Unlocking Digital Finance

Insights from Industry Leaders, Politicians and Prominent Advocates on Greengage's Acclaimed Podcast Series, Blogs and Whitepapers

EBOOK

Introduction

As pioneers in the digital finance space, Greengage has experienced an exciting transformation since our inception in 2018. As we approach the end of another year in the digital finance landscape, it's an ideal time to reflect on the highlights from our journey.

This ebook showcases a rich portfolio of our most thought-provoking content published over the past few years. We've engaged with a multitude of fascinating individuals on our award-winning podcast series, The Gage, as well as through accompanying blogs and insightful whitepapers. Our content spans key topics such as nurturing and supporting underserved SMEs, global perspectives on digital assets like crypto, and insights into innovative new digital technologies, including Web3, the metaverse, and tokenisation.

Our interactions have included insightful conversations and blogs featuring esteemed industry leaders like Olaf Ransome, known as The Banker's Plumber, and Charles Kerrigan, a Digital Assets Lawyer at CMS. We've also engaged with influential political figures such as Dr. Lisa Cameron, MP, and Lord Chris Holmes, a prominent advocate for UK digital transformation. From discussing digital and physical art ownership and Bugatti's partnership with Ali Walker, Chief Creative Officer at Asprey, to exploring bitcoin mining in the capital markets with Ted Brombach from XMS Capital Partners, we have covered a diverse array of topics.

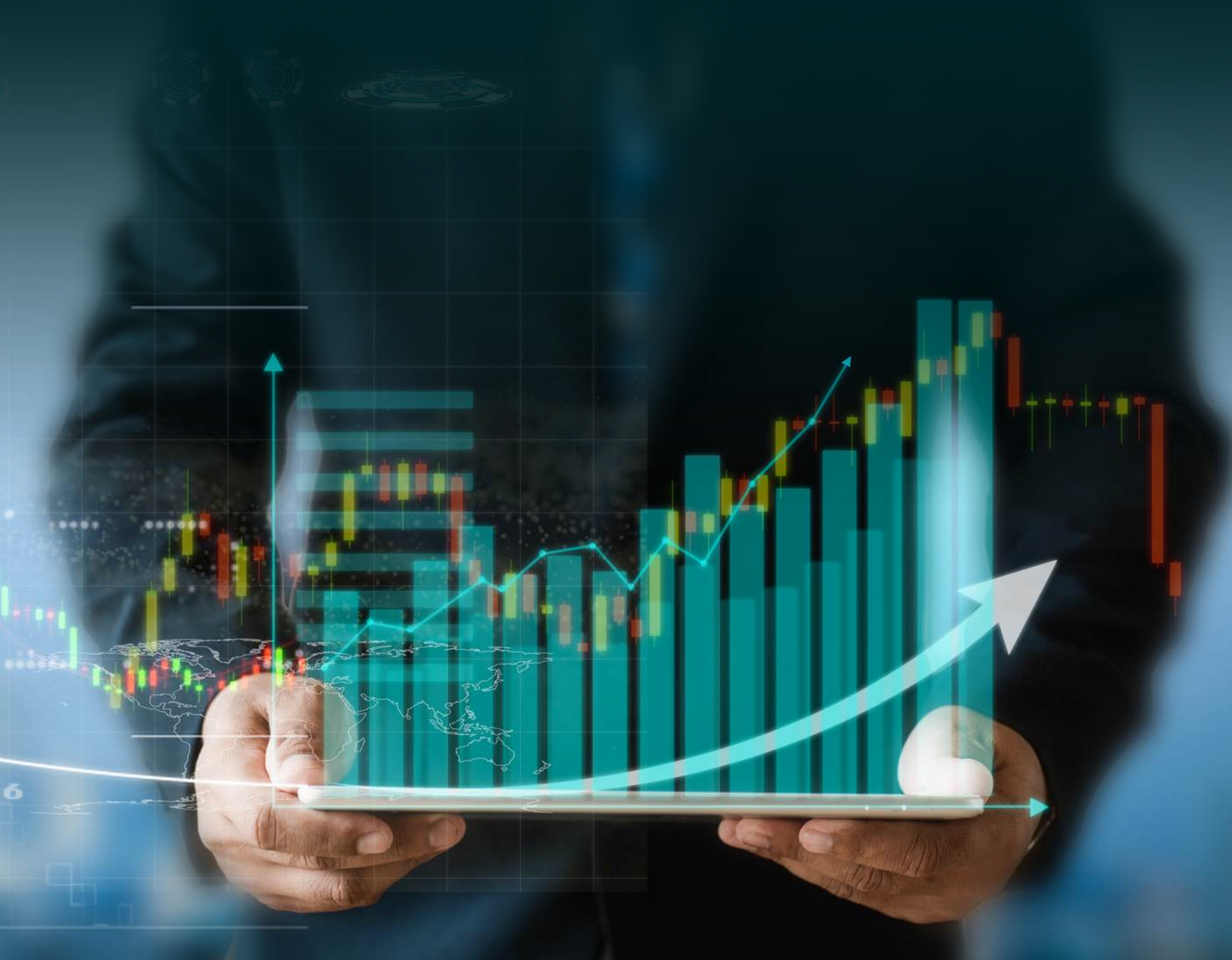
Looking ahead, we will continue to publish new content in the world of digital finance and innovative technologies, with new Episodes of The Gage on the way.

About our Podcast Series, The Gage

Our award-winning podcast, The Gage captures our passion for innovation and aims to build trust in digital finance. We combine expert opinions to the latest tech trends with a measured discussion around key developments in the world of blockchain and digital assets.

Chapter 1

Supporting Underserved Communities - SMEs and Entrepreneurs



Greengage SME and Digital Assets Payments Survey

Whitepaper - Published September 2022

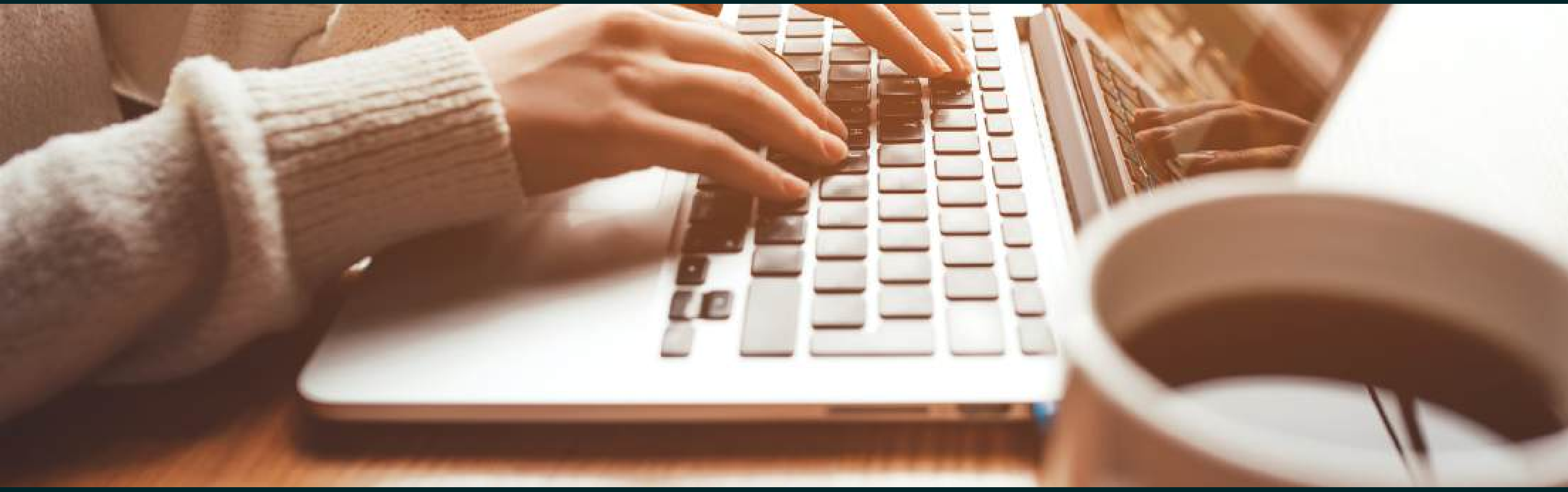
How do entrepreneurs and SMEs rate their experience of banking and payment services? Do these services support their genuine business needs, or is there more that banking and payment services providers could be doing to support this vital market segment? Unable to gather robust data on this question, we commissioned our own survey to determine SMEs' real-world experiences.

Nearly 70 businesses took part in our SME payment services survey, and we have included some key quotes from survey participants throughout this report. Many of these respondents were involved in the digital assets market in one way or another, meaning that the results and analysis are geared more towards the digital assets sector which has had historically a problematic relationship with traditional banks and obtaining accounts with them. Nevertheless, related research shows that the broader survey results are also reflective of the wider SME market.

Our survey results were divided into primary and secondary results. Primary results were obtained from direct responses to the survey questions. Secondary results were produced by analysing how respondents to one question answered another question. These secondary results helped us infer important details that were not explicit in the primary results.

The primary results produced many valuable statistics:

- Among the survey participants, 79.4% had at least an interest in digital assets / cryptocurrencies. For 35.3% of respondents, it was the core focus of their business.
- Almost half (44.0%) were less than satisfied with their current account provider.
- With regards to customer service, 35.3% gave their account provider a rating of 3/5 while a further 29.4% rated it 2/5 or less.
- Asked to rank the qualities that an account provider should possess, respondents chose security, trust and ease of access as the top three most important services / qualities.
- For the type of account provider, the majority (58.8%) had only bank accounts while 13.2% had only an e-money account. The remaining 28.0% had both.



Most of the main takeaways from the secondary results revolved around how the business' relationship with digital assets / cryptocurrencies affected their responses to other questions.

Read the full survey here: CLICK HERE

To learn more, listen to our podcast series The Gage Episode 8 – What SMEs want in Payment Services: CLICK HERE

Standing up for the ‘Mittelstand’ - the Unsung Heroes of the UK Economy

Blog - Published June 2023

Today, small- to medium-sized companies (SMEs) represent some 90% of all businesses in the UK – and indeed, of all businesses worldwide. In the UK, these mid-sized, often family-run, companies – known in Germany as “Mittelstand” – play a crucial role in the UK economy. Nonetheless, while large corporates and businesses that make up just 10% of the pie tend to receive ‘white-glove’ treatment from banks with respect to day-to-day banking facilities and services, and access to financing, the UK Mittelstand (and SMEs in general) are typically far less favoured, on both counts.

SMEs make a massive contribution to the UK economy, generating around £2.5 trillion in annual turnover, and creating significant employment opportunities. Globally, this segment accounts for around 50% of all employment and is a significant contributor to economic development. Indeed, the World Bank estimates that for emerging economies in particular, SMEs represent c.40% of GDP.

Despite these big numbers, it remains the case that traditional “high street” and even challenger banking models do not appear to recognise the role and significant contribution of SMEs, particularly when it comes to their debt funding requirements, meaning that many of them face a constant battle just to survive, let alone to thrive.

This is particularly true after two years of pandemic and lockdowns, and the subsequent era of high inflation, fears of recession, and radical interest rate hikes. As a **2022 McKinsey white paper** noted: “SMEs fall between the cracks of retail and commercial banking”.

Greengage’s own client research suggests that only a small percentage of smaller business owners trust their banks to act in their best interests, and further, that they do not have access to the best financial solutions and/or their requests for service are often rejected without adequate explanation.

The harsh reality is that smaller businesses and sole proprietorships are more ‘needy’ in terms of their day-to-day banking, loan facilities and funding needs, while at the same time being relatively more expensive to service and with higher risk/lower return opportunities for their banks.

What all SMEs and entrepreneurs do have in common, however, is that they rate customer service – and specifically, personal customer service – at the top of their banking services wish list.

The UK might also look to other countries to see how they support the SME/Mittelstand segment. Germany, for instance, has an excellent structure through which smaller businesses access finance: Its ‘three pillar system’ allows for clear differentiation of the types of banking services that provide the best support for SMEs, and certain types of banks are legally obliged to prioritise lending to regionally-based customers (including SMEs).

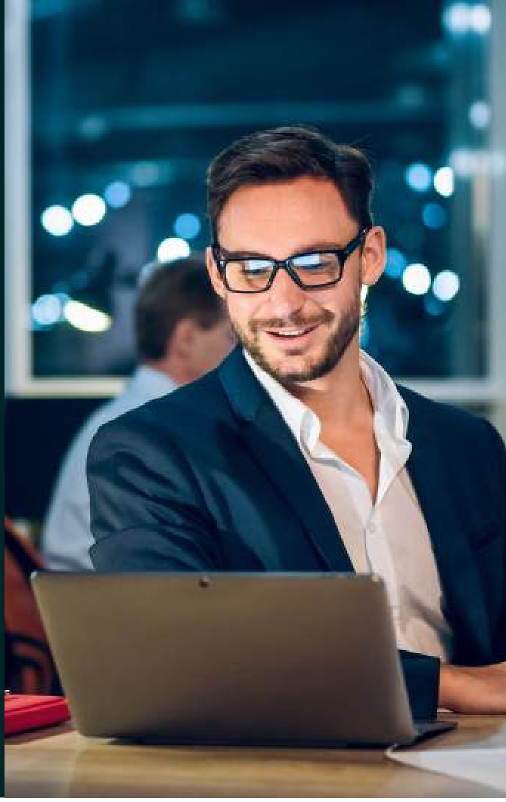
The US community banking system also facilitates better access to lending for SMEs and in Sweden, Handelsbanken (one of the largest banks) grants individual branches a considerable degree of autonomy with respect to serving the needs of the local community. Of particular note - Handelsbanken has been operating in the UK since 1982 and now has over 200 branches nationwide, suggesting that this type of banking approach to SME finance is both possible and popular in the UK.

There can be no doubt that a more favourable lending and financing environment is an essential engine of growth for SMEs, for their own businesses and in terms of their contribution to the economy as a whole.

Alternative approaches to providing banking services, including Community Development Finance Institutions (CDFIs), Co-operatives and Mutual societies, will all play a part in plugging funding gaps – estimated at £22 billion in the UK alone (£4.5 trillion globally), as will the swathe of new e-bank 'disruptors' like Starling and Monzo.

Alongside a full-service model supporting a sophisticated, real-time, always on, transactions solution (payments and cards), Greengage intends to fill the SME funding gap with innovative lending solutions (entirely ring-fenced from the e-money transaction side of the business) and to leverage blockchain and digital assets channels to release funding and liquidity from digital sources, as well as traditional sources of lending (e.g. credit funds and family offices).

By using the world as our balance sheet, our platform lending model, including innovative lender/borrower 'matchmaking', will give SMEs effective and efficient access to higher value funding than would likely be available through traditional banking channels which typically behave as tied agents, selling only their own lending products.



At the same time, we want to deliver a rich customer engagement experience. In line with broader industry research, Greengage's own research ranks good customer service as a key requirement (and above a physical branch presence), alongside other selection (and loyalty) criteria of access to more products and services, robust online services (and service delivery) and critically, an informed, human point of contact with (old school relationship management).

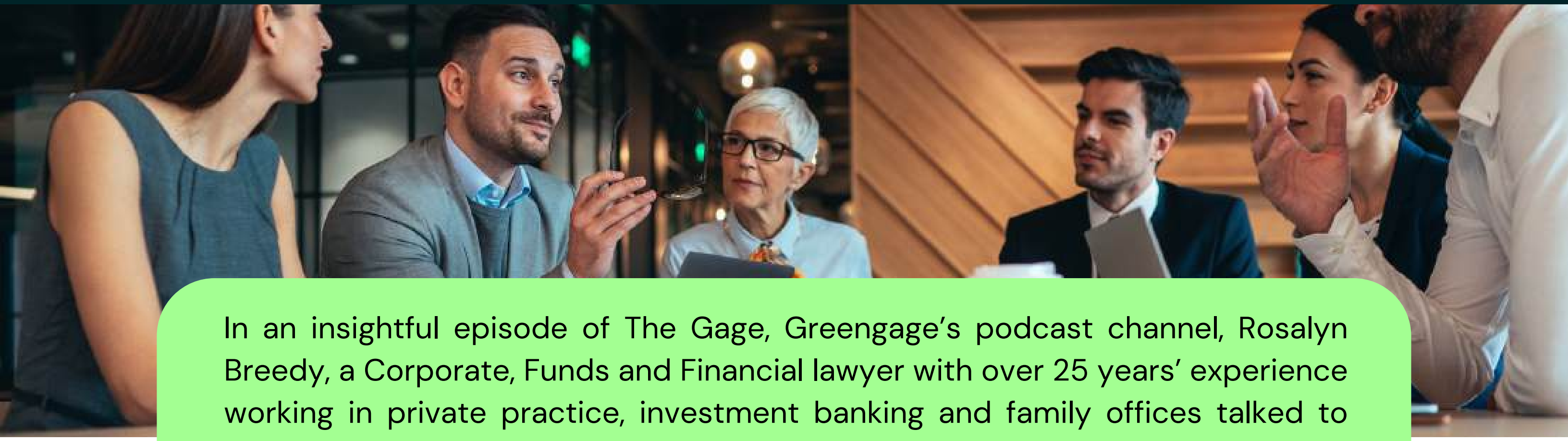
What we found particularly interesting in our research is that it is not just about having/offering the lowest fees and charges. Underserved smaller businesses are evidently willing to pay a premium to have reasonable banking and payments requirements met fully, including better customer service standards. At the same time, account providers charging top end prices must deliver a superior customer service experience to persuade less than satisfied businesses to switch from their current providers.

As such, we deliver the best of both worlds - a contemporary digital finance experience, underpinned by an old-fashioned, relationship-driven 'branch manager' approach based on personal contact and personalised support. We are convinced that this is a winning proposition to deliver value to our SME clients, and unlock the potential of the "UK Mittelstand" to contribute to domestic growth.

Learn more about our e-money account services **here**.

What are the Key Factors Needed to Nurture Entrepreneurship and Diversity in the UK?

Blog - Published September 2022



In an insightful episode of The Gage, Greengage's podcast channel, Rosalyn Breedy, a Corporate, Funds and Financial lawyer with over 25 years' experience working in private practice, investment banking and family offices talked to Greengage CEO Sean Kiernan about the best way to nurture entrepreneurship and diversity in the UK. In the second part in this blog series, we look at these factors in more detail.

There are several key factors that are essential in nurturing UK's entrepreneurs. The key building blocks are Exposure, Education, Networking and relationship building and Communication.

Exposure

Exposure to successful entrepreneurs, be they in family businesses or otherwise, is hugely beneficial to other entrepreneurs at different stages of their respective journeys and to established businesses willing to share the 'secrets of their success' in terms of funding, finance and business development.

Family-owned businesses can play an important part, in that they have a lot of knowledge they can share and deep pools of expertise and experience that can be tapped. It is not just about the Bransons and Mittals, a lot of family business leaders stay out of the limelight, preferring to keep a low profile. They are nonetheless extremely valuable resources to be tapped in shaping UK entrepreneurial policies for pragmatic and meaningful outcomes.

And it is not even about big businesses – myriad small businesses in the UK, from hairdressers to drivers, are run by individuals that have, by necessity, created business plans, secured financial backing or support and learned to plan ahead.

They know how tough it is to succeed as a business owner – how to get finance, how to recruit and retain employees and the reality of how long things actually take in real life. There is much to learn from those that have already trodden the entrepreneurial path.

Education

We need to give shape to the huge amount of untapped talent - the 'diamonds in the rough' (ideas and people) – in the UK. Starting in schools, all children should be taught basic financial management skills, including core banking, balance sheet and P&L modules. Whether they become entrepreneurs or not, this provides all children with very valuable knowledge that will benefit them enormously in later life. Outside of teaching the basics at school or university, business communities themselves should be called upon to do much more, contributing their know-how to address, for example, "the three most common questions" they are asked in the field.

The knowledge (and experience) of other successful business owners offers invaluable insight in the entrepreneurial space and could be influential in the cultural shift from doing things 'on the fly' and learning by trial and error, to a more strategic, experience-based approach to what is known to work, and what does not work as well. It might also go a long way to redressing the perception that only 'certain types' can be successful entrepreneurs.

Dragon's Den, The Apprentice and other programmes may be great at promoting the concept of entrepreneurship but are not a realistic representation of the typical journey to success. There is no question that the entrepreneurial agenda needs to be brought into schools and universities much more. In reality, every school child and graduate today and going forward is likely to have the experience of working for or with entrepreneurs - or indeed being one themselves – but there is no clear guidance as to what that actually means.

Networking and relationship building

This is obviously very hard to do without knowing how to access the right networks; business communities nation-wide could and should be much more proactive in encouraging entrepreneurs' participation and engagement. In particular, much more is needed to encourage the inclusion of entrepreneurs from a broader spectrum of locations, cultures and ethnicities. It is a virtuous circle, as entrepreneurs become more visible, so others will recognise people like themselves being successful in this space, and in turn, will likely be more confident in their expectations of how their own journey could pan out.

As part of networking, entrepreneurs need to develop relationships with trusted advisers – the lawyers, accountants, PR agencies and others that are essential to taking them through their journey. If you're going to climb a mountain, you want to be surrounded by a team that a) has your best interests at heart and b) will help you overcome the challenges and help you get to the top.

If the entrepreneur is the parent of their business, so to say, taking their idea from conception to birth and nurturing its growth and success, trusted advisors can be considered the 'godparents', keeping a watchful eye on how it's all going, making tactful interventions when necessary and enjoying celebrating all the important milestones.

Communication

More – and better – communication is an imperative. Academics and business leaders tend to speak at a very high level, based on an assumption that everybody they will likely have to talk to will have a similar level of understanding of their subject, or business, as their own. It is very easy to lose an audience with insider language, or excessive use of industry terminology and acronyms.

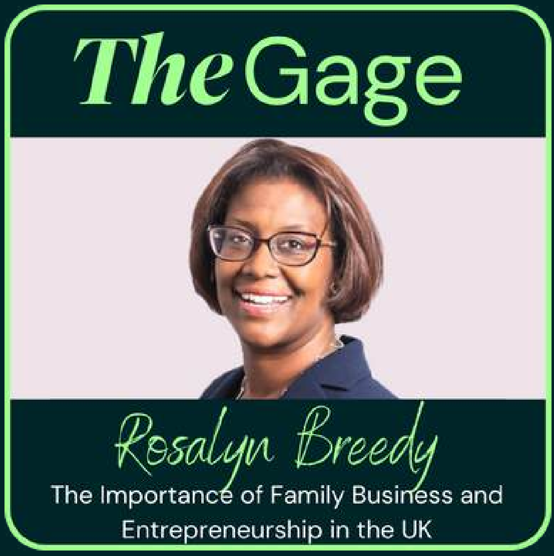
An example of this is the burgeoning digital asset industry and advent of new technologies like blockchain and crypto. While there's a huge amount of noise about these across all media, without clear communication and explanation it is easy to see why these might be perceived as risky and fraudulent rather than the (more prosaic) view that they could be new and more effective approaches to managing traditional business processes.

Business shorthand is obviously an efficient means of communicating concepts between players in the same business community. But if the goal is to communicate and engage with those outside a specific community, it requires a more structured and prescriptive approach to explaining core concepts. If your audience understands what you are saying (however broadly), they are more likely to trust what they are being told.

Nurturing all these factors will be central to making sure that the current and future generations of UK entrepreneurs and small business are encouraged to grow and thrive.

To learn more, listen to our podcast series, The Gage Episode 7 — The Importance of Family Business and Entrepreneurship in the UK

CLICK HERE

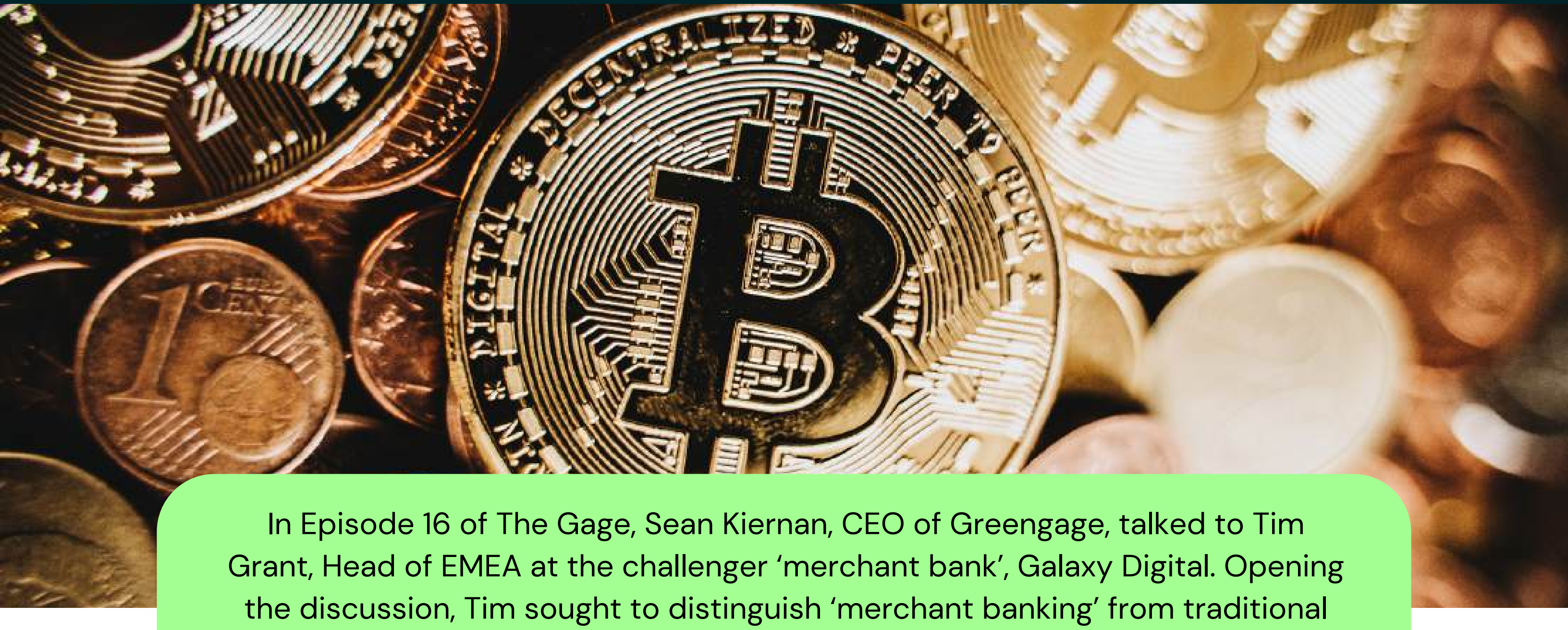


Chapter 2

Embracing the New Digital World

Is the Crypto Asset Industry Growing Up? Key Drivers for Increasing Institutional Adoption

Blog - Published June 2023



In Episode 16 of The Gage, Sean Kiernan, CEO of Greengage, talked to Tim Grant, Head of EMEA at the challenger 'merchant bank', Galaxy Digital. Opening the discussion, Tim sought to distinguish 'merchant banking' from traditional investment banking. "The simplest distillation of what separates merchant banking from retail or investment banking is that it typically means that there's an element of off-balance sheet investment."

Galaxy itself runs a billion-dollar portfolio of off-balance sheet venture investments, as well as an asset management business. Its partner model harks back to Goldman Sachs/Morgan Stanley in the 70s and 80s, albeit largely phased out by the end of the 90s with the advent of new regulations around segmentation of activities (and assets).

Galaxy is leveraging the burgeoning digital asset world to "redefine and redraw some of these lines" and to reintroduce partnering and relationship management more akin to classic merchant banking.

A key element of the digital merchant banking value proposition is that beyond banking services such as credit, treasury services, liquidity/working capital management there is also an element of principal and capital risk through investment in customer businesses. In Galaxy's case, its value proposition also embraces a tokenisation stack with a cold storage custody back end (through its recent acquisition of the institutional self-custody platform GK8).

Where is the institutional crypto market heading?

"We've all seen booms and busts in crypto, including the FTX calamity at the end of 2022; it's the famous 4-year cycle and every time we go through this cycle we end up with new players, each with slightly different complexions of risk and investment appetites."

- Tim Grant, Head of EMEA at Galaxy Digital.

While financial markets regulation is evolving, real momentum and evolution in the digital asset space will only happen when large volumes of institutional capital are coming through the door.

The current perspective seems to be increasing financial industry differentiation between 'wild west' crypto investment and the potential opportunity and value presented by tokenisation and other digital assets and technologies.

While institutional sentiment seems to be to maintain a watching brief and see what happens in the short term, according to Tim "we don't see any lack of momentum in institutional adoption in the background", driven primarily by client demand.

Wealth management, in particular, might be considered the next frontier of large pools of institutional capital, so it is important to figure out how to service this segment and to leverage traditional finance (TradFi) regulation and product 'wrappers' to give market participants the comfort and confidence to engage.

Role of structured products

Structured products are one of the big drivers of adoption. A huge, multi-trillion structured products market has functioned for decades to service wealth managers and the private banking community. It represents a significant amount of capital as well as considerable revenue opportunities on the sell side.

The growth of the [crypto] derivatives markets is important in building structured products in order to put hedges in place, for example, to create a bankable security with an ISIN similar to a bond, and an embedded payoff against a position on the movement of the underlying market.

It is still early days for structured crypto products because the gatekeepers to the end client are still cautious about cryptocurrencies and many cannot have crypto assets on their balance sheet for capital and/or regulatory reasons. The demand side of the equation is there – wealthy individuals may phone up their banker and say 'I want to go long Bitcoin but with capital protection/yield enhancement' and this is no different to current practice with regards to structured treasury products.

As with any financial market, there is a psychological element: nobody wants to go first but once the gates are opened, more and more players will want a piece of the action. With regulatory confidence and clarity, greater crypto derivatives market liquidity and a discernible shift in institutional appetite from 'way too risky' to 'let's dip our toes into the water' there is likely to be a major shift in institutional interest and demand, fuelled to no small extent by demand for structured products.

Benefits of tokenisation

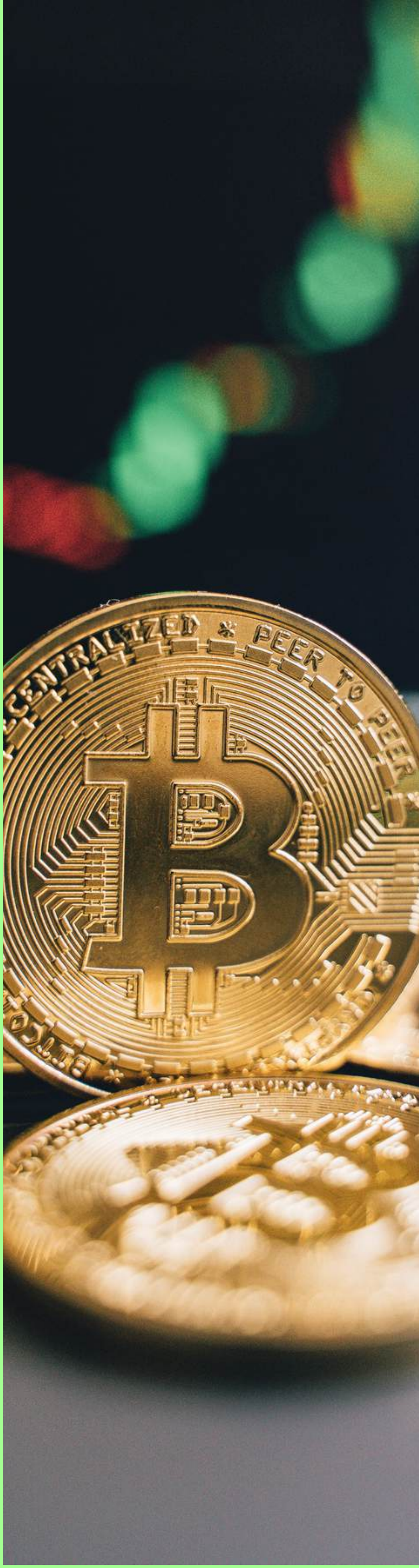
Tim is ‘fascinated by tokenisation’; he previously left a TradFi hedge fund unit in a leading global bank to join R3, the software blockchain consortium, as CEO of its financial services lab. During this time, the number of global financial institutions engaged in the lab increased from 42 to over 100.

With respect to tokenisation, initial discussions were around tokenised bonds with a smart contract, managed on chain. That was back in 2015, and it is fair to say that it has not yet really taken off – the bond market still functions pretty much exactly as it did before.

Nonetheless, there is ‘proof of concept’ that you can tokenise pretty much anything - equities, structured products, funds, physical objects and so on, and multiple supporting initiatives in play, including a regulated central securities depository (CSD) exchange for digital assets in Switzerland, and Archax operating the first FCA regulated global digital securities exchange in the UK. There is also greater regulatory clarity in some jurisdictions around what it means to issue and represent an asset on chain.

Despite activity from the European Investment Bank (two major issuances), UBS (CHF385m STX issuance) and KKR’s fund tokenisation, and interest from Goldman Sachs, Santander and Société Générale, we have not yet reached the point of a ‘minimum viable digital capital market’ but it seems inevitable that it – along with asset tokenisation - is going to be a reality given the potential efficiencies, counterparty risk reduction and liquidity improvements available.

Traditionally, financial markets innovation has been driven by the sell side, not least because they were better resourced to invest in doing things differently but today it is the asset owners themselves that are influencing and driving change. With respect to tokenisation, this is a potentially huge opportunity relating to hundreds of trillions of assets.



Whither the metaverse?

The gaming world, in particular, has embraced Web3 technology and the metaverse, with significant investment in metaverse gaming and enablement, backed by sizeable funds; big players in Silicon Valley seem to have no difficulty raising millions in capital at the touch of a button.

The demand side of the equation comes, literally, from school children and younger people that are already fully immersed (and practised) in 'experiential' gaming technologies and have first-hand experience of using digital objects (de facto tokenised assets) as payments or rewards within games.

With respect to Web3 and digital assets, Blackrock has launched a metaverse Exchange Traded Fund (ETF) that includes Meta, Nvidia graphics cards, Roblox and other new and shiny digital things. It is less apparent how the metaverse might translate outside of the gaming use case from an 'experiential' perspective, although Tim observes that the movie 'Ready Player One' may prove to be prescient.

Bad actors driving positive regulatory action?

"We should work with regulators to generate, as quickly as possible, clear guidelines that don't throttle innovation and enable new products and services to be launched in a safe way".

- Tim Grant, Head of EMEA at Galaxy Digital.

The FTX fiasco was a salutary reminder that regardless of rules and regulations, it is not possible to prevent bad actors from using smoke and mirrors to conceal bad acts. While FTX (and Silvergate) are cautionary tales, they may also prove to be something of a path to industry redemption with respect to accelerating the pace in which digital assets and crypto industries are brought within the broader financial markets regulatory fold.

Alongside regulatory mandates, self-regulation is also important, along the lines of OTC markets like FX with its voluntary, principles-based Code of Conduct rooted in ethical behaviours and standards of industry best practice. This approach harks back to the days of "my word is my bond" with its implied or presumed integrity that market participants will 'do the right thing' based on the importance of a good reputation in the market for continued business opportunities.

To circle back to the opening comments, this was certainly the modus operandi of old school merchant banks who traded in rarefied circles often with a focus on repeat client business.

While FTX's founder, Sam Bankman-Fried, may be the most recent poster child for bad behaviours, it is important to say that these were not associated specifically with new digital markets or technologies, but an apparent and flagrant disregard for established, industry-wide operational practices such as segregation of business activities/funds. That said, his eventual fall from grace will hopefully serve to deter others from following in his footsteps.

In the meantime, there is much flip-flopping in regulatory jurisdictions. China has banned cryptocurrency trading and mining, yet permits Hong Kong to carry on. The US made an almost complete volte face from a position of broadly positive engagement to the recent and relatively heavy-handed SEC crackdown on all things crypto. In Europe, the EU is pushing through MiCA (Markets in Crypto Assets) regulation across member states making it potentially very attractive for doing 'crypto business'.

In the UK, a perceived negative view of the FCA is arguably at odds with the Government's oft-stated intention to position the UK as the 'leading crypto hub' but this is changing and momentum is growing in support of this objective.

Digital markets are moving at pace and we are seeing service providers, trading communities, intermediaries and regulators collectively considering how best to deliver a secure infrastructure and environment that assures more positive outcomes for participants. The crypto asset market is gradually growing up.

To learn more, listen to our podcast series, The Gage Episode 16 – Crypto's Path to Redemption & Massive Adoption in Wealth Management'

CLICK HERE

Digital Parliamentarians - 2nd Edition

Whitepaper – Published June 2024

Have Parliamentarian attitudes towards crypto and digital assets changed?

Following the publication of the previous Digital Parliamentarians whitepaper in April 2023, which provided a comprehensive analysis of Parliamentary mentions on record of crypto, blockchain, bitcoin, and DLT from 2018 to 2022, the objective of this second edition is to update the data and assess whether there have been any shifts in attitudes towards crypto and digital assets in 2023.

The research presented in this refreshed edition is anecdotal rather than scientific. We have reviewed every 'Parliamentary mention' (from Hansard and other sources) of the following keywords; 'crypto' 'blockchain' 'bitcoin' and 'DLT,' by parliamentarians' name and political parties over the past six years, from 2018 to the end of 2023. Each mention has been further categorised as positive, negative, or neutral. The purpose of this updated research is to determine if crypto is becoming a more prominent topic among parliamentarians, which could shape the government's roadmap for crypto regulation and help position London as a global hub for crypto asset technology. This would, in turn, enable crypto firms to invest, innovate, and scale up in the UK.

An article published in the **Fintech Times** on 1st June 2023 announced that the All Party Parliamentary Group (APPG) for Crypto and Digital Assets Group, chaired by Dr Lisa Cameron MP, responded to the UK Parliament's call for more crypto regulation in their inaugural report. This report, from a cross-party group of MPs and Lords, made 53 recommendations to the government which focused on regulating cryptocurrency and exploring the potential of issuing a central bank digital currency (CBDC) – 'a Digital Pound.'

A further report and perhaps the most influential opinion expressed by Parliamentarians was published by the **Treasury Committee on 20th July 2023**, suggesting that crypto should be regulated like gambling. Subsequently, in November 2023 an article in **Elliptic** revealed that the UK government had released three reports on crypto, outlining the country's intended regulatory approach to the sector.

According to a CoinWire study reported in **ZyCrypto**, New York leads as the most crypto-ready city in 2024 with a score of 85.85%, followed by London, Los Angeles, Sydney, and Singapore. This ranking was based on seven key metrics, including business crypto acceptance, crypto ownership, and the number of cryptocurrency ATMs.

Yet a **Recap** article last updated in September 2023 highlights London's prominence, ranking it as the leading crypto hub in the world due to the city boasting 2,173 people working in crypto-based jobs, the highest number globally, and is home to over 800 crypto-based companies.

Read the full research here: CLICK HERE

We interviewed a few other industry leaders in the crypto space for our podcast series:

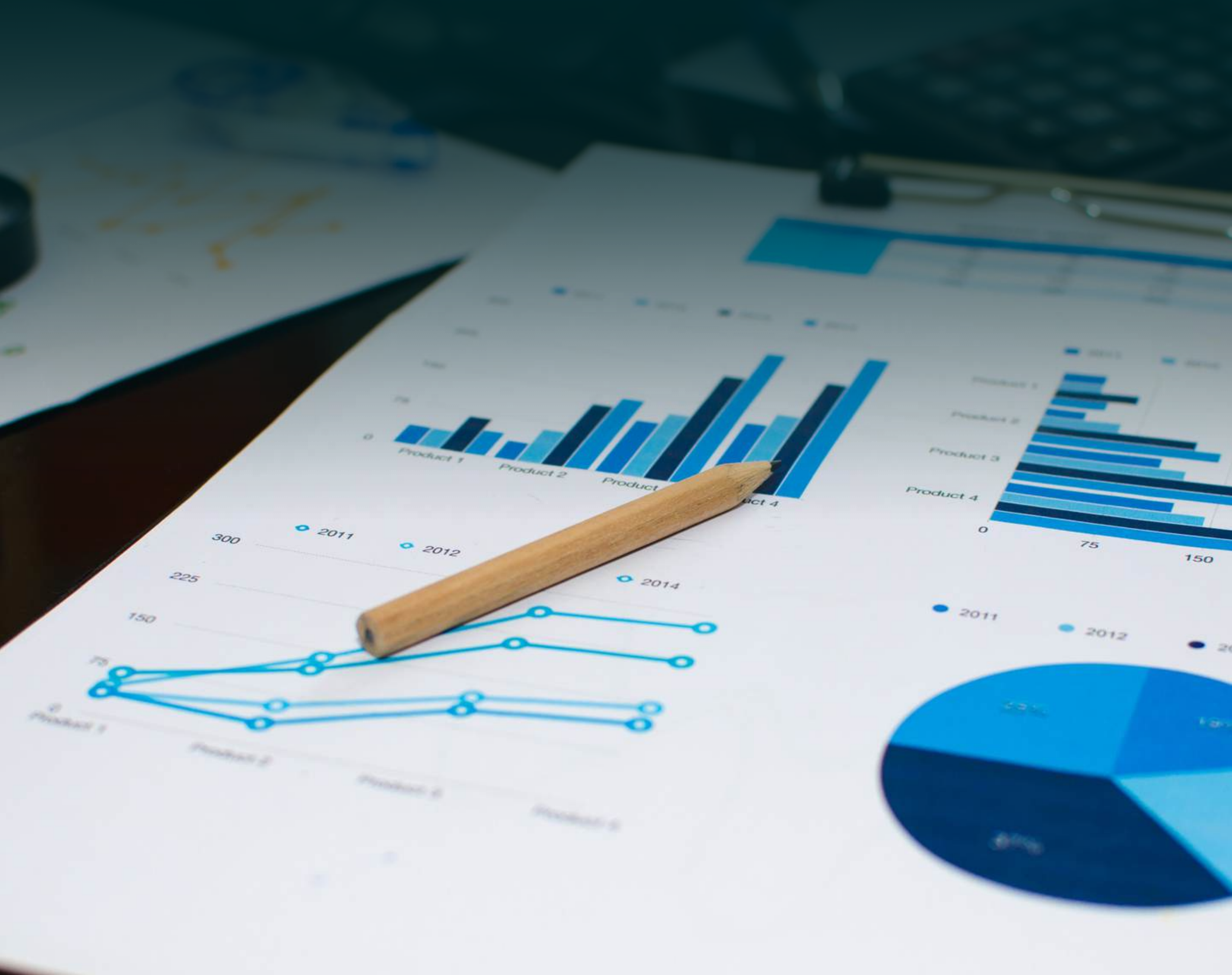
Episode 13 -
The Role of Crypto in Finance CLICK HERE

Episode 21 –
Campaigning for Change: How Tech Innovators can Shape Crypto CLICK HERE

Episode 22 –
The Evolution of Crypto Regulation - Comparing UK, EU and US CLICK HERE

Chapter 3

Tokenisation, Web3 and The Metaverse - The Future of Digital Technology



Bringing a Heritage Brand into the Digital Age

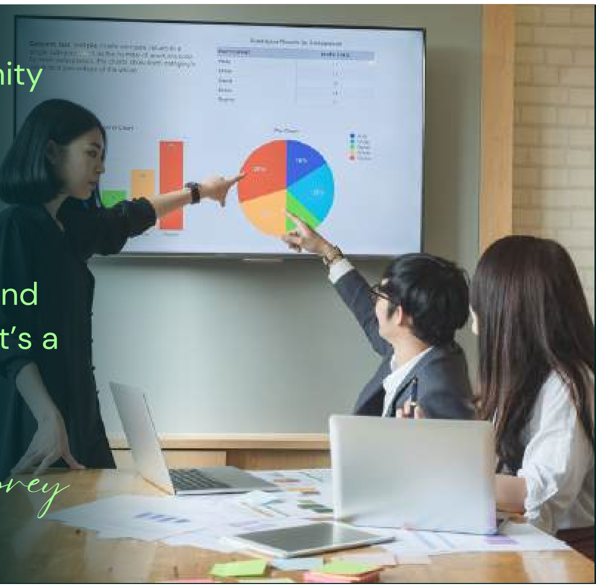
Blog - Published July 2023

Sean Kiernan, our CEO, sat down with Ali Walker, Chief Creative Officer at luxury and heritage brand Asprey Studios to discuss its interest in NFTs, its partnership with Bugatti and how Web3 and metaverse evolution might benefit – and impact – the luxury brands market.

In business for an astonishing 242 years, jewellery and goods designer Asprey may well be the UK's oldest 'luxury brand', with showcase offices (and bespoke jewellery manufacturing) based in London's Mayfair. It is exciting to see how Asprey is embracing - and innovating in - the digital age, through partnerships and collaborations and specifically, with respect to leveraging the burgeoning NFT industry.

"The pandemic – and prolonged closures of our physical premises during lockdowns – presented the ideal opportunity to really focus on how we might reach a younger buying demographic.

This resulted in the launch of our Asprey Studio, a separate department that was tasked with taking the Asprey 'DNA' and brand principles and gear it to a younger, Web3 audience. It's a long-term investment and commitment"



- Ali Walker , Chief Creative Officer at Asprey Studios.

The first activity of the Studio was to look at the Asprey workshops (silverware, leather and jewelry) and the master craftsmen working within them – the DNA of the brand – and look to see how these activities might use digital technologies to streamline workflows around the development of small, unique collections. As part of this discovery process, Asprey identified Bugatti as a partner that shared many common brand and production characteristics.

The first output from this collaboration was a 'limited edition' NFT issue creating digital ownership of 261 unique sculptures. This was an instant sell out - with 120,000 people applying.

The huge number of applications was whittled down using Web3 technology to identify those holding sufficient funds in digital wallets, and further refined by getting remaining applicants to declare their interest in owning the NFT, with the specific aim of eliminating market speculators.

Based on the success of this first launch, Asprey - in association with Bugatti – launched the Asprey Studio Club – a small, select group of 242 members – one for each year of its existence. Interestingly, the age group of these members ranges from 18 to 50, from young gamers to hedge fund and crypto entity owners. What they have in common is an interest in high fashion, big brand collections including watches, cars and home wear. (Interestingly, they are less interested in designer clothing brands like Gucci). Essentially, the Club represents a digital-first engagement, albeit with the ability to see physical goods in the new Asprey gallery. The gallery will also showcase unique works, aligned with the Asprey brand (and design aesthetic) and produced in collaboration with select artists.

"It is very much a generational thing. Younger people active in the digital gaming world have a greater understanding of digital wealth than almost anybody else. The gaming industry has built a community of people happy to spend thousands of pounds on and in games. Even before Web3, the concept of owning digital assets was there."

- Ali Walker , Chief Creative Officer at Asprey Studios.

Ali notes that the only way to make a digital asset increase in value is if it is a one-off asset or in a small collection linked to a blockchain that can 'assure' that it is only one of a specific number in existence. For example, in the case of a collection of comic books, over the years many will have been discarded which means, logically, that the few that may remain in circulation will be worth a lot more money than their original purchase price. In a digital scenario, blockchain creates an immutable record of the number of items in a collection that can't subsequently be altered (to reduce or increase the number in the collection to influence their value).

The metaverse – a watching brief

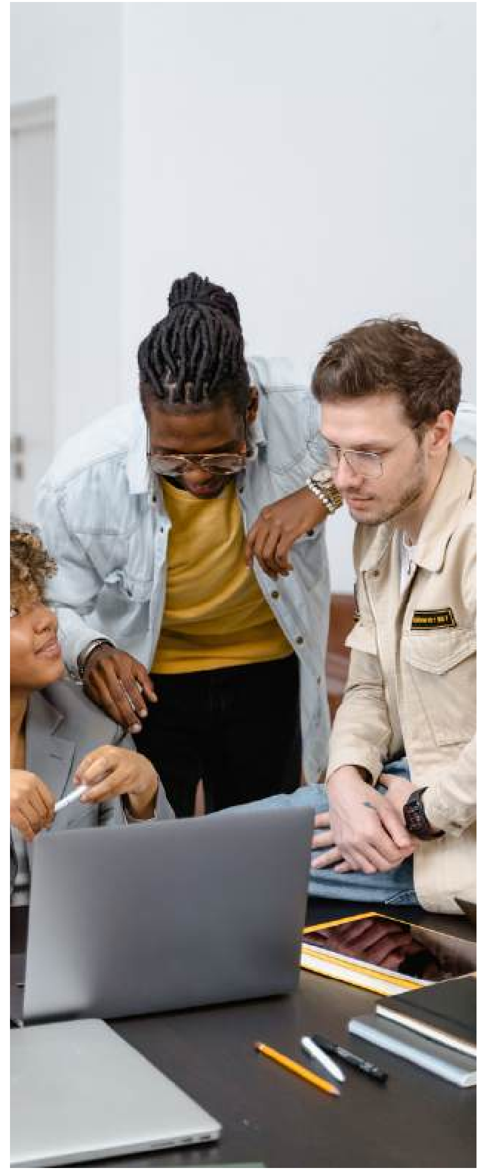
From Ali's perspective the metaverse "is just a rebrand of what is already out there" in terms of Web3 interaction, albeit built in siloes "on engines that have been around for years but haven't really taken off". A truly universal Metaverse, however, will only be achieved when it is possible to enter into and between different metaverses without having to download a new type of world.

The real challenge currently is that people – and young people in particular – aren't very active in them; they may be playing computer games and spending lots of money but it's not primarily in the metaverse space. While recognising that a lot of digital-native and start up companies are seeking to establish a presence and ownership in this space, Asprey is taking a more cautious "watch and wait" approach to jumping straight in.

This position may change, of course, down the line with a properly constructed digital universe where people can 'port' between metaverses, although even then Ali "doesn't really see the point of a 'second world' that exactly mirrors the real world".

Ali also accepts that there will likely come a point where IP and ownership of digital brands and artworks in the metaverse will create competition with real world assets – the Aspreys and Bugattis of the metaverse, if you will – but this is some way down the line.

In concluding a hugely interesting discussion, and on the potentially tricky question of IP, ownership and privacy protections in English law, Ali notes that Asprey filed multiple IP applications for its NFT issue, cognizant of the Madrid protocol on copyrights. He also observes that the whole industry is "pretty much led by the US" with respect to ownership and privacy regulation.



As Greengage CEO Sean notes, however, "the UK Law Commission has done quite a bit in the space to encourage businesses based on English law and has published its final recommendations for reform **(28 June)** to ensure that UK law is 'capable of accommodating both crypto-tokens and other digital assets in a way which allows the possibilities of this type of technology to flourish'."

Regardless of where IP applications are made, it is typically an expensive business, and with respect to the artwork in its first Asprey Studio NFT release (generated largely on the Bugatti side in this instance), a key first step in the Asprey/Bugatti collaboration and partnership was agreement to share the IP between them.

To learn more, listen to our podcast series, The Gage Episode 18 - A Luxury Brand in the Metaverse

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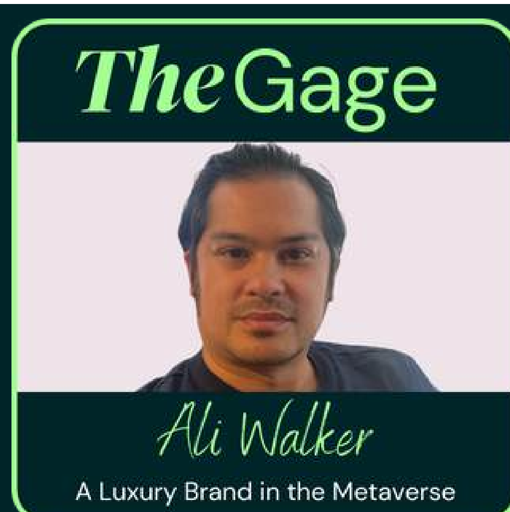
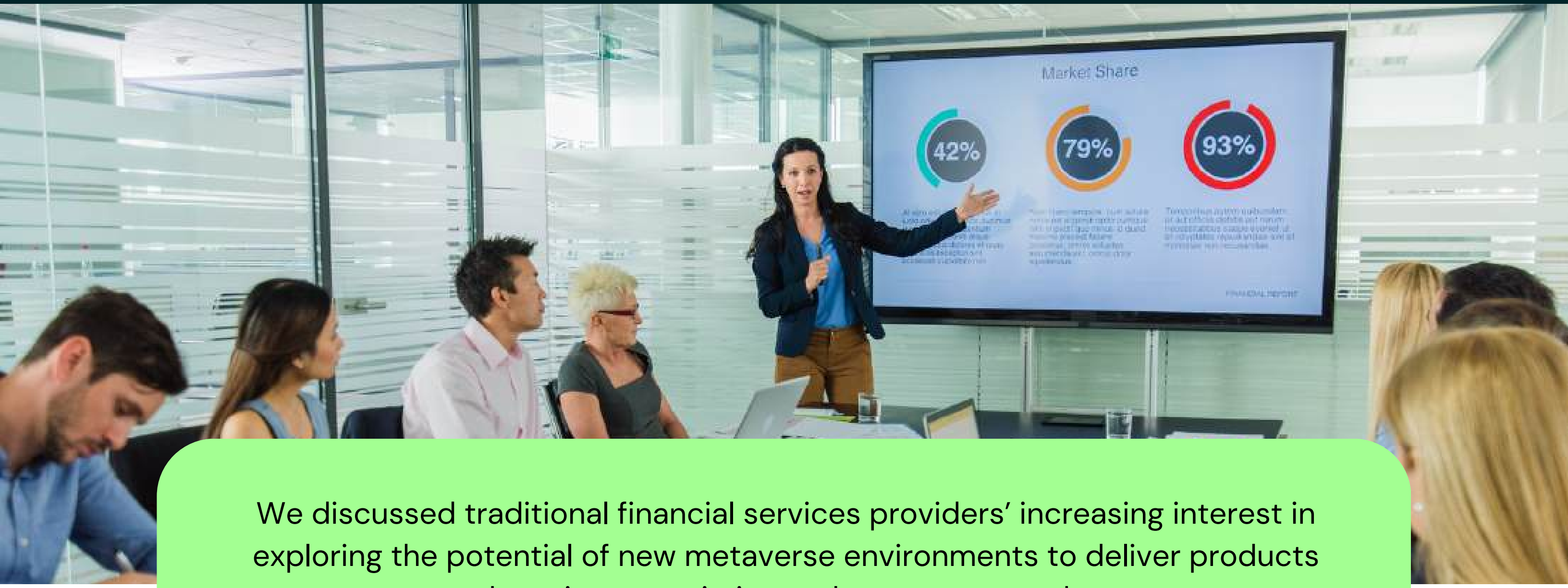


Greengage, Eldora and the Metaverse

Blog - Published March 2023



We discussed traditional financial services providers' increasing interest in exploring the potential of new metaverse environments to deliver products and services to existing and new target markets.

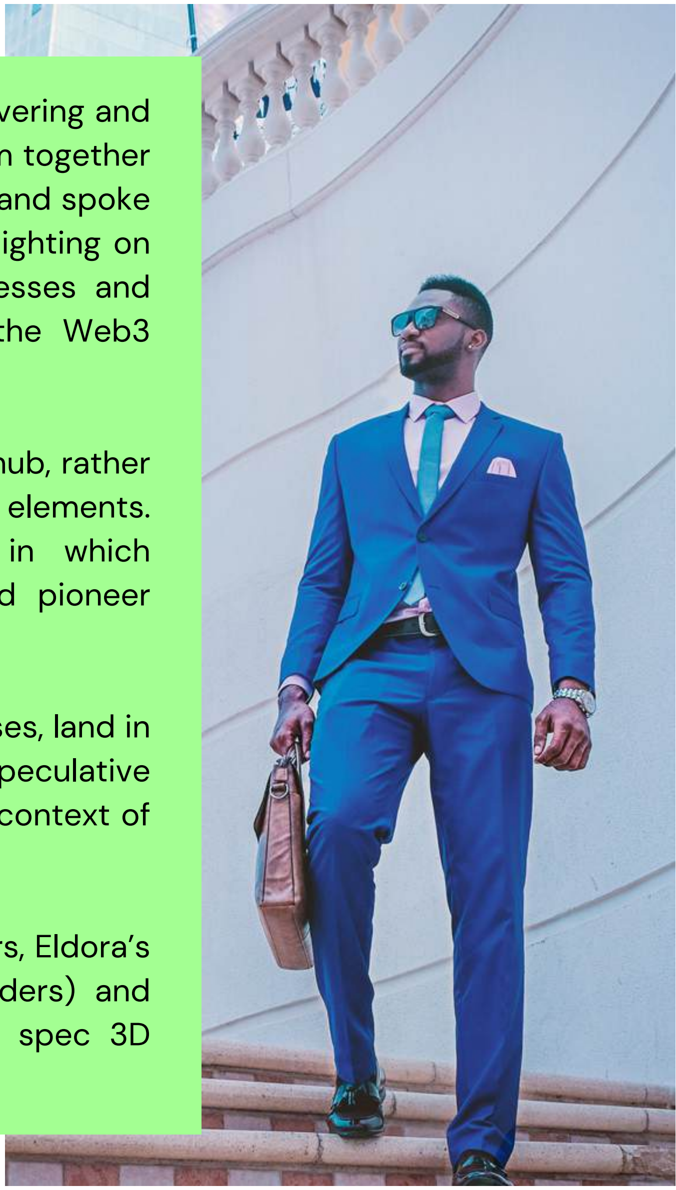
Greengage is already a pioneer in digital innovation. We are building a robust digital platform to deliver e-money services aimed at two core audiences - digital asset companies and SMEs. Our goal is to deliver effective transactional solutions to the highest security and compliance standards. As financial markets participants, we also recognise that blockchain technology facilitates a new, virtual economy, built around different types of digital assets including NFTs (non-fungible tokens) and cryptocurrencies.

Today, crypto asset companies often struggle to access mainstream banking services, with only a small number of traditional banks actively supporting this sector; a situation that will not have been helped by recent events such as the collapse of FTX. SMEs can experience similar challenges: it is estimated that there is a £22 billion funding gap for SMEs in the UK alone, despite this segment generating annual revenues exceeding £2.5 trillion.

A key strand of Greengage's overarching strategy to partner with best of breed technology and service providers (traditional and digital) to develop and deliver services that effectively bridge the gap between traditional finance (TradFi) and new, decentralised solutions (DeFi).

The metaverse is a logical step in this development. According to Gartner research, by 2026, 25% of people will be spending at least one hour a day in a metaverse, whether for work, leisure, education, entertainment or simply engaging in a social community. This supports Morgan Stanley's estimated global spend on metaverse technologies - virtual reality (VR) and augmented reality (AR) – as in excess of $73 billion by 2024.

Ongoing developments in metaverse/Web3 technologies can already deliver an increasingly 'lifelike' virtual experience to users, whether that be virtual shopping in Bond Street, enjoying Dubai's tourist attractions without leaving the front room or, embedding finance into the metaverse experience such as the ability to visit virtual bank branches and ATMs to effect transactions.



Greengage's metaverse strategy is focused on discovering and engaging digitally-native prospects and bringing them together within communities. We looked at many metaverses and spoke to myriad companies developing yet more before alighting on the Eldora proposition, "a metaverse where businesses and users (Eldorans) can come together as part of the Web3 revolution".

Eldora is focused on becoming a dedicated finance hub, rather than a broad-brush metaverse with financial service elements. It is building a highly-accessible environment in which companies like Greengage can network, learn and pioneer proprietary projects and service innovations.

Further, unlike land and real-estate focused metaverses, land in Eldora is not available to buy directly for speculative investment purposes, it can be acquired only in the context of creating a business within it.

Supporting B2B and B2C user segments and providers, Eldora's finance hub environment enables companies (builders) and customers (users) alike to benefit from very high spec 3D visualisation and ultra-realistic user experience.

As a novice builder in this nascent metaverse space, Greengage is excited to explore the potential to develop and enhance our e-money services offering within Eldora, while at the same time reaching and leveraging the fast-growing Eldoran community.

Eldora is resolving the scale communications challenges within a metaverse, with respect to maintaining a coherent world in which growing numbers of users navigate within and engage with other users. To avoid overloading users' browsers or generating huge amounts of network traffic, Eldora's virtual world is split into 'scenes' which users can move between using virtual doors, mirroring users' real-life experiences.

(The users' clients move between communication channels in the same way, ensuring that the number of concurrent users per channel is kept to a reasonable level, with no degradation in the quality of the experience or service interruption).

"Eldora is an excellent fit with our own business model, not least because of our shared, high-end focus on the B2B segment. We are excited to leverage its very high spec VR and AR visuals and technologies to bring a bit of joy to users' e-money service experience and particularly, to think more creatively about delivering our services in a way that resonates with next generation, new technology-savvy entrepreneurs and business-owners."

- Sean Kiernan , CEO and Founder at Greengage.

Greengage is committed to delivering a full-service financial services experience to customers. Neo-banks like Starling and others have been around for quite a while and the notion of virtual account services (with no physical presence) is reasonably-well established at the B2C level.

However, there are limitations to this approach, particularly with regards to web access to 'real' resources, and in the B2B environment particularly, communication with dedicated relationship managers with a handle on customers' business activities, and associated financial services requirements.

The pace of technological change (and scale adoption) is accelerating. It took a mere 10 years from its invention for internet technology to evolve to embrace universal email, mobile, web and video streaming services.

Beyond scaled up internet application and participation, the 1990s heralded the advent of more interactive and immersive gaming technologies (with significantly-enhanced VR graphics) along with increasingly 'smart' mobile phones and laptops. Since the birth of bitcoin in 2008 we have witnessed the rise of new, decentralised, digital asset and blockchain technologies as putative challengers to traditional financial models. Today, we are on the cusp of the Web3 and 3D web graphics revolution.

"Eldora is a limitless environment in which participants can buy and build anything and everything, from businesses to community hangouts, conference centres to lavish homes. The faster technology evolves, the more complex it becomes. Our focused Web3 finance hub takes care of the technological complexities to create an environment where businesses and audiences can come together to share data in a decentralized way, and explore endless new opportunities."

- Théophane Ramé , CEO & Founder of Eldorado.

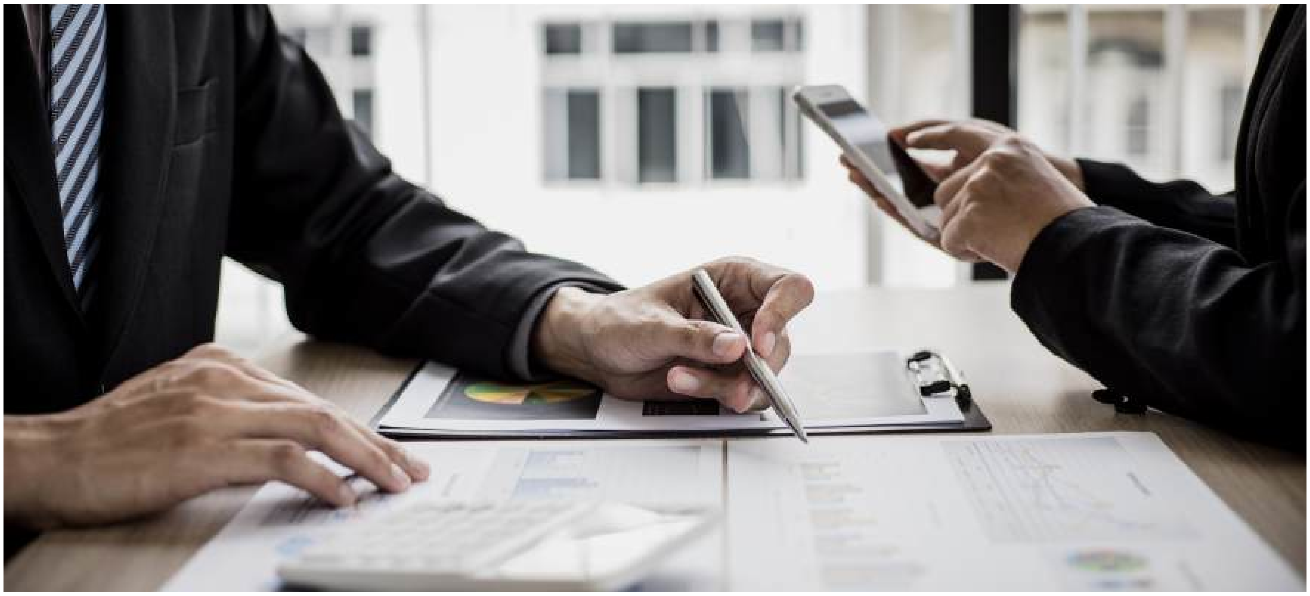
What is exciting about the metaverse is that Greengage will not only be able to create virtual branches (and ATMs) in virtual high streets within specific meta lands and communities, we can go further still, with clients being able to hold face-to-face (actually, avatar-to-avatar) meetings with our Relationship Managers, the outcome of where meetings manifest in real life solutions such as opening an e-money account in the future offering.

High street banks continue to reduce their physical footprints in the name of operational efficiency, pushing customers to engage online. At the same time, pandemic lockdowns and wide-scale and continuing working from home policies have been instrumental in shifting mindsets to seeking out new and different solutions to business and personal banking and financing needs.

We must also recognise that younger generations, the Gen Xs and Alphas, have grown up in the digital world (Web2 video streaming, social channels, interactive gaming, increasingly clever smart phones et al) and are completely au fait and comfortable engaging in this environment.

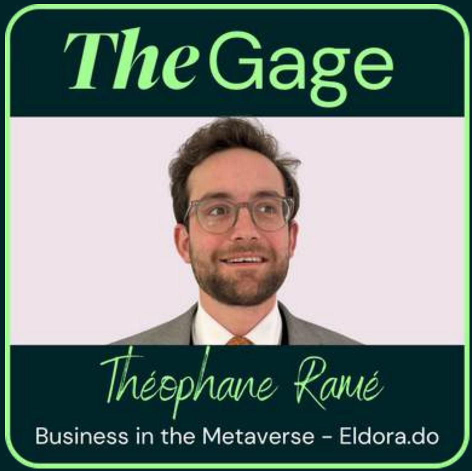
They are also far less wedded to traditional banking constructs and more demanding of service providers in terms of how they expect to engage. This is a paradigm shift in terms of who holds the banking relationship reins.

Through leveraging limitless and borderless Web3 technology – and collaborating with specialist financial services-focused providers like Eldora – we are aiming to deliver a truly immersive, full service, e-money experience, with none of today's barriers to entry.



To learn more, listen to our podcast series, The Gage Episode 14 - Business in the Metaverse

CLICK HERE



Summary

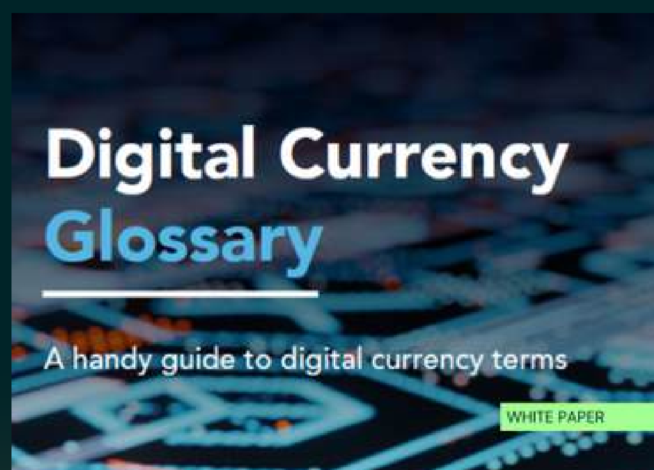
The last year has been filled with triumphs, challenges and exciting encounters with notable industry leaders, politicians and leading advocates in the digital asset space/dynamic world of digital financial services.

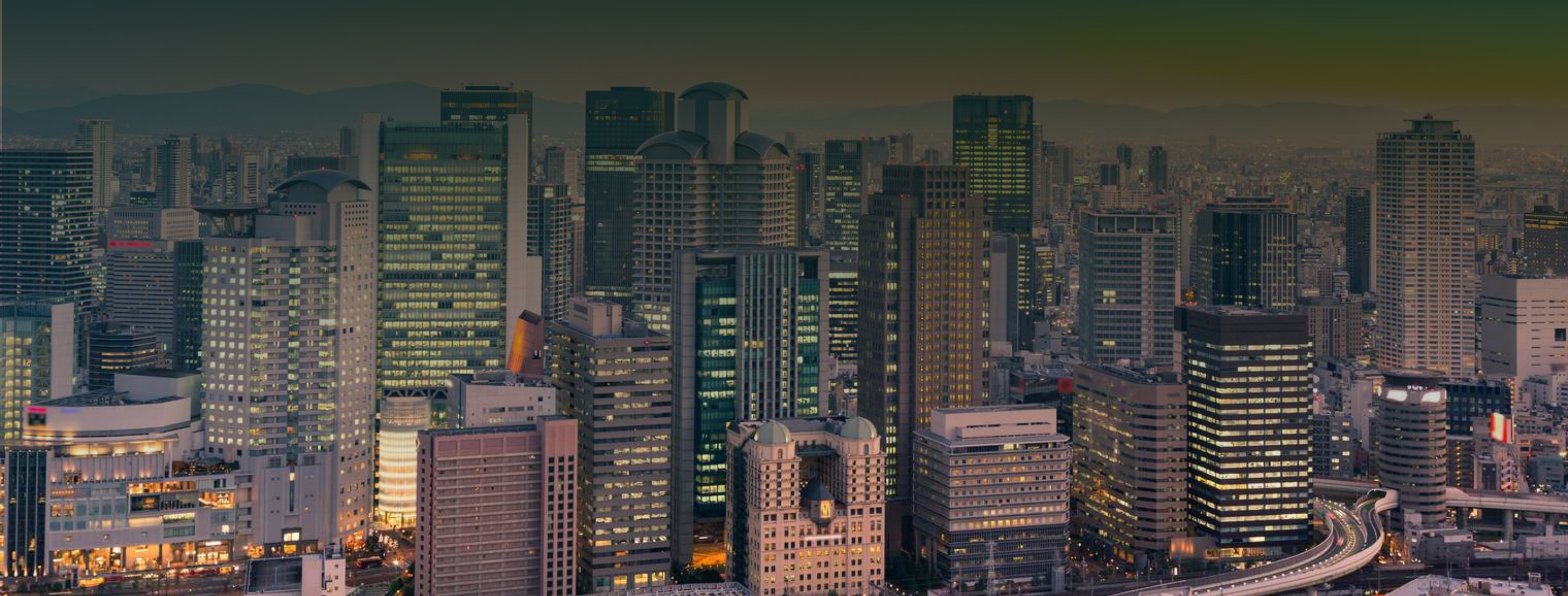
Looking ahead we are excited to participate in many more engaging and captivating conversations and contributing to the future of digital financial services through publishing new content. Stay tuned for upcoming episodes of The Gage.

*While all featured content is considered evergreen, some pieces have been updated since their initial publication.

Digital Currency Glossary

Read our **Digital Currency Glossary** - a user-friendly guide to digital currency terms, which is a collaborative effort involving Greengage, UK Finance, The Payments Association, Digital Pound Foundation, TheCityUK, Innovate Finance, and City of London Corporation, and further supported by various esteemed organisations.





Greengage is a digital finance pioneer, that provides a platform of relationship-based e-money account services to entrepreneurs, SMEs, family offices and digital asset firms to the highest ethical, secure and compliance standards.

Alongside e-money account services, Greengage provides clients access to a B2B lending platform offering digital sources of money. Greengage's tailored services are delivered by people, empowered by technology.

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