid, however. So will the banks lose payments? That's the question.

**Nino, do you believe in a world where a retail brand can make their business in the metaverse and do not need a financial institution or a bank to run it?**

**Nino:** It's a question on how you define retail. If you look at it from a brand angle, that's one possibility to define a brand, being a retailer because they have owned or have wholesale outlets; or you can take the other angle where you just look at fuel retailer like Selfridges or Orlando. I think both have the possibility to run a business in that space and add value to the consumers, it's just different how. Communities are a very big thing and that's also value apps and a USP that you can, as the retailer, build your defensible future based on that. If you, for example, are a specialty running retailer selling apparel gear for runners, you could build up a very loyal community and you can incentivise them via ownership: you give them an asset and then, with governance tokens, you give them also the possibility to vote and define the joint future, you have meetups where they can meet and have proof of active participation. That's a very specific type of token and in that case, it builds up this loyalty and it is manifesting itself in being really part of the community and being an active member of it. I think that's the one angle. The other angle is about payments, there are many steps along with this customer journey that currently is very fractionalised and very careless. Just think about owning a crypto wallet, it's very complex and you would only just reach a fraction of your potential buyership even if you require them to go to MetaMask or any other provider. For example, if you create a wallet, put in some money, which is even more complex, and then buy something, it would be much easier to buy Fiat. I think this is also something that players like Starbucks, if you look at them and their future plans, or at least what they have released

on the PR statement, they will make it very easy for consumers to buy crypto and buy NFTs.

**Matthew:** Please, just thinking about ACH that the recent development of Nasha, where you can now buy crypto in US using ACH through Nasha. So, these kinds of barriers are being dissolved in some ways and you can get into banking directly but very quickly too. I own shares of a car in a place called Wilder World: you have to have a car to get around and I get rent when people get in it, so where is the bank in that equation? That's what I'm thinking. Sure, you can buy crypto, but where is the bank when I'm renting this car around? Going down the road, will the bank suddenly be able to come into this or not? This is why I think the banks want to be here as it begins so they understand it and they can improve it. If you think about bringing the crypto into the balance sheets, they will know why and where it's moving. It's very important to have your attention focused on this kind of similar moments; this can be an explosion so you can understand how the feature is going to unfold and be part of the conversation.

**Matthew just talked about banks, one of the things they care about is how they can bring the cryptos in their balance sheets, as Tesla did when they bought billions of Bitcoin. Is that something that you talked about with your clients or in your industry in the retail space? Is that true in the retail space as well?**

**Nino:** That's a common question and we are just tech companies so we are not in any way, that's why we rely on partners like Deloitte, that I would say is the largest strategic partner to us. That's also something we saw: there was a whole new ecosystem in that space that we need to look at, before it was the payment, now it is the partners that you need for advice. For example, if you want to accept cryptocurrency in a product we have, Commerce Cloud, which's basically an online shop, the attack solution is at one angle, and we can help with that; while on the other angle is exactly what you said: if I want to take the risk to put crypto on my balance sheet, I will call Deloitte.

**Matthew:** Lots of luxury brands have crypto on their balance sheets, for example Gucci or several others can take payment in BTC or ETH, however they are listed companies. I think it's different for banks, now many institutions have crypto custody, as maybe NASDAQ will have crypto custody, or there will be the possibility of a Bitcoin spot ETF. That's the moment when you see instead of half trillion, suddenly 18 trillion being involved in crypto. That's the big moment and that's why banks really have an eye on this space, because they want to win that jump, if it happens, they want to be able to move and follow and not be outpaced by all the other competitors in this space.

**I have two questions and one is really burning: "what does a Virtual Studio mean? What does it do?" It sounds an amazing job, but I don't know what you do beside having great insights as an expert.**

**Nino:** There are many angles to that, and I would say that's very much in line with my first job that I mentioned, Retail advisor. We talk about possibilities and dealership with our biggest and

greatest customers. For example, in a large department store space in a luxury industry, we discuss about their needs, their thinking around NFTs, their view of the future, later we try to connect them back into our product teams and then find a solution where we can support them. That's my job in my Web3 Studio, plus working with all our biggest and largest partners and seeing their point of view, as Deloitte's one. I think that's in a nutshell what we do.

**Thank you! Last question is about the Great Reset. The combined crypto lost twice what NASDAQ lost this year. How do you read this with the metaverse lenses as a business? How strongly do you think these two worlds are related? Is that a Reset as well? Or is it simply like a matter of the cycle infrastructure, meaning infrastructures stay the same and there are less investments now, but the next hype cycle will come?**

**Matthew:** There was still quite a lot of investments in crypto and in Web3. People realise for quite some time that the infrastructures are not sufficient to really deliver the benefits that crypto and Web3 offer. So, there's still a lot of investment and there is a regular reset, but I'm not quite sure if the response will be perhaps too hard in the first place and set the industry back. Now it's more of a warning rather than a reset and I guess we're fortunate that crypto only accounts for something like 2% of global money supply, so it isn't so systemic. Next time you might not be so lucky, but for now it's more of an inflexion point of which we've seen a lot.

**Nino:** I can't really comment on cryptocurrency because I am not the biggest expert on that. I would comment and look at this from the NFT angle, looking at this not from the revenue opportunity perspective for my industry or almost any other industry but rather from a customer engagement. I think this would be one of the big levels in the future where value would be created. Zooming out on metaverse and Web3, I think this is the big question mark, and, at the same time, the big field of open opportunities where everybody is looking for their business case and how they will create their value for the consumers. Only then it will be successful in the end.

**Matthew:** Allow me to close with an inspirational bit. I think in 2017, the World Economic Forum gave everyone some 3D goggles and they had an experience around migration. I would recommend getting involved and try the metaverse. Try get involved because you will understand better what a virtual studio is and what is doing. It isn't something real, but then you have something tangible to work with, as there's a massive world out there in the metaverse as we've seen described today.



01

# FinTech Talks Magazine: Meet the MetaFi

A quick introduction in this next chapter of the FinTech Talks Magazine

**PAOLO GIANTURCO**  
BUSINESS OPERATIONS & FINTECH LEADER  
AT DELOITTE CONSULTING ITALY



### Are we facing the end of the FinTech innovation wave?

After years of continuous growth and after breaking all records in terms of fundings, revenues, valuation and unicorns birth rate in 2021, FinTech ecosystem seems to have come to a halt in 2022.

Amidst the global crisis, winds of war infuriating in the very heart of Europe and an inflation rate that has reached record high, FinTech fundings in the US lost 32% compared to 2021 according to data by Silicon Valley Bank. While many startups and companies switched from multi-billion dollar valuation to announcing their resizing in a matter of months, many FinTech sectors experienced a large cut in deals and funding compared to one year ago.

### So, are we at the end of the FinTech dream? Has its promise of an inclusive, digital, customer centric Financial world come to an end?

Well, let me say that the situation is way better than what might seem.

If we look closely at the data, the total amount of FinTech Fundings is way above pre-pandemic levels. In fact, according to the same data by Silicon Valley Bank, the estimated total fundings at the end of 2022 will still be 38B\$ against 22B\$ at the end of 2020 and 17B\$ at the end of 2019.

European and Italian Fintechs in particular – according to the research of Politecnico di Milano – seem untouched by the crisis and continued to reach record level of funding and revenues even in 2022. In addition to this, sectors like Blockchain, Crypto and Web3 have remained most resilient at attracting funds in 2022 and experienced the slightest drop in year-over-year (YoY) deal activity of all FinTech subsectors, gaining billions in new investment.

Therefore, we can consider FinTech innovation well alive, with new ideas and technologies offering new possibilities and the promise of a new revolution looming at the horizon with the coming of the Metaverse. The fast evolution of Web3 technologies and the vast popularity of concepts like virtual world, NFT, Virtual and Augmented reality are making digital worlds increasingly more immersive and intertwined with physical reality.

Even though the Metaverse looks scattered into many tiny different metaverses and the technology seems immature, still we are facing a trend that is expected to impact 2,5% of global GDP by 2035, according to Deloitte estimates. Therefore, we should still consider carefully what might be its impact on the digital world and on Financial services in particular.

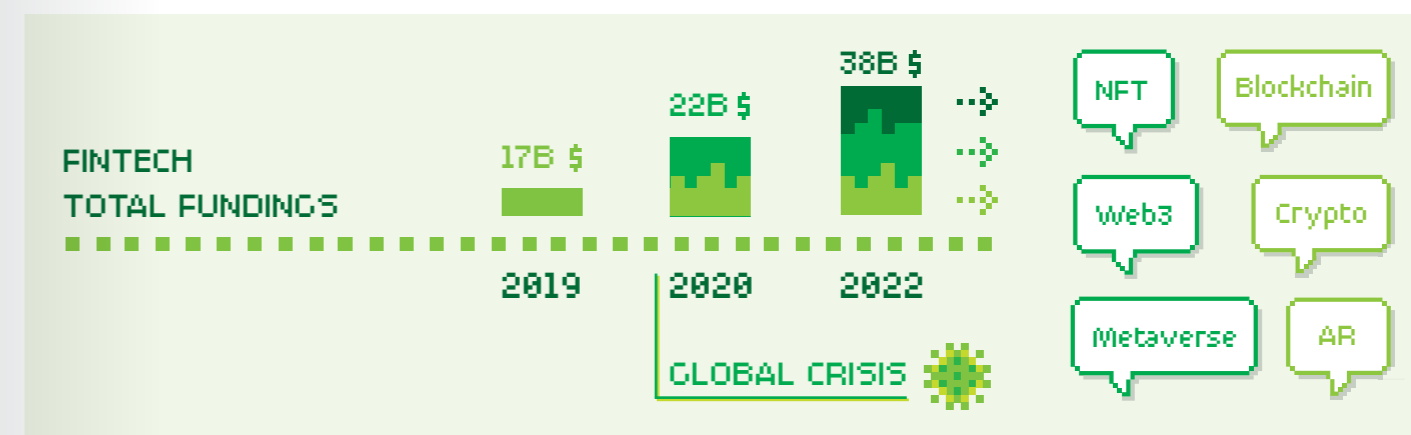
The fifth issue of FinTech Talks Magazine is a attempt in picturing what Metaverse is and what it might be. And what can happen at the intersection between this new immersive reality and Financial Services. Starting from the insights and the ideas generated at the VII Edition of FinTech Talks – *FinTech and the rise of the MetaFi*, we will explore the roots of the concept of Metaverse, from Plato to *The Matrix*. We will explore what companies could do in the Metaverse, the role of Blockchain and Web3 in the immersive world and how FSI players could leverage its new technologies to bring the relationship with their customers to a new level.

Furthermore, the latest issue of our magazine will explore some other hot trends that will shape the FinTech domain such as the evolution of Payments and the opportunities tokenization enables for companies and organizations.

Sit down, relax and prepare yourself for this journey towards the latest frontiers of FinTech innovation!

I wish you a pleasant reading!

– Paolo Gianturco



# 02

## FinTech Talks VII: an introduction

Imagine moving from one room to bid for a new couch on eBay and to another one for watching a new movie on TikTok. Imagine doing a history lesson with Louis XIV himself or a yoga lesson in Bali during your lunch break. Imagine get rid of cash and use digital currencies only. Imagine your digital and physical life converging in the new world of Metanomics.

Covering this topic is a bold move, because there is a lot of hype but not many serious discussions trying to understand this trend from different points of view to see what this new world holds for banks and financial services.

Metaverse has been here for several years but has never been on the spotlight as it is today: in the last 12 months, more than \$80 billion have been invested by corporates in Metaverse, while Venture Capitalists invested more than \$10 billion.

What is more interesting though, is that the forecast expects the metaverse market to be above \$0.5 trillion dollars by 2025. 10-15% of this pie will be held by Financial Institutions, which means a total value of more than \$50 billion dollars in Europe only.

The Metaverse is the consequence or the final step of the digital transformation journey Financial Institutions are on, that's why the evolution of Blockchain, Digital Assets and Cryptocurrencies will be paramount for the evolution of the Metaverse.

7 years ago, we started FinTech Talks analyzing the evolution of Blockchain and Digital Assets, now all these trends and emerging technologies are converging into this new, immersive world.

### What will be next?

**MANUEL PINCETTI**

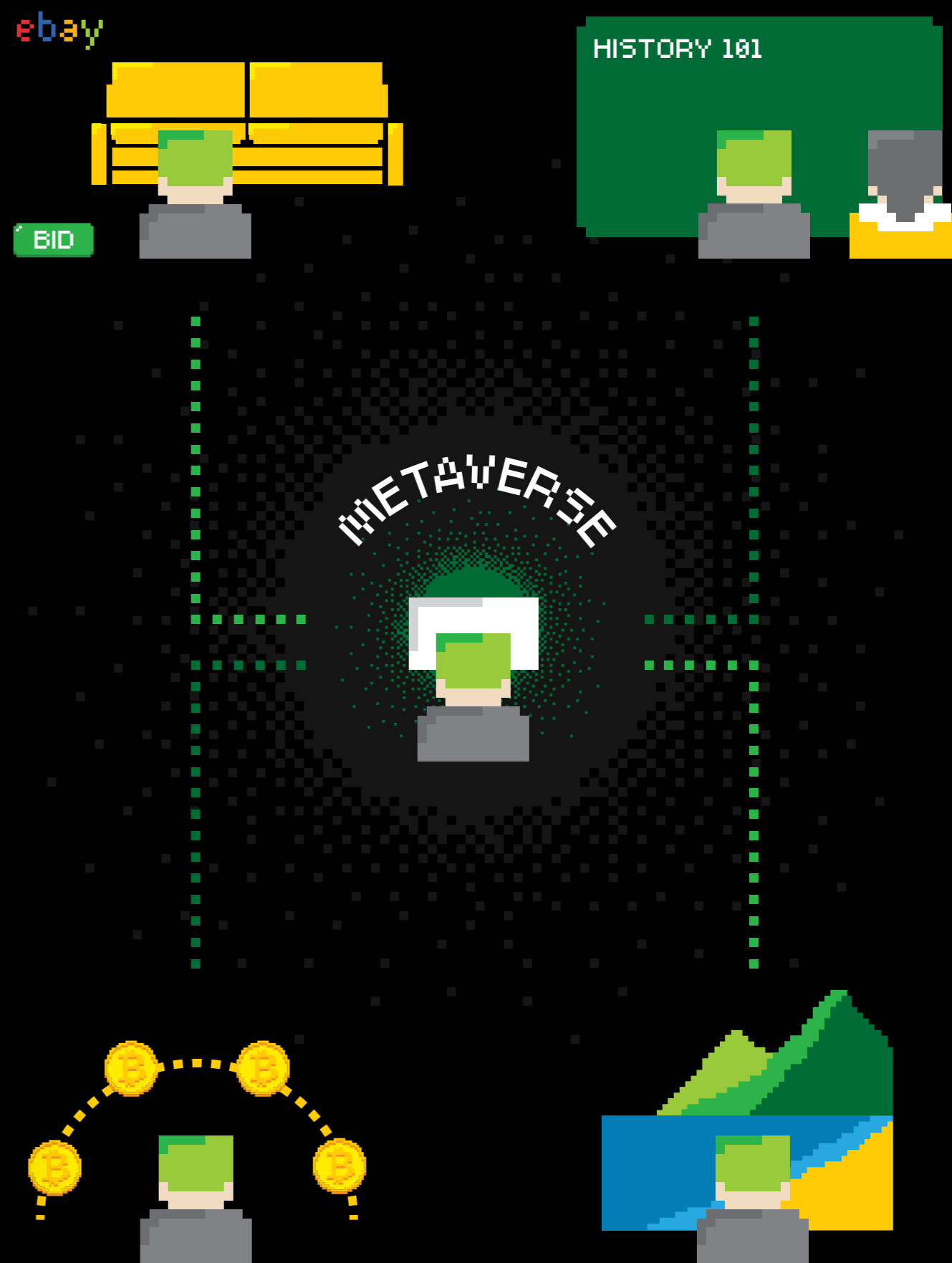
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# 03 Internet in Three-dimensions

A futurist guide to the Metaverse



**CALUM CHACE**  
AI, WEB3 AND METAVERSE EXPERT,  
AUTHOR OF SURVIVING AI

Mark Zuckerberg is right, we will spend a lot of time in simulated worlds. What we don't know is how long this will take and whether we will like it.

The Metaverse is the latest incarnation of a very old idea and is in the news today because Mark Zuckerberg is pinning the future of Facebook on it. In fact, famously he has renamed the company after it. The division of Meta which is developing the Metaverse is called "Reality Labs" and is spending 20% of current total government spend, and people in that division report it feels like working under the gaze of lord Sauron from Lord of the Rings. In the long run, **Mark Zuckerberg is right, we will spend quite a lot of time in simulated worlds.** What we don't know is how long this will take and whether we will like it. So here, we will explore the history, what the Metaverse is, pros and cons and predictions.

As I said, **Metaverse is a very old idea**, 2500 years ago the Greek philosopher Plato said that humans were like prisoners chained up in a cave, unable to see reality except as shadows in the cave walls. And a couple of thousand years later, **René Descartes speculated he might be the victim of an evil demon who put him in a simulation** and that led to probably the most famous saying in all philosophy which is: I think, therefore I am.

What do you get when you put philosophy in a fancy dress? You get science fiction. And science fiction has a lot of fun with the simulated world, probably the best know film is *Matrix* (1999). And possibly the second-best movie was another one that came out the same year and got overwhelmed by the success of *Matrix*, *The Thirteenth floor*. But in reality, the book *Snow Crash* (1992) is where the term Metaverse is actually from, but the word "virtual reality" is about a decade older. **The Metaverse won't be the first simulation platform that people live in**, there is *Second Life* which was launched in 2003 and a decade later, it had a million users which had spent around 15M\$ on property and other goods and services. But technology was not really ready, and usage was much lower. The difference now is that **the technology is probably ready for smart glasses to replace smartphones and give us augmented and virtual reality as our mobile devices.** It takes a lot of compute power to simulate a world in a mobile device, and thanks to Moore's Law, we do now have machines that can do that. We can track movement to all directions and that means that smart glasses may start to replace smartphones as the principle mobile device through which we access the internet and the Metaverse. At the moment, smartphone is an ecosystem dominated by Apple and Google while Facebook really hates that. Zuckerberg is determined that if smart glasses replace smartphones, Facebook will be a major player in that environment. Smart glasses will be heads up where smartphones are heads down and there will be three dimensions. I think **the best short phrase for what the Metaverse is, should be the internet in three dimensions.** Smart glasses will not probably replace smartphones, they will be powered by them

and tethered to them, like Air Pods and smart watches are and we don't know how long it will be before most people are viewing the world primarily through smart glasses rather than through smartphones. It might be five years; it might be ten years or even more. But it is coming and when it arrives the world is going to be very different.

So, what does it mean for all of us? In a phrase, learn earn and less burn. We need to understand what the Metaverse is and what the various components are because **people who understand these new technologies are best placed to prosper from them.**

**Virtual Reality.** Is the environment in which your world is given to you by the simulation. What your senses perceive is replaced by what the simulated world gives you. And currently that just means headset that gives you sight and sound. There are also haptic gloves and suits but there are fairly primitive and expensive and they don't deal with taste or sound.

With **Augmented Reality** – the term, I think, dates back to 1994 – the simulated reality is overlaid over based reality, which is still there while virtual elements are superimposed on it. The best-known use of augmented reality was Pokémon Go, which came out in 2016. A week after it came out, 28 million people were running around all over the world capturing these little cartoon monsters.

Then, there's **Mixed Reality.** Which is like augmented reality, except that the simulated item is fixed in the world and you can walk around it, you can manipulate it and numerous people can see the same thing. Microsoft is the big champion for this and Microsoft HoloLens is the biggest application.

You may also come across the term **XR or Extended Reality** and that simply means all of those three mentioned above: Virtual, Augmented and Mixed reality.

But we are not done with terminology yet. Because there are also brain-computer interfaces and uploading.

As I said, Virtual Reality and haptic simulation doesn't really take us all the way there: **to get truly immersive we have to get the simulation plugged straight to our brain and not coming through our senses.** To do that, we are going to need technologies that are completely over science-fiction at the moment, really sophisticated.



Then there's **Digital Twins**, which are model or simulations of a building, of an area. The model replicates the original and changes its state as the original changes its states.

Another concept related to the Metaverse is Web 3.0, which gets a lot of people confused. Web 1.0 was actually world's largest filing cabinet: lots and lots of information, all on transmit. And you couldn't talk back to it and you couldn't talk to each other. Web 2.0 fixed that, so if Web 1.0 was from 1991 to 2004, then you get Web 2.0 where conversations and information are largely hosted by large tech companies. Which makes some people unhappy, so Web 3.0 happened. Web 3.0 is decentralized and permissionless: **with Web 3.0, thanks to Blockchain we can interact between each other or transact without a bank getting in the way.** With Web 3.0 we can talk to each other without a tech firm getting in the way.

The blockchain and the Metaverse are different concepts, but they're linked. They are decentralized, digital and they rely heavily on AI. They appeal to the same liberalistic attitude and a lot of bitcoin transaction takes place on the Metaverse. So that's the Learn part of the "Learn, Earn and (less) Burn". Now let's get to the Earn part.

Companies will have many new ways of making money in the Metaverse. But **when entertainment and information is presented in 3D, it's successful. It's more engaging.** And if entertainment and information is more engaging, you can make more money from it.

As I said, it's information as well as entertainment. At the moment, Virtual Reality is all about games. Which is a very big industry, bigger than music, bigger than sports and movies all put together. The only form of entertainment which is bigger is TV, but it's not really increasing its share of people attention. Although gaming is not the whole story, there is also information. And as information and entertainment get exploded in 3 dimensions, they become more engaging and more valuable.

And then there's the Less Burn part of "Learn, Earn and (less) Burn". The Metaverse will allow us to explore ways to produce goods and services much more efficiently. **We will use less Time, less Energy, less Raw Materials and produce less pollution.** And that's a good thing.

So, Pros and Cons about the Metaverse. First of all, let's slay some demons: things that we shouldn't really worry about. **Every new medium raises moral panic.** 2500 years ago, Socrates - Plato's teacher - worries that writing would erode people's memory and warns that people shouldn't write things down. 2000 years later the printing process raises the same concerns and then Cinema, Radio, Television, Gaming and so on. There's always a moral panic. As Douglas Adams, author to *The Hitchhiker's Guide to the Galaxy* said: "Anything that exists when you're born is just part of how the world works, it's a natural thing. Anything that has been invented between when you are 15 and you are 35 is exciting and new and you can probably make some money out of it. Anything invented after you are 35 is wrong and should be banned." And that's moral panic.

So, what kind of moral panic are we going to have around Metaverse? The first one is that Facebook will own it. They won't. **There's not only Facebook involved, but there're also others.** Facebook has Horizon, but Microsoft has HoloLens. Google has already tried Cardboard and Dream and Google Glass and they're going to launch something next year apparently. So is Apple. And Amazon is not going to just sit and watch the others get on with it. **It is not going to be a "winner takes all".** It's not going to be like VHS vs Betamax vs Videotape ecosystem. It's not going to be a walled garden either, although it could be. I think it would be pretty much like the internet: an open environment where you can move your avatar from one platform to the next.

The second worry that I think we shouldn't worry about is that millions and millions of people are going to disappear into the Metaverse and we will never see them again and they will be sad, lonely people. We call these people - in technical jargon - "teenagers". However, **humans are programmed by hundreds and hundreds of years of evolution to be intensively social, and you can't wipe that out with a few years of a new technology.** Anyway, teenagers do not spend all of their time online in First-Person Shooters: they are collaborating to kill orcs. And that's a really social thing to do.

The third thing that I think people worry about unnecessarily is the fear of a digital divide. The idea is that virtual reality and anything that has to do with the Metaverse is going to be expensive, will only be available to rich people and everybody else will be left languishing at the wrong side of a digital divide. But an answer, which I think is pretty persuasive but people do not generally like, is where is the fridge divide? Where is the smartphone divide?

**If a technology is really useful, it will be made available to pretty much everybody and the reason for this is simply economics.** Companies make a lot more money selling reasonably priced goods to everybody than they could possibly make by selling a few diamonds encrusted versions to oligarchs and celebrities.

Then maybe a few people that are refuseniks - in fact there will be quite lot of people that will be refuseniks - overtime will start feeling digitally blind. Those are some things I do not think we should worry about, but **there are some others I do think we should worry about. Privacy is obviously one of them.** Privacy has been really highlighted by the internet and AI, while the Metaverse is going to aggregate that.

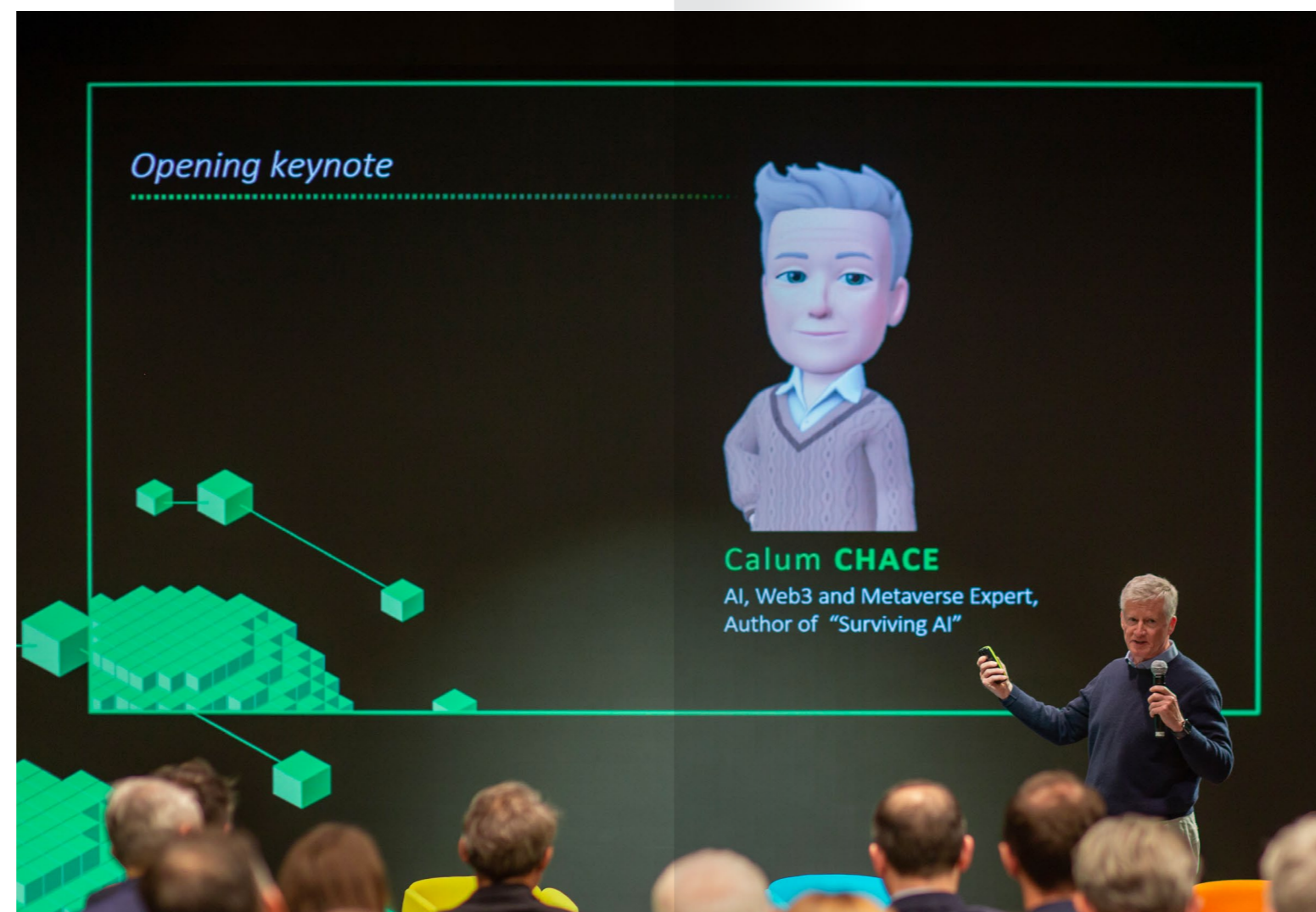
The Metaverse needs to see your face it needs to know what you are looking at in order to work. It needs to know how you are reacting to things, otherwise it cannot function. And we do need to be concerned about that. And fundamentally **we have to share data if we are going to make the best use of our digital technology.** We need a judicious balance. Private companies should not be allowed to retain certain kinds of data and we will have lots of discussions on what kind those data are and how long they should be able to keep them for.

Another thing that is a **real concern is the idea of intrusive adverts.** There is quite a lot online of wonderful health scares of intrusive digital advertising and a great example is the shopping mall scene in *Minority Report*, the 2002 Tom Cruise movie. But there is a simple remedy which is, if a platform has too many intrusive ads, people will just go, they will boat with their feet and go elsewhere.

And the third thing is fraud. Wherever there is money, there is fraud and there will, as always, be an arms race between extremely sophisticated and clever people who will want to trick us in virtual and augmented reality. There will be an arms race between the good guys and the bad guys and as usual the good guys will stay slightly ahead, most of the time. For any major organization, bad news is good news and good news is no news. If it bleeds it leads. It is much more fun to talk about things that could go wrong and things that are bad with the new technology, but actually **the Metaverse is going to make our lives better. It is going to make it much more easier and satisfying to talk to friends,** colleagues and even parent-in-law (possibly). And it is going to make experiences that apparently are only available to few people, available to all of us. It will not be just like the real thing; it will not be the reality but it will be very convincing and very fun.

It is very dangerous to make predictions because they are always wrong. But what is the use of a futurist if we do not make predictions? So, 2025 I think that Horizon will be up and running and quite a lot of people will spend there an hour a week or so. People will be working hard on their avatars, while other platforms will be evolving, too. **By 2027, I think a lot of people will be spending an hour a day in virtual reality environments** and you will be starting to see people in cities like Miami, New York, San Francisco and definitely Milan, being the early adopters wandering around with smart glasses and talking with themselves with their glasses. And we might think they are weird but they are the coming thing. And then **by 2032 I think a lot of people will be spending an hour a day in virtual reality** and I think in some cities like in Miami and in Milan, you will have maybe half of the population or half as many smartphones you now see, will be smart glasses.

So, I will also go through some use cases because this is really the most helpful thing to understand what the Metaverse is. A couple of use cases which are just about augmented reality, is a car mechanic going through the process of repairing your car - which of course, is self driving and electric- using smart glasses projecting the repair process.







The Metaverse will allow us to produce goods and services more efficiently. We will use less Time, less Energy, less Raw Materials and produce less pollution.

They have never seen this model before but they can go through it as if they have memory of it, because augmented reality is presenting exactly how to do the fix. Second use case is your interior designer, who comes out with an outline scheme for your living room and you work on it together to come up with the perfect plan. The third one is my favorite of all, which is adding a digital twin to augmented reality. You go around the supermarket and instead of going "where are the tinned tomatoes?" as I would be since I can never find the tinned tomatoes, your smartphone, linked with your smart glasses would tell you exactly where everything is. In fact, they have written down a route map for you given your shopping list and your glasses present you information about the prices, nutritional value and so on.

A mixed reality example, we put school children together, exploring a human brain and in a minute, they can explode the human brain in a bigger size and explore it together. Fourth example is with virtual reality and not yet photorealistic avatars, but 3D avatars. This is allowing a group of HR professionals from a large company, from different parts of the world and different cultures, to talk about a very sensitive HR matter and because they can see each other in 3D there is much more bandwidth in their communication and they can convey new answers much more effectively. And finally, one that could strike people as a little bit creepy, there is a company called HereAfter which makes chat bots which bring back to life dead relatives. This will go into VR and into the Metaverse. And a lot of people will find this quite unpleasant but some people will find it really reassuring.

You may have noticed that none of these examples involve the subject moving around and that is because when you move around in virtual reality and your body knows it is stable in the real world, you get sick and that's not very nice. So, the way to deal with this is not to move around, or to teleport when you are moving around within the virtual environment.

Finally, I will talk about how all these fit in the information revolution. So, this is all driven by Moore's Law. The co-founder of Intel noticed in 1967 that his company, which actually at the time was called Fairchild Semiconductor, was placing twice as many transistors on a chip each year. And you will hear the claim that Moore's Law is dead or dying. Well, it is not true. It is evolving and changing, which is what it had always done. He originally thought it was every two years, then he changed his mind it was 18 months. Then one of his colleagues added the chip speed to the process, then we moved from CPUs to GPUs and now we moved to TPUs which is specially adopted for AI and there is a lot more new designs of chips coming along. So, there is plenty more which gives us the exponential growth of the power of our computers. And we are not, as a species, paying enough attention to this. The things that are coming down the

track quite soon, are going to really startle us. And it is because in ten years' time, the machines we have will be a hundred times more powerful than the machines we have today and they are not too stupid today.

**In 20 years time, machines will be 10.000 times more powerful and in 30 years a million times more powerful.**

I do not want to compete with these things in the job market, for example. So, we need to pay more attention to this than we are. And one of the things that is rather sad is that people have gotten into their heads that we are on the fourth industrial revolution. We are not. **We are in something much bigger than that, we are in the information revolution.** Which is the fifth of the big human revolutions. The first one being fire, a million years ago. We tamed fire, which enabled us to ingest energy much more effectively. We spend some of that energy on building bigger brains, which gave us the cognitive revolution, about 70.000 years ago. We worked out enough sophisticated language to be able to collaborate very effectively and we became the apex predator on the planet. Probably climate change is what gave us the agricultural revolution in different places different times, about twelve thousand years ago. An awful outcome for individual humans, it is much more fun to be a hunter-gatherer than to be an assistant farmer, but a really good thing for the species that enabled us to store food surpluses and to specialize. And that lead to cities. And cities are machines for innovation. And cities lead to industrial revolution. Which kicked off in the UK back in the 1712, possibly the last useful thing we did and we are still in the process of that. But what we are now in is the early stages of the information revolution, which started in 1960 and is going to be a much more impactful revolution than any of the former ones.

Hollywood does not really like the future; **Hollywood thinks that we are going to get dystopia.** It gives us the *Matrix*, *Terminator*, *Star Wars*, does not give us many utopias and it prefers *Star Wars* to *Star Trek* - which is of course wrong. Hollywood thinks we will get dystopia and we might, it is not impossible. One of the things that would well give us dystopia is the current wave of populism, the vicious polarization of politicians all around the west. And populism is not a new thing, actually the first example of populism which is known was in the States, around the 18<sup>th</sup> century. And it comes and goes in waves and usually it runs itself out, sometimes it leads to a war, we now have a war in Ukraine. So maybe, the war in Ukraine will be the beginning and end of this wave of populism, but sadly I fear not. This is a kind of thing that could get us to dystopia. But if we do not and on the whole, I am reasonably optimistic, will we get utopia?

**There is a couple of problems with the idea of utopia. One is that it is completely unrealistic, we could never get to a state of perfection.** And the other is, even if we did get there, it would be very boring because nothing ever happens. Fortunately, there is a much better idea. And I am going to leave you with **this lovely idea that we could aim for protopia. And protopia is a world in which everything is really pretty good and it just keeps getting better.** And if we are smart and perhaps a little bit lucky, the Metaverse and all the other things that are part of the great technological rush that we are into, could give us protopia.



# 04

## How to Enter the metaverse

Where are organizations in the journey to the Metaverse?



**NICOLAUS PREUSS-NEUDORF**  
CO-LEAD METAVERSE LAB, DELOITTE



**LARA SOPHIE BOTHUR**  
VOICE FOR INNOVATION TOPICS, DELOITTE

We can consider the Metaverse as the third generation of Internet. Here, users will be able to own their digital identity, giving to digital identity the same or even more value than their physical identity.

**Why should companies enter the Metaverse?** The first reason is representation. A 3D representation is always more interesting and intuitive to human than the boring 2D screens we are currently using for work, zoom meetings, writing emails and so on. Secondly, **we understood that we learn better through 3D.** For example, when a teacher performs an experiment in class and students try to learn from it with their own hands or when a baby starts to learn how to walk. Last but not least, **in the metaverse customer engagement it's easier, where users have the opportunity to playfully interact with you, your products, and your company.**

These opportunities are created by the evolution of the Internet. Internet went live and became a consumer-oriented product in 1991. Back then, the user could only read the information. In the second phase, starting from 2007, there was the **mobile internet, which not only enabled us to communicate with each other, post our ideas and photos, but also have the internet wherever we go thanks to our edge devices.** Then, in 2014, we had the first experiments in extended reality thanks to Oculus and Google glasses. It was only the first step to **the next phase of the internet: the Metaverse.** Metaverse **includes not only the read and write part, but also the own - through owning digital assets.** Thanks to decentralized infrastructures connected to the internet, users can do peer-to-peer transactions. This enables us to own digital assets like NFTs but also our personal identity which is a huge driver for the growth of Metaverse.

The unlimited space of different virtual experiences that are connected and interoperable between each other will eventually enable **the third generation of Internet.** Here, **users will be able to own their digital identity, giving to digital identity the same or even more value than their physical identity.** When you think about this concept it might sound dystopian, but I have a younger brother, around 15 years old, who spends so much time in video games and is fully convinced that he has made very good friends with co-players from all over the world, who has never met in person. He might even consider these relationships as more meaningful than in-person connections he made in the last 3 years.

To get to this new generation of Internet, we will need the convergence of different technologies, as stated by Matthew Ball's Metaverse Hexagon.



The idea is that **we have 6 different technologies which will serve as building blocks of the Metaverse.** The first are Extended Reality (XR) technologies, that allow users to access 3D worlds. The second block is made by tools and libraries that allow us to build a machine learning framework or 3D models with few lines of code or no code at all. The third is **Cloud, which makes data transmission faster and more stable, enabling virtual worlds to exist in real time** despite the quantity of data they require. As fourth block we have virtual platforms, which enable the social experience we would like to have in the metaverse. The fifth block is creator's economy, that leads to new content and creation of new experiences. And finally, the sixth block are users who, thanks to the pandemic, are more accustomed to virtual worlds and digital tools: even my grandparents have realized that a Zoom call is not something devilish and you can easily set one up even if you're 94 years old. **What we miss now is only how to connect those blocks.** And that is not as easy as it sounds.

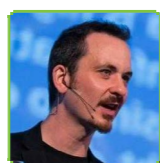
**What we are seeing now looks more like a collection of many Miniverses, instead of a Metaverse.** These can be categorized as centralized worlds - for example Meta, Microsoft and Nvidia - where you can interact with 3D content. However, **these are not owned by the user but rather by the company that allows you to enter these virtual realities.** On the other side, there are **decentralized projects, which are enabled by the blockchain technology and are governed by DAOs.** They are community-driven projects which are completely build in a decentralized infrastructure. An example of this is the InterPlanetary File System, a new way of using computer space. The decentralized approach seems more intriguing but, when you think back at the definition of the Metaverse, there is also the unlimited factor. The Metaverse **should be unlimited, and this is not something we see in the projects that are being developed.** Projects are driven by scarcity and with as little number of lands as you can buy to keep the price up and ripe the hype.

To summarize, Metaverse is a hype, for sure, however **this is a hype that is going to stay.** It will further evolve based on the maturity of the various technological building blocks. As an evolution of the Internet, **the Metaverse will evolve all the steps of the value chain,** both in terms of internal factors, such as sustainability, education and onboarding, but also in terms of external factors such as marketing, product development and interaction with the consumer.

06

# MetaFi is not a videogame

How FSI organizations can do business by riding the Metaverse wave



**THEO PRIESTLEY**  
CEO, METANOMIC

**In one of your articles on LinkedIn you state that: “Metaverse is not a video game.” Tell us more about it, please. What’s your view?**

What I see right now is a lot of people confuse the Metaverse with a sort of video game. It has to be in 3D, it has to be some kind of virtual reality headset, it has to be very gamified, with little people running around and your avatar doing exceptional and engaging things. Furthermore, some of the more successful Metaverse experiences in the past were purely social experiments: *PlayStation Home*, for example, for the PlayStation 3, was a 3D World where people just hung out and talked and discussed their passions, much like they do on the Internet today in chat rooms and things like that. In *Second Life*, people just don’t engage or gamify anything. It is a place that is dedicated only to social activities. But what we’re seeing in the Metaverse surge in the last couple of years is people developing video games because there’s a lot of money slushing around Metaverse. So, to me, experiences like *Decentraland*, *Sandbox*, *Roblox* and *Fortnite* are based on video games, and they must have you engaged in doing something in it, which feels like work: you have to do something to be rewarded for it. I think there’s a lot of confusion around that, that they have to build a 3D world and immerse somebody in it to prove that the metaverse needs to exist.

**Why Metaverse could succeed where Second Life failed?**

*Second Life* was one place, whereas the Metaverse is a collection of places that you can go to and a collection of experiences you can experience. Has Anyone seen the film on Netflix *Everything, Everywhere, All at Once*? That’s what the Metaverse is. Everything is Everywhere, all at the same time or anytime. It brings together Internet and the Physical World. We can imagine the Metaverse like an onion: it’s layers of different realities and experiences. You can choose how you want to experience a service or how you want to be engaged, whether it’s virtual, extended, mixed or augmented reality. A good example is Nike. Nike has a flagship store in New York that has an augmented reality experience. You can use your phone, glasses or headsets to see more details about the shoes you would like to buy. Now the experience can be extended thanks to *Nikeland*, a virtual world in Roblox, that allows customers to continue their shopping experience in a digital world. So, you go into the physical store, and you play around in augmented reality and then you can choose to go into Roblox and have a bit more fun and still carry on that kind of retail experience and what the brand is all about, all at the same time. I think people are still confused about this, they think it’s one or the other. People think that they have to choose augmented reality and that they have to build something for that, separate from any other experiences. Whereas no. As a customer, my customer journey can start at any point, continue at any point and finish at any point. This is hard for retailers or anyone building an experience to understand.

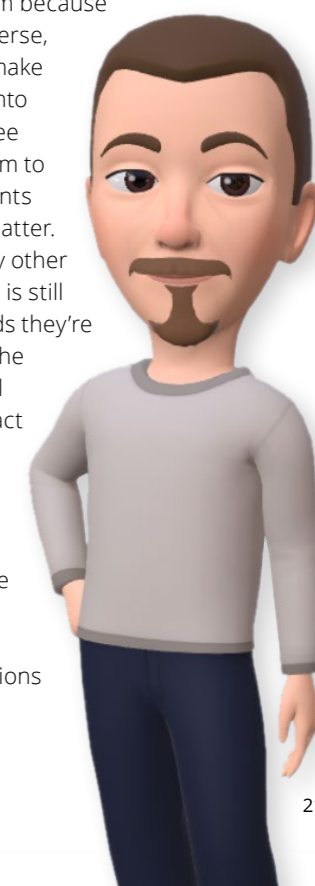
**Why are we talking about video games to a crowd of bankers and financial institutions? How strong is this connection?**

If you look at Fortnite it made 5 billion in the first 12 months of its launch because people were buying skins and other digital assets. And those are cheap, it’s £2.00, the price of a cup of coffee, is nothing. A child who wants it, annoys its parent, and the parent gets off £2.00 from the case. These little bits of money add up and, 5 billion later, Epic Games is rolling in cash and banks need to pay attention. Everybody in this room should see Web 3.0 and the

Metaverse also as a threat, not as much as well as an opportunity. Because if Web 3.0 comes along, and the point of Web 3.0 is to disintermediate the middleman, that’s what you are, middlemen. How many people here know that Starbucks holds in customer deposits more liquidity than most US banks? That’s the fact, people will load up in their loyalty cards 20 or 100 dollars, which also makes Starbucks a Bank: they hold customer deposits and don’t pay any interest. They don’t need to because they have a loyal fanbase. Now what? Starbucks is launching an NFT program. What will stop Starbucks from getting into payment infrastructure? I’m just saying to a customer: “you got this new app as my payment service!”. And it is exactly the reason why banks and MasterCard or Visa are getting so in-depth with crypto and Web 3.0, because they see this disintermediation threat, and they know they have to play. Why do we have only two card providers? We shouldn’t, it’s a monopoly. Crypto and Web 3.0 represented disintermediation in the dismantling of that monopoly. That’s a threat, but the opportunity is, for example, being that infrastructure and that payments layer and understanding how digital assets work to be able to fuel the payments and the transactional nature of all those interconnected and interoperable worlds that we are supposed to have in the Metaverse. The metaverse is the all-encompassing term for everything that’s going to be within it, whether it starts with virtual worlds, whether it’s augmented reality experiences but it’s still going to require transactional layers that have to transfer money from one thing to another. Why are banks not creating digital wallets with better experiences than MetaMask? MetaMask is horrible; most crypto and Web 3.0 wallets are horrible. Whereas organizations in the retail banking sector have years of experience in building apps with better UX than most of Web 3.0 companies. So you should be developing Web 3.0 apps, Crypto apps, wallets. Because, right now, nobody wants to go into a virtual branch in Roblox.

**Are you aware that Visa, Mastercard and American Express are investing heavily in Defi, NFT, blockchain, or not?**

Mastercard has a partnership program. We were going through the process of partnering with them because they are looking heavily into Metaverse, in crypto, and Web 3.0. Visa does make a big bold statement about going into crypto and Web 3.0 as well. They see there is a huge opportunity for them to get involved because of the payments and the transactional side of the matter. If you look at Crypto.com and every other kind of centralized exchange, there is still Visa or Mastercard behind the cards they’re issuing. That is because they own the card network and having a physical card is seen as being able to transact in the real world as well as the crypto world or Web 3.0 or digital world. So yes, they are heavily investing not only in digital assets and in having crypto on the balance sheet, but also heavily investing in startups in this area and that’s something that other FSI organizations can do as well.



# 07 Living in a virtual world

How FSI Players can build their space in the Metaverse



**LORENZO CAPPANNARI**  
CEO, ANOTHEREALITY

**Lorenzo, CEO at AnotheReality, please introduce yourself:**  
What I do is building virtual worlds and virtual worlds are the base layer of the Metaverse. They are 3D interactive worlds that can be used for different use cases. They started from gaming and business has been using them for different use cases for many years. I have been doing this stuff for seven years now and since October last year everything we do is now called Metaverse. It's okay. I don't necessarily love it, but it's fine. And nevertheless, when it comes to the enabling technologies, we have seen that probably the metaverse is not there yet, is a future vision of a 3D Internet that is not ready yet, but the base layer of technologies behind it, if you take them separately, they are available and mature for some use cases already right now. So what do I do? I have a company developing virtual worlds and then I teach this stuff in a couple of places and I wrote a book about this stuff because I like this stuff.  
So, whenever they ask me: "Do you do metaverse?" I'm like: "Please describe what the metaverse is for you." And then I will answer the question because there are so many interpretations.

**Let's start with an "Agree/Disagree". Nvidia CEO recently said that within 2030 half of Global economy will be on the Metaverse. Do you agree?**

I think it's a very bold statement. Nevertheless, if you look into it, there could be a certain level of truth. Digital transformation already accounts for a big percentage of Gross Domestic Product today. Digital transformation has been pretty much dematerializing everything that was made of paper. And since we have access to a screen, it's quite easy to access this sort of content. Imagine when we will have a device - and it's coming - that is going to be able to dematerialize pretty much anything that is physical, that does not require haptics and we don't need to touch. The whole economy could be heavily affected if this device will become commonly used just like a mobile phone. And we all know, we have seen it, that all the Big Techs are investing heavily, not just in virtual reality - that is a niche and will probably still be a niche in the future - but in augmented reality, that will become mature in 5 to 10 years. And when that will happen, everything that can be dematerialized will be dematerialized: that's the history of digital transformation and that's going to happen. Therefore, Nvidia CEO could be right!

**So maybe I'm still infected by skepticism. But, you know, when I see the concrete examples, of use of the metaverse, the mechanic that repairs the car with the Google Glass and the real estate that visits a building or signs an actual contract in the Metaverse, that confuses me a lot. Because it seems like a version of augmented reality or virtual reality that existed probably ten years ago already. What is the metaverse then?**

The Metaverse is a real time social 3D simulation of reality, and then you can have as many definitions as you want beyond this one, like interoperability, persistence and unlimited users. But the core is a 3D simulation of reality that is in real time. So a movie is not the Metaverse because it's not real time nor interactive. Another main trait of the Metaverse is that it is social: you are there with your peers, with your friends, and you can do things together. There are enabling technologies behind it that have been there for ten years but, if you read the latest papers from

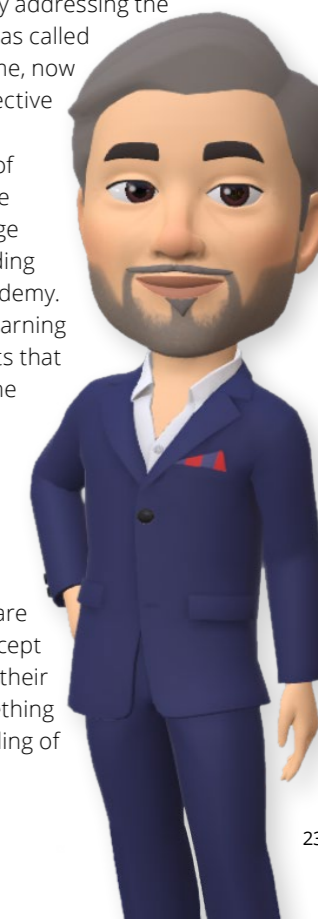
Meta, Zuckerberg mentions Instagram's AR filter as an experience of the metaverse. That hints that the Metaverse is not here yet. But, I mean, if Facebook Reality Labs is investing in AR filters and is mentioning them as a potential experience of the Metaverse, this should tell us something: that all these technologies - AR, VR, social virtual worlds - have different names but the base layer is the same. They all revolve around the concept of Metaverse. So if you ask me what I do, I don't do Metaverse, but I do virtual worlds that work with any of these three technologies.

**In your daily work you helped many Financial Institutions in building their Metaverse. What opportunities can Metaverse offer to Financial Institutions?**

Many companies, financial and non-financial institutions, want their name to be associated with the Metaverse to have a great return on image. Our first collaboration was with an Italian bank, now called Banca Widiba: we made the world's first mixed reality app for a commercial bank. We were even invited to Seattle by Microsoft to present this app. The app allowed you to visualize all kinds of data in 3D, to talk to an avatar that was powered by a chatbot that could actually do real-time transactions. That was more than five years ago, today everything has changed, customers are trying to understand what the Metaverse can really do for their business. Many want dematerialization, but to achieve this they need accessories such as augmented/virtual reality headsets. Many customers ask for an office entirely in virtual reality accessible without the use of VR glasses, but the problem is that the real value of virtual reality is obtained using the appropriate device, because this allows you a more intense experience. Unfortunately, VR goggles are still expensive and logistically cumbersome.

Furthermore, all our projects revolve around the concept of experience; our goal is to create apps to improve the customer experience. To do this effectively, it is necessary to target the right audience, and today companies are realizing that when we talk about the Metaverse, we are mainly addressing the younger generation. Years ago, it was called "product placement" in a video game, now it is called "Metaverse" but the objective is the same.

Another interesting use case a lot of customers are asking us is to create entertainment experience to engage their employee during the onboarding phase or during their Learning Academy. So, there is this concept of social learning that revolves around all the projects that we're doing. It's edutainment on one side and socialization, a crossroad between gaming and social media, which is what most of multiplayer videogames right now are. I mean, people are entering to play the game and then they socialize, they bring their friends. So, companies are starting to revolve around this concept and try to create worlds to engage their employees, make them learn something better and, you know, have the feeling of



being all together in the same place, even if they're from remote. And then there is also this nice extra added value that if you add up the virtual reality headset you can dematerialize some type of collaborations: for example, you can put up post-it on your wall in a 3D wall. You cannot really do it from a screen, but in VR you're in first person and you can dematerialize a lot of the collaboration tools that are usually done physically in a workshop room.

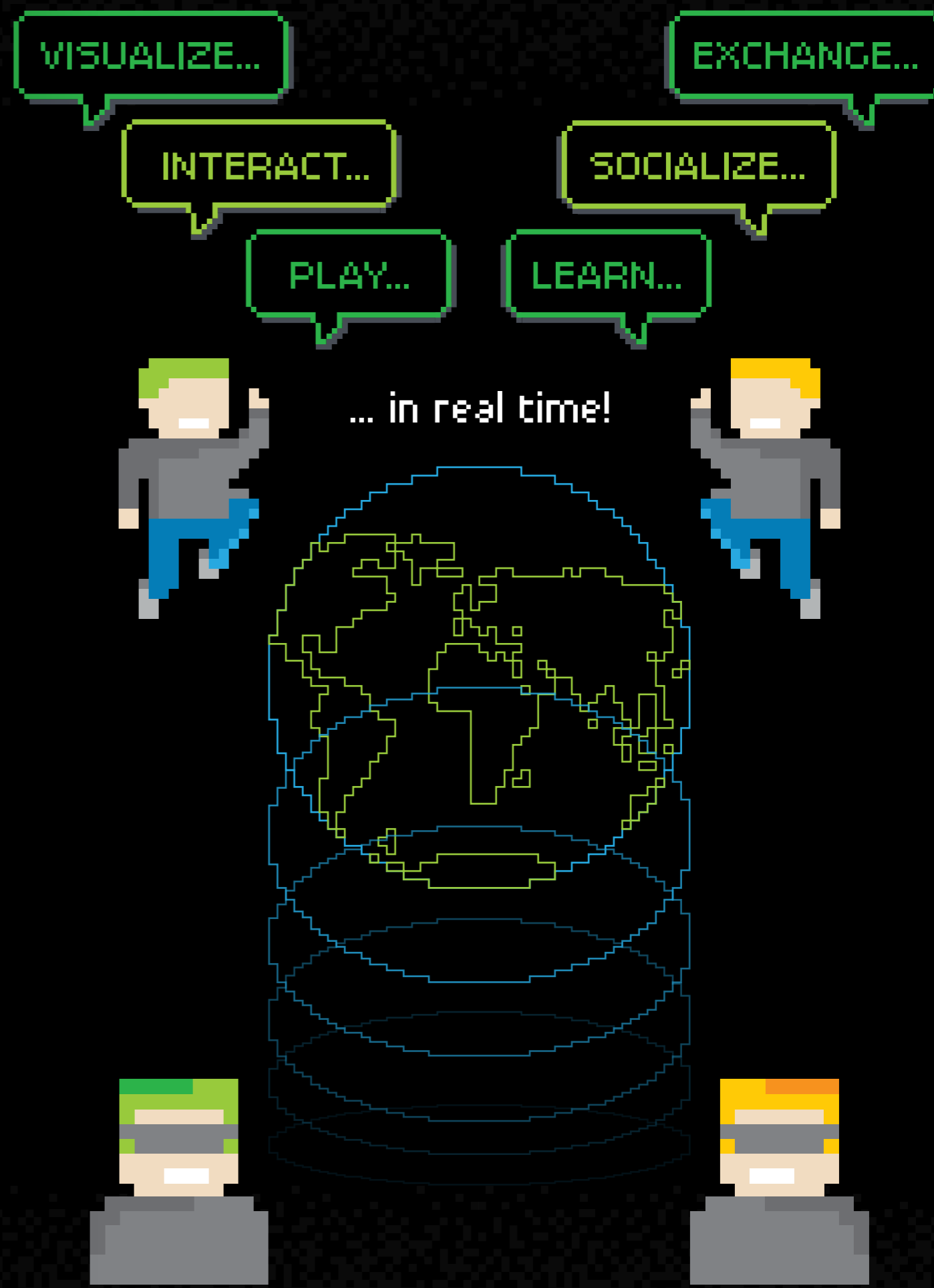
**All the experiences we described above are happening in a close environment like a company network. I think that one of the main hurdles for a widespread use of the Metaverse is the infrastructure: the last mile connection is still too slow to support this kind of experience. Will experience and infrastructure ever catch up?**

I have the feeling that the real last mile that is missing right now is a new type of hardware. Gaming is already here: Roblox, has 200 million accounts active per month and 60 million accounts active per day. And they actually are there and they have fun hours per day without experiencing lags or problems. But that's just gaming, right? So if you want to be a virtual tourist, for example, and really exploit these virtual worlds to do something else beyond pure entertainment, then you need the hardware that makes the friction of living this experience much smaller than it is today. So I think that nowadays a use case that can prove successful is experiences that work from a screen. Anything that can be seen through a screen is something that can prove itself valuable and involve a lot of people. And it is much easier than using Virtual Reality. But the use cases of the Metaverse that can prove themselves very valuable from a screen are little at the

moment, and they all revolve around entertainment. If you go to operations, that's another story. But then operations like digital twins and augmented reality are a niche and usually they are not interesting for banks.

**How can we make sure that the Metaverse is not just a marketing tool but something that changes people life for better?**

Well, I feel that it's always a matter of having a better user experience. And that has been the history of, you know, the adoption of good digital technologies. I mean, you could do pretty much everything that you wanted to do even before the mobile phone. You could open your laptop, connect to the Internet and do everything you're doing right now with the matter of a click. So at this stage, I think it's early to talk about the Metaverse because the proper hardware to access it is not there. When the hardware will be properly adopted, then it will start to really make sense beyond some specific use cases that are already valuable today. And it's going to happen soon since Apple and Google will release their new device next year and, by ten years, we will all have VR glasses in our pockets. One of these use cases is edutainment, where the added value is easy because you simply learn better in an immersive experience. We have a lot of educational institutions that are coming to us because they want to use this technology for teaching and learning better skills or concepts. In conclusion, my answer is that we can't see the value of the Metaverse yet. When the technology will be ready and ideas will start building around it, you will be able to see the real value of the Metaverse.



# 08 FinTech Stories

## Open Token Factory: from physical assets to tokenized economy



**GIACOMO MAZZANTI**  
PARTNER & FINTECH COMMUNITY LEADER,  
DELOITTE



**CARLO DONADIO**  
HEAD OF TECH ASSETS AND INCUBATION,  
OFFICINE INNOVAZIONE



**LORENZO RIGATTI**  
CO-FOUNDER,  
BLOCKINVEST

**We know that there is a newly announced collaboration between Deloitte and Blockinvest. What projects will you be pursuing in these months and what impact will they have on the Italian ecosystem?**

**Giacomo:** With Blockinvest we started a path to build a concept that we called Open Token Factory. A project where all our competencies can meet: from consulting, to legal, to risk advisory.

We decided to do this because, over the last few years, we have experienced several failures in proposing solutions based on digital assets, because our customers did not feel comfortable experimenting with a technology that had impacts with the regulator and put customers in an uncomfortable situation. However, since failure is part of success, we have tried and tried again and now, with Lorenzo, we are convinced that this is the perfect time to have not only a technology platform but also everything that is needed in terms of reliability for customers to feel secure in adopting this solution. Open Token Factory combines Deloitte's and BlockInvest's experiences and capabilities by offering a unique solution based on blockchain technology that can transform financial instruments and real-world assets into 'digital tokens'. The solution enables the creation of one or more tokens from a real-world asset, which are then released on the public blockchain.

The real difference lies in the introduction of an intermediate figure between the investor and the issuer: the transfer agent, who certifies the transactions and allows the solution to be transparent, compliant and in line with the traditional processes carried out by market operators. In contrast to other solutions, where one account is responsible for the entire token lifecycle, Open token Factory involves 3 different accounts with different responsibilities at different stages of the project, increasing the security of the solution and making asset custody more effective.

Thanks to the Transfer Agent, the investor can always retrieve his tokens, even if he loses his private key; while the issuer has no need to store the tokens in his wallet, because they are managed directly by the solution and transferred automatically at the time of the transaction.

In addition to the security benefits, the solution allows token creation in minutes, offering up to 90% of cost savings. Furthermore, it does not require additional infrastructure, servers or data reconciliation tools to be used, greatly simplifying the user experience.


The solution is designed for financial industry organization, which is where there is the greatest potential for application, but not only: we are exploring the possibility of using NFTs as a form of engagement that can then lead to a transfer of value. It is a big challenge: but we are convinced that we have what it takes to succeed!

**Terms like Blockchain, Web3 and Metaverse are often mere buzzwords, but industries such as Finance and Gaming are moving very fast in these areas. How do you think organizations should approach these topics?**

**Carlo:** Let's start with the easy part. We realised without any doubt that this is a topic that needs to be approached methodically and from a multidisciplinary point of view.

The market shows us that the Blockchain and DLT domains are evolving like the internet in the late 1990s. This comforts us from a numerical point of view, even though they have very different circulation and total numbers. At the moment, we have 4.5 billion people constantly connected or with the ability to access the Internet. On the other hand, 200 million people in the world operate or have operated crypto. Half a million people have come into contact and understand what it means to use a NFT. Combining these numbers with the total number of blockchain technology users, we can say that our solution can have a very good reach.

Furthermore, market projections in this area are always being revised upwards: it is estimated that, by 2027, 10% of global GDP will be connected to blockchain platforms. Alongside these objective data, there is the emotional side. The distribution of the use of these technologies is uneven and, as far as the financial sector is concerned, these solutions are currently experiencing much lower hype than in the past. However, the evidence tells us that it is precisely when the hype is lowest that technologies progress fastest. All these elements came together in the model we used to analyze and develop our solution in order to achieve maximum effectiveness for the market and customers.

-  **4.5 Billion people** with access to the Internet
-  **200 million people** who have operated with crypto
-  **500 Thousand people** who understand the meaning and usage of NFTs

**We know that one of the hottest trend in the market is taking assets from the real world to the digital world. Do you think this trend can support economic growth? Can it help evolve the world of financial services?**

**Lorenzo:** The trend of digitising real assets exists: just think of the race to the Metaverse. Unfortunately, my avatar in the metaverse feels lonely. There are still only a few nerds like me, who spend real money in the metaverse to buy their avatar a new pair of jeans.

This world will become more mainstream only when access will be a little less complicated than what is now and asset custody will be a little more secure, enabling the 'Be your own bank' principle. Only then cases like FTX will no longer happen.

The digitization of financial and non-financial products is already happening in the blockchain world, according to different points of view. In my opinion, that I am a kind of 'fundamentalist', not all blockchains are the same: private blockchains are not real blockchains and Bitcoin is different from all others because it is not owned by any company.

Bringing real assets on-chain, however, requires also an important step. The provider of the service, the innovators, should not be at the centre of the processes. Actually, the beauty of blockchain is the decentralisation and its power to enable a higher level of collaboration than Web2. We must therefore work to create a series of projects where the asset can be brought on-chain directly by the owner of the real asset.

Let me explain further, with Open Token Factory we are not developing a product, but a method to take the corporate client (which can be a bank, an SGR or a record company) from being skeptical and scared in front of the crypto world to issuing its first token. Because the value of this technology, lies in its use. If the asset manager, the notary or the professional in general does his transactions on-chain this is the real revolution of the blockchain. Because it is often said that blockchain will be a disintermediation tool, but it is not. Blockchain enables a transactional network that actually works, is the same all over the world and has the enormous advantage of breaking down information asymmetry. It is precisely this last point that is the key to transforming the financial services industry: we know that information asymmetry determines prices and makes the market, when everyone has the same level of information and everyone's responsibilities are very clear, people have different power and very well-defined responsibilities. So we did not disintermediate, but we brought operations on-chain.

That's the idea that made us join our forces, turning what was just a nice idea into a concrete project.

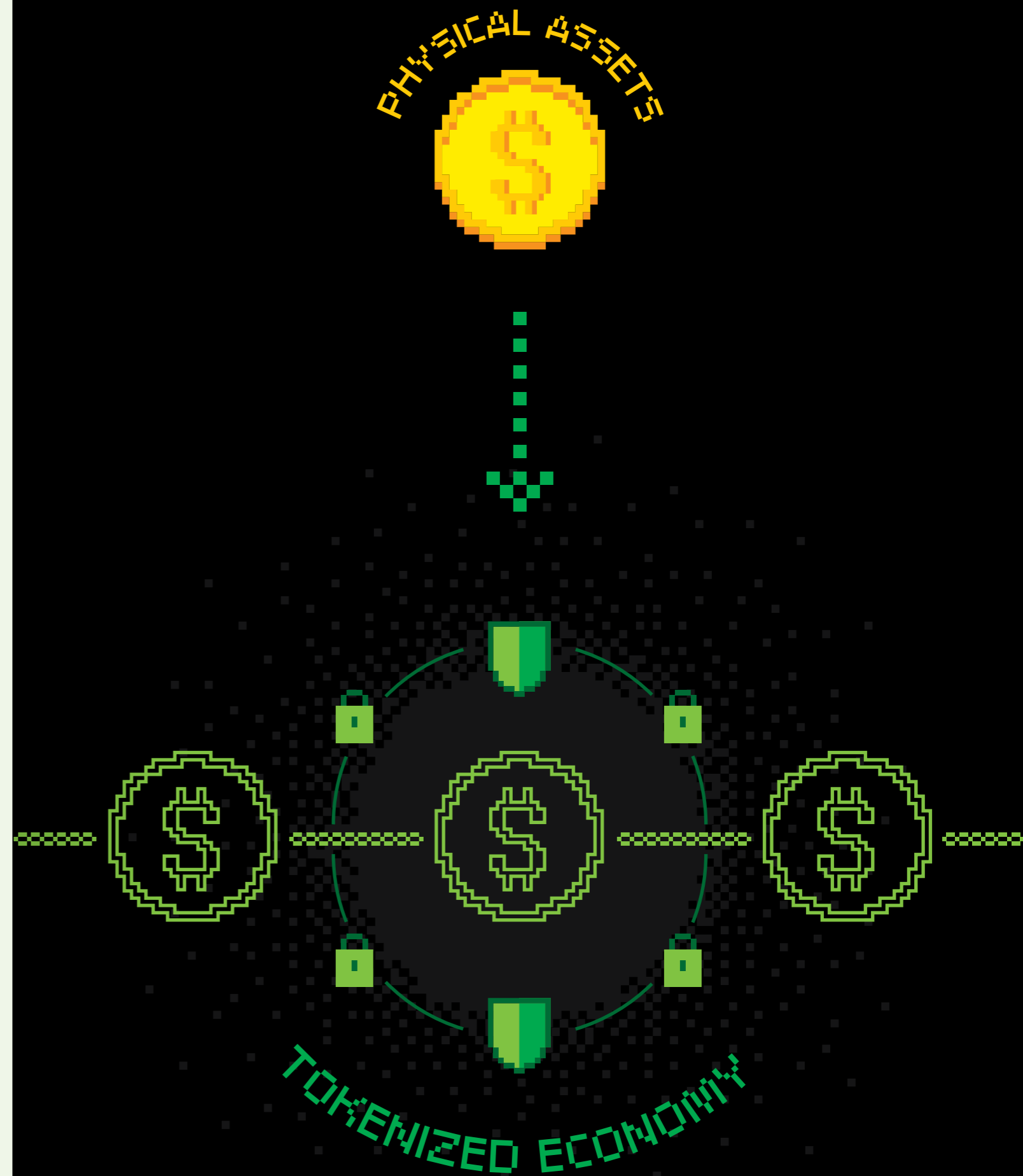
**We know that regulators can either be a boost or a hindrance to FinTech innovation. And you, Lorenzo, do you think regulators can help make your avatar less lonely?**

**Lorenzo:** Unfortunately, if we are talking about the crypto world, not yet. Because not many regulators use this type of technology.

If we talk instead about what we are doing, i.e. transforming real assets into digital assets, this is an area that is already very much under regulatory scrutiny. The digital assets, in fact, are called security tokens because they are real securities that our clients can engineer via the Ethereum blockchain, representing even very complex products: the derivative of securitization notes, the derivative of a real estate fund, the non-possessory revolving pledge of a stock fund. In short, niche products that can only be offered to certain types of investors.

The thing that surprised me was that, attending the Los Angeles Blockchain Summit, I was convinced that my American colleagues were much luckier than us, having the SEC as their regulator. But talking to them I discovered that they were the ones who were envious of Europeans: in fact, the eurozone has made very important steps forward on the regulation of these assets, driven by the so-called 'business needs' sent by the big corporations and banking groups. The EU Finance Package contains some very interesting things for my avatar, and therefore the blockchain world, with the Marketing in Crypto Asset Regulation (MiCA) where the regulator starts to clarify what these instruments are and how to treat them, the difference between one token and another (because tokens are not all the same). Reference is also made to the so-called 'pilot regime', thanks to which it will be possible to experiment with issuing financial instruments via the blockchain platform for up to 1 billion euros for bond tokens and for 500 million euros for equity tokens. It will be possible to operate under a 'regulator-proof' regime, which will allow to act without sanctions for three years, providing a big boost to large banks and financial institutions to experiment with these types of instruments. In Italy, too, the Bank of Italy recently gave a big opening on this issue, especially in the vertical of companies issuing tokenized bonds, showing that it is very well prepared on the subject. This allows us to be very optimistic, since our goal is to bring serious operators to use these kinds of tools with confidence. Isn't that right, Giacomo?

**Giacomo:** True. In past years no one wanted to take the risk of using this type of solution. What we hope is that the new market conditions will encourage more and more operators to use this type of instrument, and we want to be ready, solving in advance any possible doubts our customers may have, in order to encourage them to use this new opportunity with confidence.



# 09 Salone dei Pagamenti 2022

Exploring the Payvolution

The payments industry is one of the fastest growing verticals in FSI sector, posing itself as one of the most interesting playgrounds for FinTech Innovation and for the development of new technologies.

**Despite today's uncertain economic and geopolitical environment, Payments industry is experiencing a solid growth in mid to long term.** According to BCG's *Global Payments Report 2022*, global payments revenues rose by 9,5% Year-on-Year in 2022, beating the estimate of 6,9% expected by BCG in their forecast made in 2021, while Global Payments revenues reached \$1,5 Trillion and they are expected to rise by 8,6% through 2026.

To explore such a fast-paced environment, industry gatherings are the best place to start with. In this context, **Salone dei Pagamenti**, promoted by **ABI - the Italian Banking Association**

- **is the most important Italian event dedicated to Payments innovation for the banking industry** and beyond. The event is the place where the most prominent stakeholders of the FSI industry meet experts, digital companies and Fintechs to discuss emerging trends in the Payments Industry. In its 2022 edition, *Il Salone* gathered more than 300 speakers in 70 sessions and workshops dedicated to more than 10.000 participants.

Amongst them, **Deloitte partners and leaders contributed to the event, sharing their industry expertise and point of views in dedicated sessions about the hottest trends** and the most interesting emerging technologies that are shaping the future of the payments industry. From the impact of Open Finance to the new solutions created by fintechs and startups, to the new scenarios enabled by Virtual Worlds and by the concept of Metaverse.



## Fintech and the Main Trends of Payments Evolution

**SPEAKER**

**PAOLO GIANTURCO**  
BUSINESS OPERATIONS AND FINTECH LEADER,  
DELOITTE CONSULTING

**Fintechs are a key driver to overcome the economic slowdown** and uncertainty that markets are facing.

In the last two years, banks have invested heavily in cloud and digitalization, enabling an ecosystem model based on collaboration that is fundamental to back and nurture the innovative solutions that fintechs offer.

If we focus specifically on Payments fintechs, we notice that the business model based on the simple transaction is no longer sufficient. **It is necessary that fintechs expand their scope to other services** in order to be able to invest in technologies and processes and activate collaborations with banks. Among these new services we see innovative business models such as Buy-Now-Pay-Later.

Among the major BNPL operators, we see that revenues are made for 60% of fees and for 30-40% of interest on instalments that are not paid immediately. On average, globally, the instalments that are not paid immediately are about 5%. Therefore, **this is a model that needs a complex customer management system to be profitable.** This requires a major focus on data - coming both from merchants and customers, alongside with data that can be found on the web.

Thanks to Cloud and Artificial Intelligence, Fintechs can understand through data who the best payers are and reduce the risk of non-payment.

The growth of this sector has been significant in the last year: +400% worldwide and +100% in Italy. This **growth is determined by the advantages that BNPL offers to consumers**, providing them with a new and smart way to make payments. What Fintechs providing BNPL solutions have to be careful about is the percentage of non-payments, because if the percentage of interest-based revenue rises too high, the whole model risks to be not sustainable.

Another ongoing trend is related to **Blockchain and Cryptocurrencies**, which, after an initial hesitancy, are increasingly present in banks' development models.

The entry of banks into the world of crypto is very important for the whole market. Now customers can rely on **a trusted actor in the crypto ecosystem, that guarantees more security when transacting with or investing in crypto.** After the collapse of FTX, everyone realized how crucial it is to have a technology to control and monitor the market and that banks - with due care - can become the trusted actors that guarantee the security of the crypto world. The issue of custody has become fundamental, as well as solutions such as Proof of Reserve and Proof of Liability, that allow users to verify that funds have not been misappropriated.

Cryptos can be seen in two ways: as investment asset or as transactional tools.



At the moment, about **15% of global transactions take place via innovative technologies like QR code, Peer-to-Peer, Blockchain**. This is expected to double in the next four years reaching 30% of the total amount of global payments in 2025. According to research by Deloitte US, 1/3 of US retailers say there is a great interest in buying with cryptocurrencies from their customers.

This requires a system that guarantees the security of the transaction and some fintechs, such as Argent, offer such solutions, allowing payment in euros or dollars without going through traditional systems. The system is based on the DAI stablecoin and can be seen as a tool to expand the use cases of crypto beyond the simple investment tool.

Linked to the above is the issue of custody. This could be **an interesting access points to crypto ecosystem for incumbents, acting as trustworthy player that can shield and guarantee their customers when operating in the crypto market**, for example fundamental to allow even the least technology-savvy users not to lose their private keys or to recover them in case of loss. Incumbents can play a very important role in that regard, contributing to make the crypto market more accessible and reliable for mainstream users.

A third trend is that of **artificial intelligence and applications of algorithms in financial services**.

In the last couple of years, there has been a great development of artificial intelligence tools because these kinds of tools need

three factors to grow: technological and business skills, a large amount of data, and high computational power. In recent years, we have seen a convergence between Fintechs, that are already Cloud Native, and banks that are making big investments in digital infrastructure and Cloud technologies.

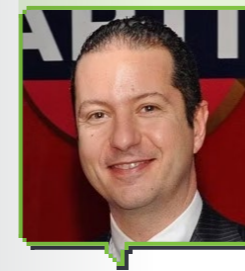
**Deloitte estimates that in the next 4 years, more than 40% of the applications of major banks will be on the Cloud.**

The shift to this technology necessitates an overhaul of the data architecture from separate silos - where it is difficult to do business with data - to structures that make it easier to use big data to do business.

**Among the main applications of AI is automation.** Automated document reading sounds like a triviality, but it can lead to a reduction of many internal processes while saving time and money. On the other hand, automation also means reducing the time needed for document analysis and for the onboarding of new customers, enabling new KYC tools to reduce operational risks.

The second application is **predictive capability**. Today, banks can assess the financial situation of their customers using the indicators found on the web or from the analysis of transactions.

**These two points, however, cannot be separated from the ethical issue:** both in terms of privacy and protection of personal data, and in terms of possible discrimination caused by the algorithm. Artificial Intelligence tools must be constantly reviewed and Beta-tested to avoid these risks and prevent possible discrimination.



## From Open Banking to Open Finance: a continuous evolution

SPEAKER

**LUCA GIURATRABOCCHETTA**  
PARTNER & CLOUD FSI COMMUNITY LEADER,  
DELOITTE CONSULTING

*“The innovative services enabled by Open Banking, such as Instant Payment, can only work if they are based on Cloud infrastructures. There is no way that the services offered by banks can change as fast as consumer preferences change without Cloud.”*

When it comes to Open Banking, the world is moving at two speeds: in the US, the framework was developed directly by the banks, while in Europe it was the disruptive push of PSD2 that activated the logic of Open Finance.

Belgium, the Netherlands, the United Kingdom and the Scandinavian countries are the areas that developed fastest, taking advantage of the regulator's push. If today in Europe 71% of banking institutions have activated Open Banking projects, the percentage is much higher in the United Kingdom (81%) and Belgium (87%).

Looking at Italy, based on Deloitte's Digital Banking Maturity data, **Italy has accelerated in the last two years, doubling its active Open Banking projects**. However, there are some reasons that are holding back this expansion.

One is a cultural reason. **Italian banks have a solid business structure, but little willingness to open up and collaborate.**

A mentality that is in open conflict with what is the primary goal of Open Banking: to create an open ecosystem in which to share data in order to offer new products to customers and create new business opportunities for all market players. This opportunity can create solid business advantages: according to research, those who can bring new products to market quickly are 16% more effective than their competitors.

The second reason is technological. **The Italian financial system has focused on its own network and its own customers, slowing down all business cases for collaboration**, including technological collaboration with other players. Open banking, in my opinion, is more about putting the customer at the center, offering him what he really needs, rather than making margin. And this clashes with the mentality with which many players work.

Having overcome this resistance, **in the last two years Italy is proving to be able to compete with other European countries**, demonstrating a much more 'creative' approach than other countries to understanding the customer and creating new products and services that can meet customers needs. A set of solutions that, according to industry estimates, affect turnover by about 6% more than those who do not adopt Open Banking solutions.

This new approach, however, cannot grow relying solely on traditional architectures. **The innovative services enabled by Open Banking, such as Instant Payment, can only work if they are based on Cloud structures**. There is no way that the services offered by banks can change as fast as consumer preferences change without using Cloud.

Therefore, we are witnessing a technological transformation: by 2025, 50% of financial players' IT investments will be on the Cloud. This relatively recent technological innovation **must therefore become the enabler of the services promised by Open Banking**. If not, the risk is to run innovative business model on outdated technologies that can keep the pace of innovation. On the contrary, **the Cloud offers a 15-20% competitive advantage** over those who do not use it. It also offers a paradigm shift in terms of costs by moving from a Capex model to an Opex model. By intersecting consumer demand with what the technology offers us, we can really activate a mindset for innovation that can benefit the whole market of Financial Services.

The cloud today offers real benefits and a real return on investment: it is the right time to dare to invest on innovation.



## Metaverse and the Future of Payments

**SPEAKER**

**GIACOMO MAZZANTI**  
PARTNER & FINTECH COMMUNITY LEADER,  
DELOITTE CONSULTING

If you asked 100 people how many of them have entered the Metaverse, only 3 or 4 will say they did. However, if you would ask how many of them play Fortnite or Roblox every day, numbers would increase significantly. Even though these two videogames are good examples of what we call the Metaverse, it is hard for their users to perceived them that way. Especially younger kids gather on these platforms to play games and meet up with friends, in a sort of continuation of real social interactions. One can say, therefore, that the **new generations are already in the Metaverse even though they are often unaware that those services they use every day are the first examples of this technology.**

For these new generations, it is natural to use pocket money to buy a new skin, something that may seem absurd to older people. On the other hand, **younger generations do not realize the value of buying a digital asset in the Metaverse or how it can acquire new value in the future.** It is therefore necessary to understand the needs of these generations to guide future investments and allow the Metaverse to grow.

Therefore, financial players have to consider carefully their approach if they want to offer their services to the Metaverse. JP Morgan recently made headlines for setting up its own subsidiary in the Metaverse but, in my opinion, this is only marketing. In fact, **if financial services players simply think of replicating their own structures in the Metaverse, they are doomed to fail:** the people who use these services simply make transactions, without being aware or interested in the mechanism by which these happen. Thus, the role of financial operators should be that of a silent support to these transactions, allowing users to live their virtual experiences as simply and transparently as possible.

Let's take gaming as an example. Gaming is undoubtedly one of the most important use cases for digital worlds, because that is where the largest volumes and most transactions are already moving today. In my opinion, **traditional banks might find an entrance point to the metaverse by developing solution for the gaming market, acting as a bridge between the virtual economy and the real economy** by anchoring digital assets to

real ones. If I make a purchase on Fortnite today, I cannot then recover the value invested or move it to another virtual world, but in the future it might be interesting to make this exchange possible. At the moment, each virtual world has its own 'currency' and investments expect very long-term returns, which is holding back those who do not have a great amount of capital and prefer more traditional investments. The entry of traditional financial operators can help making this market more open and also favour small investors.

**As Deloitte we are using NFTs as a financial education tool for the younger generation.** By buying these kinds of products in a gamified environment, we allow young people to discover the possibilities of using these instruments also in areas that are other than gaming, to enable them to become proficient with these kinds of instruments and create the consumer of the future.

It is still not an easy thing to bring digital assets and transactions outside of the Metaverse. However, making this transition possible is key to making this technology truly mainstream.



## Embedded Insurance for the Insurer of the Future

**SPEAKERS**

**ILENIA ROBUSTO**  
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**MASSIMO TONASSI**  
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Embedded finance and payment management are a key issue for the insurance market, not only for insurance players themselves but also for all those corporations that manage product and service distribution models.

Within 2030, in less than 10 years, the value of embedded finance will reach about \$7.3 trillion with an expected CAGR of 24% and expected revenues estimated in \$780B. Therefore, **embedded finance can generate a huge impact, especially in the Payments and Insurance sectors,** through partnerships and collaborations with innovative players such as software firms or other non-financial players. Focusing on the insurance market, the impact of embedded insurance is expected to reach a market value of \$3 trillion by 2030, with a global CAGR market value of 20% between 2022 and 2030 and \$720B in expected premiums by 2030.

The value expected for Embedded Insurance will be created by **a series of innovative use cases that will shape the way insurers will do business in the next 10 years.** One of this could be related to mobility, enabling customers to purchase an embedded motor insurance when they purchase a new vehicle. Another product could be in e-commerce retail, distributing insurance products linked to retail goods purchased online to protect customers. In the same way, insurers can embed their product into the travel and leisure funnel, giving customers the opportunity to purchase insurance coverage when buying a ticket for a flight or organizing a trip. Last but not least, Insurers can embed their products into the Metaverse stores, protecting customers' digital identity or offering protection to customers purchasing luxury goods or NFT.

Managing these use cases and the level of transaction and integration linked to embedded finance creates **a new level of complexity that companies need to handle.** In order to do so, Insurance companies can put their trust in facilitators, such as Integrated Platforms for Money Movement and Management, that

allow companies to handle the complexity of the integrations of all parties involved, allowing to manage seamlessly purchases, billing, fees, reimbursement and reconciliations.

Compared to the global situation, **in 2021 the Italian insurance market collected premiums for a value of €105,9B for the Life Business and €34,1B in the non-life business,** a value that grew significantly after the pandemic, scoring +4,5% in the life segment and 1,8% in the non-life one. The market is dominated by few players: the three top insurance companies collect 50% of the total premiums in both segments, while the distribution channels are dominated by bank branches (55% of life premiums) and agents (74% of non-life premiums).

However, the landscape we just described is posed **to be disrupted by the changes brought by the embedded insurance framework and, in particular, by the paradigm of digital payments.** Today payments in the Italian insurance market are made for 50% by cheques, which is significantly higher than other industries, where payments by cheques amount only to 22% of total payments value. Switching from cheques to digital payments offers significant benefits for insurers: according to Deloitte research, using digital payments reduces by 40% the fraud risk compared to cheques, while reducing CO2 emissions by 20% in accordance with Paris Agreements.

Therefore, it is time for insurers to change the way they do business, nevertheless because **the market is already moving towards digital payments.** According to research conducted by Deloitte in 2022, the volume of transactions made with Digital Payments is expected to increase by 80%, reaching up to \$1,9 trillion by 2025. At the same time, insurance digital customers globally are expected to increase 90% by 2030, while innovative insurance solutions such as microinsurance, on-demand and pay per use, are expected to reach a size of \$152B by 2030 with a CAGR of 52%.

Riding the wave of digital disruption and switching to digital payments and innovative solutions will also allow insurers to respond to the changes in their customer base: **if today Millennials and Gen Z account only for 35% of the Italian insurance market, they are expected to grow 90% and reach 65% of the market by 2030.** These new generations have different needs and different interests compared to today's insurance customer, needs that can be better served thanks to the opportunity offered by digital technologies. Millennials and

Gen Z, in fact, are oriented towards usage-based insurance models, rather than long-term commitments; they demand faster claims management and an omnichannel experience that is in line with other experiences they have online, as well as a pledge to address climate change and sustainability by the insurers. All of the above, as we saw before, can be easily met switching to digital technologies and moving from a traditional business model to innovative insurance solutions.

This change can be daunting, but insurers are not alone. **There are Fintechs that offer solutions aimed to handle the complexity of new technologies, especially in the digital payments field.** One of these Fintechs is Stripe, a payment unicorn that reached a record evaluation during 2022, offering a cutting-hedge solution for the End-to-End management of Insurance Payments.

The platform developed by Stripe **automates premium collection and reconciliation of money movements**, while automating the payments of commission fees to agent after a policy is booked or the payments of underwritings. Additionally, the platform offers an added value in the frame of embedded insurance: not only reducing payments friction and thus improving customer satisfaction, but also leveraging on APIs to increasing visibility and accuracy, collecting insights and data that will better support the company in understanding its customers and providing new products and services based on their needs.

Therefore, **Integrated Platforms such as Stripe will lead the revolution**, helping the Insurance ecosystem players in improving customer experience and reducing operative costs. In this way, insurers can be ready to focus on new ways to reach to their customers, riding the new trend of Embedded Insurance to create new ways for product distribution for the next decade.

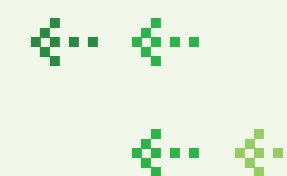
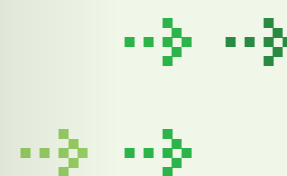


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# FinTech Talks

## Closing Remarks

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The year to come looks threatening if we look at it from the physical world: war, recession, inflation pose great challenges and uncertainties on the first months of 2023.

On the other hand, 2023 seems much more promising if seen from the Digital World perspective. The business case for virtual worlds is expanding way beyond the boundaries of gaming, that traditionally dominated this realm. Today, users experience virtual worlds for many different reasons other than gaming, such as meeting their friends in *Minecraft* or enjoying a concert in the virtual halls of *Fortnite* and *Roblox*. At the same time, companies are experiencing different ways to take advantage of virtual worlds, hosting team meetings, events or team building activities and creating new spaces for work and communication.

The case for virtual worlds will take momentum and keep its growth, because this new mean of communication has something that traditional means of communication don't have: they are immersive and allow people to express themselves and interact with others in more profound and significant ways.

Will all this eventually lead to the creation of the so-called "Metaverse"? In 2022, companies of all size and industry rushed to create their own Metaverse experience, following the hype more than a solid business plan. In 2023, we could expect companies to better focus their investments, creating solid use cases and helping this new technology to reach its maturity.

With this issue of FinTech Talks magazine, we tried to understand the new trend of the Metaverse going beyond the hype, to understand what role Financial Services can play in it. We still don't know the answer. What we do know, though, is that it's not too late to ask yourself the right questions.

See you at our next issue!

- Paolo Gianturco





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