

## Blockchain extends its business reach

*While the Blockchain ledger system is often associated with cryptocurrencies, its application extends far beyond this to embrace other uses and the evolving 'Metaverse' could also help drive future investment opportunity. Here Jonathan Piskorowski, lead portfolio manager of the BNY Mellon Blockchain Innovation strategy explores Blockchain's potential.*

Blockchain, the digital ledger system which underpins cryptocurrencies such as Bitcoin, is branching out into new business applications and could prove as important an innovation as the development of the Internet itself, according to Jonathan Piskorowski, lead portfolio manager of the BNY Mellon Blockchain Innovation strategy.

### Opportunity in the Metaverse

From a technological innovation standpoint, much has been made in recent months of the potential for the Metaverse – a virtual space where people can, in theory, work, play and socialize. This could also create new opportunities for Blockchain and its investors.

“The coming Metaverse could hold the potential for brands to monetize themselves in new ways. Whichever way this is used we believe some exciting innovation lies ahead and that Blockchain could bring some profound changes in the way we do business and the future of our technological development,” according to Newton research analysts.

### Security drives demand

At a wider level, Piskorowski believes consumers have become increasingly wary of centralized financial and digital intermediaries which can control and use their data – particularly following the fall-out of the global financial crisis (GFC) where centralized banking systems were seen as a significant part of the problem.

While cryptocurrencies have themselves come under scrutiny in recent months, cybersecurity and the rise of ever more sophisticated hackers, he adds, have also driven demand for more secure decentralized financial systems.

“Coming out of the GFC people lost faith in centralized intermediaries they trusted with their money and this led to the rise of both Bitcoin and Blockchain. Access to financial products and services for underbanked populations remains a global issue that can be improved by regulated decentralized solutions that democratize finance for consumers.”



“Computer hackers constantly evolve and can find new ways to penetrate supposedly impenetrable firewalls. If you decentralize the information they are seeking to access, it makes it much harder for hackers to attack it as the data is not stored in a single place,” he says. Increasingly Blockchain is being used in the transfer of goods, service, and data well beyond the financial services industry. Piskorowski sees opportunities for the application of Blockchain in sectors as diverse as healthcare, shipping, real estate, and supply chain management.

Commenting on its effectiveness and application, he adds: “Blockchain technology can provide all the aspects a business or organization could need for a decentralized ledger. Any centralized business function which involves multiple independent parties that are reluctant or unable to share information can benefit from the transparency, efficiency and asymmetric data sharing embedded in Blockchain-based solutions.

“In the area of healthcare records, for instance, you may have many different entities that all have to wait in line to go through a central intermediary to register information. Blockchain can allow these entities to execute their process in real time instead of waiting in line for their turn. This can help to eliminate friction and improve overall efficiency and patient outcomes.”

## **Market growth**

From an investment standpoint, Piskorowski says forecasts suggest Blockchain could account for a total addressable market of US \$37.5 trillion by 2030<sup>i</sup>, covering a wide range of business sectors and applications, with the tokenization of assets just one area ripe for growth.

“You would be hard pressed to think of an industry that hadn’t been, in some way, transformed by the Internet and we believe this will prove the same for Blockchain over time,” he adds.

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<sup>i</sup> COSIMOS Venture as of January 1, 2021.

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MARK- 282552-2022-07-06