

## How economies are undergoing a fundamental transformation as the metaverse redefines digital finance

On average, an American adult spends 10.5 hours in front of a screen every day. This explains why, according to CITI, 1 billion people by 2030 will wear virtual reality (VR) glasses daily. In fact, global consulting company McKinsey estimates that the transactional value in the metaverse will by 2030 be \$ 5 trillion – equivalent to the third-largest GDP in the world. These changes in consumer behavior patterns will fundamentally reshape the banking industry. Thus, the important question then becomes: How will financial institutions adapt?

The backbone of banking undoubtedly will be based on blockchain. Blockchain will become the highway underpinning every smaller and major investment as it captures, aggregates, stores, and distributes information on a universal network of computers impossible to hack or manipulate. Whenever major investments are going to be placed, banks will increasingly tap into blockchain-supported repositories rather than requesting digital files or hard copies of documents, which will always be associated with a major risk of fraud.

Let's unpack an example. In the future, when consumers are purchasing an apartment, the developer will undoubtedly store the estate data and its history on a blockchain. The permanent database will record and store ownership history as the property is sold from one landlord to another; this information will include all the damages, refurbishments, insurance issues, and claims related to this particular piece of real estate. Banks will be able to access the transparent ledger just as insurance companies can access people's medical files. This will ensure that banks will be able to obtain appropriate information with a higher accuracy, allowing them to calculate the value of the asset in a more precise way as well as to turn around loan applications more quickly and reliably to effectively reduce transaction costs. This B2C example on banks' lending funds to private consumers is just one side of the coin – the metaverse will also have a profound impact on major B2B enterprise investments like aircraft.

In the future, every airplane and all of its associated data will be stored on a blockchain. Every spare part used, accident the plane is involved in, and issue related to the plane will be stored in a transparent and safe database. What this means is that when a plane is sold, the purchaser and other involved parties will have access to a complete record of the history of the aircraft. Blockchain and the metaverse are not only going to be about Bitcoin or other cryptocurrencies but also the underlying foundation that will come to define the evolution of the banking industry. The metaverse will become the residence that houses all of these data (i.e., consumers can visit their "virtual apartment" in a 3D world where they can also review the associated data; this apartment will be a digital twin of their real, physical property asset). The B2B of the metaverse is going to be a separate universe compared with the B2C environment, which will be designed more around entertainment, infotainment, and edutainment.

As founder of the world's largest \$22 million metaverse experiment, "Engineering Our Dreams," Martin Lindstrom and his team of accredited experts will examine the good, the bad, and the ugly. While acknowledging today's compliance challenges, which increasingly dominate the banking industry, Lindstrom will explore what it takes for banks to evolve into a future-proof situation and explain how financial institutions can undergo this migration step-by-step. The experiment will also look at culture and assess what types of functions and talents are needed to succeed, as well as what challenges banks may face and can address up front. Lindstrom also explores practical industry examples of how other financial institutions have worked to safeguard themselves and how they have succeeded in making even small investments become profound markers of where banks are heading.