

# CRYPTO A.M.

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

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## PARTNER CONTENT

### CITY A.M.'S CRYPTO INSIDER

JAMES BOWATER



I had the pleasure of adjudicating at the STR Global Summit last week where the judging panel announced the US Capital Global sponsored awards. The worthy winners were Coinstreet Partners, MERJ Exchange, Tokeny Solutions, Bitbond GmbH, World Bank Bondi Bond, CMS Law, Blockpass and Archax.

With the Corona Virus outbreak continuing to dominate headlines and negatively impact the global markets Bitcoin (BTC) has been on a charge breaching US\$10,000 raising the question of a correlation for the uplift: is it the Corona Virus or plain old FOMO (Fear Of Missing Out). Given that many people in affected areas are self-isolating and working from home for six weeks I would be surprised if it is the former as the crypto markets never sleep and volumes of home trading are rising.

At the time of writing, BTC is trading at US\$9,829.03 / GB£7,652.51; Ethereum (ETH) is at US\$218.77 / GB£172.95; Ripple (XRP) is at US\$0.2706 / GB£0.2127; Binance (BNB) is at US\$24.22 / GB£19.42 and Cardano (ADA) is at US\$0.05913 / GB£0.04660. Overall Market Cap is at US\$284.32 / GB£219.99 (data source: [www.CryptoCompare.com](http://www.CryptoCompare.com))

Unsurprisingly the Chinese Canadian founder & CEO of Binance, Changpeng Zhao 'CZ' has announced that the Binance Charity Foundation has bought over 470,000 items of medical supplies from global suppliers, including masks, gloves, protective suits, disinfecting water, testing kits, etc. 178,000 of which were delivered directly to 50+ hospitals/medical teams in Wuhan and surrounding cities. I know CZ is due in London soon and I find out more about this and his future European plans especially post Brexit.

I caught up with Jos Evans of AIX (featured in Spotlight on 15th October 2019) yesterday at the DAS-London Conference who confirmed its launch of the world's first natural language Artificial Intelligence broker platform, facilitating automated peer-to-peer trading in institutional over-the-counter markets. He enthused "AIX is very happy to have brought the world's first natural language AI broker into being. We now look forward to adding assets and clients at a furious clip and aim to be in traditional assets later this year". AIX aims to transform OTC markets through its unique AI-driven negotiation and matching engine, executed through the AIX chatbot, which enables instant access to global liquidity, immediate price discovery, best execution and automatic settlement while ensuring anonymity.

Finally, for your diaries, I am speaking at the Team Blockchain Digital Assets meet up at CMS Law's Cannon Street Offices next week on Monday, 17th February. The will be presentations from Andre Anthony who is on the tax team at CMS, John Small will be exploring what can be learned from nature and apply the similarities to Blockchain and Alex Bausch from 2 Tokens based in Amsterdam looking at the impact of tokenisation on the Dutch economy. If you would like to attend it kicks off at 17:30 please use this link: <https://www.meetup.com/ICO-Meetup-London/events/265663778/>

Considering the rising shortage of tech talent within companies in the UK and the changing politico-economic landscape, it is of paramount importance, now more than ever, to Upskill our employees in order to guarantee their readiness to tackle the challenges of tomorrow. At such times, let us examine if companies are making the necessary efforts to upskill their employees, or if they are just paying lip service to this concept?

We can look at Upskilling, and the latest trends, from two perspectives - signalling and virtue signalling. First, we will explain how these two perspectives can help in this context, and then go into the details of where the current Upskilling efforts being undertaken by tech companies fall into.

**Signalling** - In economics, signalling is a theory that has been initially developed by Michael Spence, a Nobel laureate in economics. In layman's terms, it is the idea that one party sends a "signal", some sort of information to the other party, which increases the credibility of the sending party. In a scenario where several candidates are applying for a managerial position, the fact that a particular candidate has done their MBA from a top 10 business school sends a "signal" to the potential employer that this candidate indeed is of a high calibre. In a way, this helps the employer increase its chances of finding the candidate who will outperform others at this job. Inversely, the signalling theory can also be applied to the way in which a potential candidate perceives a company while applying for a job. It is no mystery that the job market has become candidate-driven. Employer branding plays an extremely important role in terms of attracting the right kind of candidates for a job. In this scenario, the company having a great employer brand is "signalling" that it is a desirable organisation to work for.

**Virtue signalling** - The term originated from an article written by British journalist James Bartholomew. It has come to be used in popular culture as a pejorative term, often pointing to the fact that someone is conducting public displays of an act in a conspicuous manner while



## UPSKILLING - SIGNALLING OR VIRTUE SIGNALLING?

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not really supporting or helping the cause in any significant way. As opposed to actually doing something virtuous, a lot of people, especially with the prevalence of social media, can try to appear virtuous by publicly supporting something instead of actually doing something about it.

Upskilling, or re-skilling your workforce, especially within the technology and software sector, means equipping your workforce with the most relevant and/or in-demand hard skills. Indeed, new technologies such as Blockchain, Data Science, Augmented Reality, Autonomous Driving are gaining momen-

tum and rapidly changing the landscape of jobs. Considering the utter dearth of tech talent able to cater to all these rising demands, finding and hiring such candidates has become a challenge that a lot of organizations are facing. In such a context, Upskilling your existing workforce is oftentimes a much better alternative to hiring new people.

A number of organizations have created and nurtured a dedicated Learning and Development department spending considerable resources on Upskilling activities. Some organizations are also quite excellent at engendering a learning culture amongst their employees, which

leads to their significant personal growth and to a path of lifelong learning. Some companies also have a dedicated learning budget allocated per employee, which spurs their development even further.

These organizations "signal" to their employees that they care, that they go beyond the checks and balances on a spreadsheet and also want their employees to grow. This, in turn, leads to a more satisfied and engaged workforce because they can see opportunities for progression within the same organization. Also, as more and more employees keep gaining the latest cutting-edge skills, it signals the world and the markets in general

that this particular organization is innovative, abreast of the latest technology trends and is a force to reckon with.

There are a lot of studies which have gone on to show that in the long term, the costs associated with Upskilling are lower than the costs associated with hiring new employees. Additionally, there is always a risk that a newly hired employee might not be able to perform on the job. Although usually hiring managers try to gauge the cultural fit of the employees, there is always a risk that the employee might not align with the culture of the company. While the UK has been consistently recognized as one of the most in-

novative economies of the world, there is a danger that this ranking might slip up if we cannot attract or retain enough talented workers to keep this up. In view of all these important aspects and also the changing geopolitical climate, the importance of Upskilling cannot be overstated.

Having said that, there are still some organizations that indulge in 'virtue signalling' when it comes to Upskilling. We have encountered a few senior executives and management level professionals who don't understand the real importance of Upskilling and training their employees. They are of the opinion that if they spend resources on training their employees, they will leave their company and potentially join a competitor. They feel that in fact, they are enabling their employees to join other companies by equipping them with the latest skills. Truth be told, these executives are far from being right. It is high time that these organizations not only talk about Upskilling but also start acting on it. If they fail to do so, they will be left behind in the competitive landscape and might in reality "signal" the potential employees that they are not the best company where their careers can progress!

Upskilling entails learning new skills, that is crystal clear. However, in today's rapidly changing technological and political environment, Upskilling appears to go beyond learning & development. Indeed, enterprises that adopt such strategies signal their will to elevate current and future employees, it signals their commitment to stay up-to-date and maintain innovation, and it also signals that an increasing tech skills shortage is being controlled by leveraging their current employees!

*DGaurang Torvekar, Founder and CEO of Indorse in conversation with James Bowater. For further information visit <https://indorse.io>*

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## CRYPTOCOMPARE MARKET VIEW

### Crypto Markets rally as Coronavirus Outbreak Scares Investors

Bitcoin is now close to the \$10,000 mark after rising more than 30% year to date. Some investors are speculating that the coronavirus outbreak is causing money to move out of equity markets and into safe havens such as bitcoin. The coronavirus outbreak is also affecting bitcoin miners, as China forced some miners to shut down in an attempt to contain the virus' spread

Bitcoin's impressive market performance, coupled with its upcoming halving event - which will cut its inflation in half - have seen Weiss Crypto Ratings, a division of financial ratings agency Weiss Ratings, upgrade Bitcoin's grade to an "A-," which the firm says should be interpreted as "excellent."

This week bitcoin processed its 500 millionth transaction successfully, the number of transactions made on the BTC blockchain is rising rapidly: in 2017, the 250 millionth transaction was processed and at this rate, one billion bitcoin transactions will

have been made by 2022. The total value of cryptocurrency locked in decentralized financial (DeFi) applications has surpassed \$1 billion. Decentralized financial applications let users borrow, lend, and trade cryptocurrencies in a decentralized way, with the biggest altcoin on the market, Ethereum, being the main cryptocurrency used by DeFi applications. The value hit \$1 billion not because more ETH was invested, but because the value of the Ethereum locked in DeFi applications rose with the recent market rally.

More details have come out on the Facebook-led cryptocurrency initiative, the Libra Association. In an interview in Davos, Switzerland, its Vice chair and Head of Policy and Communications Dante A. Disparte revealed it hasn't been discouraged by the members who left the organization which include Mastercard, Visa, eBay, and PayPal.

## CRYPTO A.M. INDUSTRY VOICES

### Welcome To The New Roaring 20's

The decade ahead brings new challenges for investors to ensure their asset allocations are sound, and their investment selections within their overall portfolio framework are best of breed.

One might suggest this has always been the case, however, history tends to rhyme, rather than exactly repeat itself. The USA used policies similar to quantitative easing during the 1930s. Japan first engaged quantitative easing two decades ago. For all or most of the last decade, the central banks of many major developed countries have undertaken quantitative easing policies, and most continue to do so as we enter the new decade.

Ongoing QE creates the need for long term investors to search for yield in new areas. Banks' appetite to lend money has decreased significantly since they have been forced to become more protective of their balance sheets and capital adequacy ratios. Many exciting new businesses are offering investors superior yields, often with capital safety. Occasionally these opportunities also offer a healthy stake in the company.

Many readers will remember life before the internet, GPS/satellite navigation, smart phones, social media, cloud computing, digitalization, blockchain, artificial intelligence, virtual payments.

Two decades ago, the global population was 6 billion, it is now 7.6 billion, with urbanization bursting through 50% back in 2007, and heading towards 66% by 2050 according to a UN report. An incredible 4.5 billion people, 58% of the global population have access to the internet. Alongside the many benefits this brings, the increasing reliance on the internet of things also introduces new risks, hence Cyber Security is becoming ever more important.

Environmental awareness, ESG, Sustainability, Impact Investing. Alongside the expanding global population, there is a real need to understand and care for our environment and help the disadvantaged. ESG focused investment began about a decade and a half ago and has gained significantly more attention during the last decade. The Roaring Twenties will continue to see investors allocate

greater attention and a bigger percentage of their assets to ESG, Sustainable and impact investments. Actions speak louder than words, and a double bottom line of ESG Impact and Financial performance is a more beneficial outcome for everybody. Medical advancements and breakthroughs are accelerating with the aid of technology and innovative minds. Many amazing projects that aim to provide highly impactful outcomes for the developed and developing world require funding from the private sector. Alongside philanthropic funding, there are real commercially and impactfully viable investment opportunities.

Water and food security issues will increase dramatically during the next decade. Climate change, overuse, poorly drawn borders leaving some countries reliant upon neighbours for water supply create a massive supply/demand mismatch. The water rich countries may end up exporting to the water poor countries. OWEC (organization of water exporting countries) could become more important than OPEC, which is already feeling the effects of clean and renewable energy displacing oil dependency. Advances in efficient water purification and desalination are needed to help resolve the global imbalance and ensure the world's population has access to water and food. Increases in agricultural efficiency and the development of alternative protein sources will be necessary to feed the world in future.

Equities have been in a historically long bull run, supported by central banks continuing to print money, and effectively funding company share buy backs, resulting in some extraordinary valuations. It would seem sensible for investors to rotate some of their equity exposure into hedged strategies to protect against the deep corrections that may occur. Remember, history rhymes, so nobody knows what or when the catalyst will be.

*Roger Allen is Director at PMA Assets PMA Assets focuses on connecting investors and allocators to expert fund managers and entrepreneurs with a compelling edge, specialising in niche strategies and innovative projects.*

## Crypto A.M. shines its Spotlight on IOV Labs

The potential positive social impact of Bitcoin and blockchain technology is the driving force of efforts and sense of purpose for IOV Labs and its solutions platforms, RSK and RIF.

RSK was born from the vision of a more accessible and transparent global financial ecosystem, and the co-founders (including wunderkind entrepreneur Diego Gutiérrez Zaldívar and cryptographic security leader Sergio Lerner) chose Bitcoin on which to build it.

Launched in 2018, RSK was the first sidechain platform to add smart contracts to Bitcoin. Smart contracts are self-executing contracts with terms of agreement between two parties written directly into the code, allowing the creation of decentralised applications, or dApps, on a blockchain. The RSK Bitcoin sidechain is the primary component that allows dApps to be built for Bitcoin whilst also retaining interoperability with other blockchain networks.

The secondary component is called the 'RSK Infrastructure Framework', or RIF. Also

launched in 2018, RIF's vision is to provide a suite of solutions for building dApps using RSK and Bitcoin, meant to enable completely decentralised sharing economies. RIF solutions tackle the most important points of control on the Internet, offering global users open source protocols and tools to decentralise these points of centralisation.

RIF services are designed to protect user data, add sustainability to decentralised storage, provide peer to peer messaging, and build it.

**“RSK was born from the vision of a more accessible and transparent global financial ecosystem**



Diego Gutiérrez Zaldívar, Co-Founder of RSK & CEO of IOV Labs

offer payments solutions, to start. RIF Payments and the Lumino network enable rapid micro-transacting to promote affordable decentralised finance solutions.

Lumino Light Client, slated for release this month, will bring Bitcoin DeFi technology to mobile dApp developers. The RIF token, called

'RIF', has been listed on several exchanges and may be used to consume the services and solutions deployed on the network. Thanks to IOV Labs' newly launched Token Bridge, RIF will be available for use by Ethereum developers as well, a major milestone for interoperability between blockchains.

2019 was highly active for IOV Labs, RSK and RIF tech. US-based logistics company dexFreight announced the integrat RIF Lumino payment channels to bring streaming payments to the logistics industry. IOV signed strategic agreements with Japan and Singapore's most prominent blockchain accelerators, as well as an agreement with investment and advisory firm Coinsilium to establish a JV in Singapore to further promote RSK services and technologies in Asia markets. Latin America-based Money on Chain successfully launched its stable asset platform using RSK smart contracts, and announced plans to integrate RIF as collateral to issue a dollar-denominated stable asset. To cap the year, IOV Labs acquired Latin America's largest social network Taringa! with its 30 million registered users, and plans to integrate its technologies into the network during 2020.

Diego Gutiérrez Zaldívar, Co-founder of RSK and CEO of IOV Labs, states "We started RSK with a unified vision of enabling a financial system and Internet that is more open, fair, and accessible to everyone and that can serve billions of users. We will continue to build and partner with aligned enterprises to make this vision an everyday reality."



## DIGITAL COLLECTIBLES

Troy Norcross, Co-Founder Blockchain Rookies

Nearly 82,000 ETH (£13.5M today) has been spent buying and selling collectable digital cats. That's right - digital cats. The game is called Crypto Kitties, and people have been buying, selling and breeding their digital cats since November 2017.

Unlike Beanie Babies and Tamagotchi, crypto kitties don't exist in the physical world. They exist only as digital assets. Specifically, they exist as data on a blockchain as non-fungible tokens or NFTs. An NFT is a special crypto token where every NFT is unique, and its entire history from creation through to transfer or sale is recorded.

The problem with digital things - like

music and pictures - is that you can copy them as many times as you want and there is no way to track ownership of any individual copy. If there is no rarity, and not surety of property, there is no justification for value. With digital collectables stored as NFTs, you can prove rarity and supply, and you can safely and securely buy, sell, trade and transfer them.

One of the largest sectors for digital collectables is a subsector of online gaming - Digital Assets. The current market for in-game assets is estimated to be \$50Bn. Today, when you make an in-game purchase, you are restricted to only using that asset within the original game. But what if a

player could take the asset with them moving between games? What if it was possible to buy, sell or trade assets on a secondary market?

Tony Pearce from Reality Gaming Group, who develop NFTs for games believes, "If players can know that in-game assets they purchase will have long term value even outside the game, they will likely spend even more than they do today."

Digital gaming and tradeable in-game assets could lead the way for a wide range of new opportunities - powered by Blockchain.

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Australia is in the grips of an ongoing bushfire emergency  
- Over 2,000 Homes destroyed  
- Over 1 billion animals and wildlife have perished  
- Over 25 million acres are scorched  
Donate with crypto at <https://www.cryptofirealliance.com.au>

