

## Future of Work: SaaS & Services

### Event Takeaways: Blockchain/Crypto Offer Vision for a Digital Financial Future

#### CONCLUSION

We hosted a well attended investor event, "Regulation and the Future of the Digital Wallet," where we discussed blockchain technology and the applicability of crypto with industry experts, including: 1) Coinbase Chief Product Officer, Surojit Chatterjee; 2) Ripple VP of Products, Amir Sarhangi; 3) BlockFi CEO & Founder, Zac Prince; 4) Acting Comptroller of the Currency, Brian Brooks; 5) Paypal (PYPL) VP of Global Business Development, Jose Fernandez da Ponte; 6) Gemini Chief Operating Officer, Noah Perlman. In this report, we outline our key takeaways, including the impact of blockchain technology, the broader institutional adoption and the increased scale and use cases for cryptos.

- Blockchain technology is breaking down financial barriers.** Core blockchain decentralized ledger technology is demonstrating use cases in transaction speeds, improving process efficiency, flexibility from smart contracts, cost reduction, network security, data privacy, etc., across the front, middle, and back offices. In the \$127T cross-border remittance market by example, ~80% of transactions funnel through three banks and can take upwards of 5-7 days; Ripple's institutional products enable companies to send real-time payments thereby improving liquidity and optimizing cash flow management.
- Cryptocurrency emerging at the forefront of digital finance.** Running on blockchain technology, cryptocurrencies offer proof points for a larger shift towards a digital, cashless society. Existing consumer concerns with fees & transaction costs, centralized control, data privacy & security, etc. have highlighted the need for a digital financial economy. Digital finance has accelerated by the pandemic—Philippines saw a 15% move in cash to digital currency—and is expected to further accelerate as trends towards digital > analogue, increases in the money supply (BTC a possible hedge against deflation), growing liquidity backed by institutional support, additional regulatory evaluations, and improving education (Coinbase Learn) drive broader adoption.
- Vision of a digital financial future.** New blockchain companies (Ripple, BlockFi, Coinbase, etc.) are democratizing access to traditional financial products (lending, investing, cross-border payments), and giving underbanked populations (1/3rd of global adult population) mobile access to financial tools for the first time. In a future digital financial landscape, banks could increasingly operate as nodes (while lending customer advice & front-facing interface for consumers) and provide access to a broader blockchain-based financial infrastructure—paving the way for autonomous financial services, or DeFi (decentralized finance), that shifts currency control away from any one centralized government.
- Barriers to adoption exist, yet concerns are dissipating.** Broader adoption of blockchain & crypto has historically struggled for viability against headlines of money laundering and other illicit activities that obscure the core benefits of the technology. However, a number of our panelists pointed to similar trust issues that plagued the early days of the internet with fear dissipating as use cases emerged. As institutional adoption has surged in 2020, and backed by blockchain/crypto announcements by leading companies (Square, PayPal, Facebook, MassMutual, etc.), we believe blockchain & crypto adoption remains early innings and expect a flurry of new activity in 2021 as the underlying technology begins to proliferate through the broader economy.

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<b>HOLD [N]</b>	<b>328</b>	<b>35.89</b>	<b>64</b>	<b>19.51</b>
<b>SELL [UW]</b>	<b>10</b>	<b>1.09</b>	<b>0</b>	<b>0.00</b>

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