

CRYPTO A.M.

Our series on AI, Blockchain, Cryptoassets, DLT and Tokenisation

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PARTNER CONTENT

CITY A.M.'S CRYPTO INSIDER

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Global tensions continue to dominate world headlines and the situation in Hong Kong escalated yesterday with all flights in and out being cancelled and the People's Armed Police massing on the border in Shenzhen for 'exercises'. With capital flight happening from Hong Kong and gold continuing to be on the rise Bitcoin also appears to be another suggested safe haven. Ironically China announced this week that it is close to issuing its own sovereign digital currency as an alternative to cash. The project has been in the works for five years and comes at a time when central banks are debating the issue of Facebook's Libra.

In the crypto market at the time of writing, Bitcoin (BTC) is down slightly from last week at US\$11,727.50; Ethereum (ETH) is at US\$211.65; Ripple (XRP) is at US\$0.3013; Binance (BNB) is at US\$30.15 and Cardano (ADA) is at US\$0.05303. Overall Market Cap is down too at US\$296.41bn (data source: www.CryptoCompare.com)

Usability continues to be a particular bother for me in my limited micro experience of trading crypto and am looking forward to the day this improves because mass adoption can only occur properly when the user experience becomes easy and familiar. In this instance a debt was paid to me in the form of a crypto token. In order to receive it I had to download a wallet that supported that token, then to trade that token I had to exchange it for Tether (USDT) to acquire BTC and then withdraw the BTC from the exchange to my Wirex account (<https://wirexapp.com>). The only part that was straightforward was with Wirex which I managed in twenty minutes. The rest of the process? Over a week with many hours dealing with customer service agents which was no mean feat either and definitely not an experience I'd wish to repeat - it would certainly not pass 'my dad test'!

In a watershed moment for the mainstream adoption of digital assets, Bloomberg and CoinDesk reported that MERJ exchange in the Seychelles has become the first national stock exchange globally to list tokenized equity. I spoke to Jim Needham head of digital asset strategy at MERJ who said "The team at MERJ have been building this regulated infrastructure for 8 years and began work to include digital assets in 2016. These things do not happen overnight and to successfully conclude the first tokenized listing is a great milestone for MERJ, for the Seychelles and for the digital asset community in general"

And finally, crypto artist VESA who wrote the Guest Main Feature on 9th July 2019 (www.cityam.com/crypto-insider) contacted me to let me know that the article has now become the first blockchain verified crypto art movement manifesto. It is not the official one, following the decentralized principle, but it is the first one. This Codex Protocol registered edition of 12, will be available through sale or a private auction in the coming weeks. Watch this space!

In an increasingly globalised world, one would expect financial access to be equally global. However, recent figures show that around 1.7 billion of the world's population doesn't have access to a bank or financial organisation. While developing countries like Indonesia and South Africa are hardest hit, with 66 percent of Indonesia's 260 million population unbanked and 11 million people either unbanked or underbanked in South Africa, few countries are immune. Even the UK currently has an unbanked population of around 1.6 million.

This isn't helped by global approaches to currency. Where previously the 'gold standard' meant that money had a value directly linked to gold, all governments now issue fiat currency, something that only holds value because they order it to. And as society becomes increasingly cashless, the consequences of not being able to hold this fiat currency in a bank account can be crippling. Without a bank account, there's no way to receive direct deposits from an employer, and you won't be able to start building a credit history for future borrowing. Your options for transferring and saving money are also often more expensive or less safe.

Although banks are undoubtedly working to expand their reach, it's difficult to find a 'one size fits all' solution which works within the already established banking framework.

In the meantime, the internet can reach where financial institutions cannot. In Indonesia for example, estimates suggest that internet penetration is 72 percent in urban areas, 49 percent in rural-urban areas and 48 percent in rural areas. This is a phenomenon we're seeing across the globe. As internet rates and smartphones become more affordable, it seems the internet might be the answer for the areas underserved by traditional finance. But what does this service look like in practice?

Knights in shining armour or wolves in sheep's clothing?

Much noise has been made about the rise of 'challenger banks' and the potential that they have for the unbanked population. Over the past few years,



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we've seen startups like Monzo and Revolut flood the scene. Their services bring promises of easy access to finance for those who were previously locked out, and lower fees for people living abroad and sending their money home. At first glance, it would appear that we've found the knights in shining armour that the global unbanked population needs.

However, while low fees for sending money abroad are undoubtedly a huge help for many, this doesn't address several of the day-to-day challenges that the unbanked market faces. In some coun-

tries, many citizens don't have the systems in place to allow them access to financial services. Countries like India are home to generations of women without birth certificates and official personal documentation. This means that financial activities like opening a bank account or applying for a loan are almost impossible.

Unfortunately, while challenger banks differ ideologically from their predecessors, at the end of the day they are still banks. This means they still operate within a similar framework to their predecessors, both financially and legally. This

rigid governance puts up a huge obstacle to global financial inclusion.

It's understandable why the challenger banks have taken this approach, and why it has succeeded. Any system similar to the old one is likely to be the most trusted one. However, developments in technology mean we have the tools to throw this model out of the window entirely.

With this in mind, should it really be the challenger banks that traditional financial institutions are really afraid of?

The Revolut-ion will be disrupted
The rise of new technology like

blockchain means that everyone with access to a smartphone can hold some financial power.

This goes beyond the infamously volatile cryptocurrencies. Business has evolved from the original digital currency offering to products like stablecoins. These are cryptocurrencies designed to minimise price volatility by linking the currency to a 'stable' asset or basket of assets. A stablecoin can be pegged to a cryptocurrency, fiat money, or to exchange-traded commodities (such as precious metals or industrial metals).

This could be revolutionary for countries with unstable or inflated currencies like Venezuela, where inflation is currently at 10 million per cent. Citizens can now use payment tokens backed by real assets which are often more stable than their own paper currencies - all for the price of a smartphone. And if those assets are physical, then they can even generate a return off the tokens that they don't spend.

While it's still early days, projects in this space are starting to move from



Use terms like "inaccessible" or "unreached" when discussing global access to finance

proof-of-concept to operational. And when they're in full swing, the focus may shift to ensuring citizens have access to technology rather than financial institutions. We may even start to see a return by governments to the 'gold standard', as a more inclusive and stable method of conducting transactions.

Perhaps then it'll be time to take the "bank" out of "unbanked", and look instead to terms like "inaccessible" or "unreached" when discussing global access to finance. And maybe it is the challenger banks, rather than the banks themselves, that should be looking in the rearview mirror.

Thomas Coughlin, CEO of Kinesis, in conversation with James Bowater. For further information please visit <https://kinesis.money>

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CRYPTOCOMPARE MARKET VIEW

Bitcoin Hits Landmark Dominance Over Altcoins

Bitcoin (BTC's) dominance - a measure of its market capitalisation as a percentage of the market cap of all cryptoassets - hit a landmark 70% this week, a feat last achieved in December 2017. On that occasion, the dominance was short-lived, with an altcoin bull run promptly cutting dominance to only 35% by mid-January 2018.

This latest period marks a torrid year for altcoin projects, many of which have continued to lose market value over and above the significant drawdowns incurred in 2018. The growth in dominance comes despite the launches of several well-capitalised projects including Algorand, Cosmos and BitTorrent. With little evidence of renewed bullish sentiment or fresh retail funds entering the market, few would bet on an altcoin reversal similar to that of late 2017.

In the markets, Bitcoin is up more than 5%

across the week. A high of \$12,330 hit on Tuesday 6 August could not be sustained, with price falling to \$11,115 before recovering to its current value of \$11,329 at the time of writing. Ethereum also rose this week, growing by 4.58% with a high of \$239 and a low of \$202. The combined market cap of all altcoins fell 4.66% across the week. Among the assets that managed to counter the trend were tokens issued by exchanges, including Binance's BNB (+9.85%) and Huobi's HT (+9.91%).

Assets to watch this week include Cardano (ADA), which made a late rally to gain 25% from its yearly low, set on 9 August. Bulls will be seeking to maintain positive momentum this week to initiate a new uptrend. Also worth watching is Chainlink (LINK), which retraced 5% in USD terms following its all time high of \$4.50 set in June, but has gained 15% over the past week.

CRYPTO A.M. INDUSTRY VOICES

Who Needs to Learn about Crypto?

For the last few years, it's been easy to dismiss cryptocurrencies such as bitcoin as some weird thing techies were into. But just like the internet and social networks, this weird niche technology is slowly spreading into the mainstream, with lawmakers discussing how to regulate it and more and more outlets accepting it for payments.

At this point, you may be asking yourself... Should I learn about cryptocurrency? Or can I keep ignoring it? Here's our recommendations of the sort of people who would benefit from learning about crypto and blockchain technology.

largely been male-dominated.

INVESTORS AND TRADERS

If you're considering adding any sort of cryptocurrency or blockchain assets to your portfolio, whether it's investing in an Initial Exchange Offering (IEO) or a crypto-based ETF, you should develop a baseline understanding of the blockchain and crypto "tokenomics." This will help you understand whitepapers and the crypto market, and make smarter investment choices.

CRYPTOCURRENCY SKEPTICS AND CRITICS

Even if you've decided you don't trust cryptocurrencies and that this is all just a big bubble, you should understand it enough to know what you're arguing against. Knowledge is a great thing, and we live in a time with previously unimaginable access to learning opportunities. So learn about blockchain and cryptocurrencies. You'll either strengthen your arguments - or find that you've had a change of heart!

WHERE TO START

If you're ready to take the first steps to learning about cryptocurrency and the blockchain, congratulations! You're about to enter an exciting new world. And it might be easier to learn about than you ever realized. There are online resources that will allow you to learn at home, at your own pace, such as Cointelligence Academy. The Academy courses cover basic crypto knowledge, how to get started with cryptocurrency, how to research projects you might want to invest in, how to market a crypto project, and more. Whatever your reasons for seeking out a crypto education, you'll find the knowledge you need to start your journey.

You can also look for meetup groups in your area, where you can network with crypto enthusiasts and get your questions answered. Online forums can serve a similar purpose. You can start learning today, and in no time at all you'll be tossing around phrases like "decentralized ledger technology" and "smart contract"!

On Yavin, Founder & CEO of Cointelligence Academy <https://www.cointelligence.com/>

Crypto A.M. shines its Spotlight on MIRIS

This week's spotlight feature focuses on MIRIS, a Norwegian-based Smart Community pioneer that leverages blockchain technology to address the sustainability of the environment and its coexistence with human activity.

Its flagship project is called "Svart", the world's first energy-positive hotel. Situated north of the Arctic Circle in Norway, the off-grid hotel will reduce its yearly energy consumption by 85% compared to current building standards. By utilising hydroelectricity from a nearby fjord, as well as harnessing solar and thermal energy, the project will produce 60% more energy than consumed - enough to support surrounding infrastructure.

Energy-positive buildings such as SVART could deliver 89% of the 45% decrease in emissions required to reach the scenario where global warming increases to 1.5°C above pre-industrial levels. Scheduled to open in 2021, the hotel's architecture is inspired by local coastal building traditions

and stands on wooden piles dissolving the boundaries between land and sea.

Svart aims to not only put #ecotourism on the map, but also provide a prototype for the building of low-latency 'edge' computing, providing connectivity for IoT devices within the Smart Community. In order to power these integrated Smart Community solutions, MIRIS has placed blockchain technology firmly at the heart of construction, development funding and project optimisation. MIRIS already has over 470 investors investing in projects via their



A blockchain-based platform will increase both levels of liquidity and transparency.



Jan Gunnar Mathisen, CEO MIRIS

tokenised blockchain platform, soon to be launched globally with a number of investment instruments.

MIRIS CEO, Jan Gunnar Mathisen, has gathered a team around him that embodies

a complete embracement of cutting-edge technologies to help fulfil the MIRIS vision of creating sustainable lifestyles in balance and harmony with a sustainable planet. When Mathisen first entered the real estate

industry, he spotted an opportunity to develop a new, better way to develop real estate that would bring benefits to all stakeholders. By digitising every aspect of a real estate project, including the descriptions, modelling and the construction process itself, inefficiencies will be reduced. Moreover, the financing of projects through the use of a blockchain-based platform will increase both levels of liquidity and transparency.

Furthermore, the recent acquiring of tokenisation venture builders, Redsand, illustrates the commitment of MIRIS in placing new technologies at the core of its business. Redsand has been working on distributed ledger technology since 2014 launching ventures in FinTech and crypto.

Referring to the Svart project, Mathisen foresees that "the hotel will be an exercise in sustainable smart property, combining cutting-edge smart technology whilst meeting the needs of a Zero Carbon era. Our partnerships are extensive and all are keen to demonstrate the possibility for technology to exist seamlessly in remote locations. It's a test of strength and sustainability."

For the future, MIRIS plans to help deliver Smart Communities by building data centers in urban locations in Norway, followed by a wider roll out across the Nordic region.

As temperatures soar, tech alone may not provide the answers, but actual tangible changes in our built environment just might.



BLOCKCHAIN: WHAT'S NEXT?

Troy Norcross, Co-Founder Blockchain Rookies

Blockchain is now just over 10 years old. There are a growing number of projects coming out of the proof-of-concept stage and moving into full production. In the next 6 months, numerous industry associations, consortia and strategic partnerships will announce their own blockchain projects working to solve broad industry problems related to reconciliation, product and finance liquidity in the supply chain, provenance and anti-fraud/anti-counterfeiting.

What happens next is an increased level of competition - not between enterprises - but between blockchain platforms themselves.

For example, when it comes to maritime supply chain solutions there are

more than five different blockchains currently in the market. The biggest today is Tradelens which was started by Danish shipping giant Maersk. Using Tradelens, Maersk was able to reduce oceanic shipping times by 40%. This is significant business value across the supply chain.

In May of this year, two additional shipping companies (MSC and CMA CGM). With these two companies joining, 3 of the top for shippers are using Tradelens and more than 60% of all maritime shipping can be tracked on the Tradelens blockchain. This will put substantial pressure on the other projects to either scale up or shut down.

The same is true for other industries. Initially there will be a range of solutions and eventually, one (or two) will emerge

as the winners. Consolidation will drive a growing number of participants driving value across the network.

BITA (Blockchain in Transport Alliance) currently has more than 500 members. BITA finally became credible enough that Canadian based CP Rail, a traditionally slow and conservative company, has decided to join the BITA blockchain.

As these projects mature, the next frontier will be interoperability and communication between these industry blockchains - and that will drive the most important opportunity in all of blockchain: Identity.

Get in touch with us info@blockchainrookies.com/ [Twitter @getblockchain](https://twitter.com/getblockchain)



Scan QR Code to buy tickets to De:Central Days Mallorca in September.

Use discount code CITYAM200 for £200 off delegate pass

