



5 digital / crypto / blockchain market predictions for 2019

1 Game changing Security Token Offerings

Proliferation of Security Token Offerings (STOs) with accelerated adoption of tokens backed by physical assets including commodities such as gold and securities.

Emergence of Regulated STO exchanges to provide an alternative source of funding to Private Equity (PE)/ Venture Capital (VC) investment. Additionally an alternative for PE/VC initiatives looking to create liquidity and also as a more efficient alternative to IPO's.

Decline of Initial Coin Offerings (ICOs) as a defacto funding method. However, proven good utility ICO's will still be an effective funding route.

2 Asset backing takes crypto to the mainstream

Stable coin winners emerging especially those that are asset backed in part by gold.

Continuation of bear market for non asset-backed crypto.

More fiat money investment into the sector as a whole.

3 New opportunities for Institutional participation

Central banks signalling a move towards digital currencies aligned to reserve, trade and potentially part-backed by assets, such as gold.

Institutional investment products and index benchmarks to include improved exchange traded products such as tokenised funds with a well thought out methodology for NAV.

Emerging institutional grade regulated digital custodians to support digital asset custody.

Blockchain based clearing and guarantee funds that allow for more margin based trading.

Large brokers and banks to participate in the development of crypto/digital prime brokerage, and to strategically back syndicated regulated crypto/digital exchanges.

4 Market evolves and matures

Blockchain and fintech vendor consolidation is inevitable and this will also include collaboration, such as seen between IBM and Ethereum, and in some cases closure of initiatives that just cannot monetise or which were built on poor use cases.

Emergence of credible fiat digital banking solutions overlaid on blockchain technology.

Delivery of new compliance solutions which combine Know your Customer (KYC) as well as Know your Transaction (KYT) in a holistic manner for both traditional and digital assets.

A greater number of use cases will go beyond pilot to minimum viable product and into production. Applications will include full lifecycle trading, clearing and settlement.

Increased adoption beyond fintech with additional use cases in sectors such as pharmaceuticals and gaming with links to finance/market infrastructure.

5 Blockchain extends and matures

Capital markets democratisation with banking, custody and exchange nodes interconnecting across jurisdictions.

Emergence of superchain interoperability to link different blockchains effectively.

Combination of smart AI analytics and blockchain begins to emerge.

