



5 digital / crypto / blockchain predictions for 2020 – **A look back**

At the start of January 2020 GMEX Group made its top 5 predictions in this space and we now look back on the year and see how they played out. As good as we usually are at these predictions, every year, it is safe to say that Covid-19 impact was not on the list!

1 Properly regulated digital exchanges and custodians go live

There have been some very interesting developments in the digital asset custody and exchange space in 2020. Some notable examples are:

- DBS Bank got approval in December 2020 from the Monetary Authority of Singapore (MAS) to launch the DBS Digital Exchange as well as digital custody for tokenized assets (cryptocurrencies and security tokens) for institutional and accredited investors. SGX will take a 10% stake and this venture will go live in 2021.
- The Seychelles based SECDEX Exchange was regulated in February 2020 as a hybrid exchange (traditional and digital) and went live.
- Tokenise Stock Exchange, regulated in Barbados, went live in July 2020. Texture Capital in November 2020 secured FINRA membership approval to operate a broker-dealer and ATS for digital securities' issuance and trading.

2 More assets tokenised and increased institutional involvement

Assets are increasingly tokenised with institutional involvement in both cryptocurrencies and properly regulated security tokens / tokenized funds.

- The Seychelles based SECDEX Digital Custodian, with Africa's first regulated custodian, went live in May 2020 with over half a billion of assets in custody.
- Swiss digital asset bank Sygnum Group and Japan based SBI Group in October entered into a partnership to establish an early-stage fund investing in digital asset opportunities across South East Asia and Europe with a focus on financial market infrastructure and digital asset infrastructure companies.
- Total investor inflows into cryptocurrency funds and products hit \$5.6 billion in December year to date, up more than 600% from 2019, according to the latest data from asset manager CoinShares.
- Fidelity Digital Assets' October report stated that Bitcoin (BTC) is an alternative investment asset with increased institutional interest.
- The same month Stone Ridge Holdings Group (SRHG), an institutional asset management giant for financial advisors, institutions and insurance companies' worth over \$10 billion, announced that it acquired 10,000 Bitcoin (BTC), equivalent to over \$100 million at the time, as part of its Treasury Reserve Strategy.
- 169 year Insurance giant Mass Mutual bought \$100m of Bitcoin.
- Ruffer Investment Co, allocated 2.7% of its portfolio (\$740m) to Bitcoin.
- The Grayscale Bitcoin Trust's assets under management climbed to \$13.1 billion in December 2020 from \$2 billion at the start of December 2019.
- Bitcoin surpassed \$20,000 for the first time in its history in December based on all this and other demand fuelling its growth.
- JPMorgan has completed a live, blockchain-based intraday repo transaction in December and will now roll this out more widely in production.
- In December Fidelity Digital Assets said it will now allow its institutional customers to use Bitcoin as collateral against cash loans.

3 Demand for digital capital markets solutions increases

We have seen increasing demand for digital capital markets solutions and some of this demand has been satisfied by existing players both investing into and acquiring majority plays in digital FinTech companies in addition to increased demand for vendor solutions and services.

- Deloitte's 2020 Global Blockchain Survey in June polled around 1,500 senior executives and suggested that initial doubts about blockchain's usefulness are fading as business leaders now see it as integral to organisational innovation. As a result, they are putting money and resources behind the technology in tangible ways.
- Reportlinker.com for 2020 estimated the global market for Blockchain Technology at US\$4.4 Billion and projected it to reach US\$142 Billion by 2027.
- American Express's venture arm in December invested in the cryptocurrency trading platform FalconX, another sign that large financial services providers are moving into the digital asset space.
- SBI Financial Services, a subsidiary of Japanese group SBI Holdings Inc, acquired UK-based cryptocurrency trading firm B2C2, becoming the first major financial group to run a digital asset dealing desk.

4 Advancements in blockchain interoperability

Blockchain interoperability developments started to manifest themselves in 2020 and this bodes well for increased interoperability during 2021.

- In March Skuchain network, a blockchain platform for supply chain, launched the DLPC CorDapp, an application that promotes interoperability in trade finance blockchain applications.
- Telos announced in May that Transledger will use its blockchain technology to power an interoperability platform enabling cryptocurrencies to move between blockchains.
- In June Quant Network, a technology provider, delivering blockchain enterprise-grade interoperability for digital assets across any network, partnered with Oracle. Quant will use Oracle Cloud to run mission critical business applications on interoperable DLTs that will be powered by Overledger, which connects global networks to blockchain-based platforms.
- In December OpenFin, a company, which simplifies app distribution, unifies the digital workspace and enables seamless communication and workflow between apps, secured a strategic investment from SC Ventures, the innovation Fintech investment and venture arm of Standard Chartered.
- In December the World Economic Forum published a [report](#) titled 'Bridging the Governance Gap: Interoperability for blockchain and legacy systems.' It cited that, *"Decentralized oracle services can become the abstraction layer for legacy and DLT systems to interact with and unlock hidden value by combining the utility of both worlds."*

5 Convergence of AI and Blockchain

Whilst still nascent, we are seeing the emergence of ventures, which combine Artificial Intelligence (AI) and Blockchain.

- In December a Premium Market Insights Global Blockchain AI [report](#) was published. The report cited that the rising adoption of cloud-based technology and IoT will create a great opportunity for the blockchain AI market in the coming years.
- Players to watch in this space include:
 - **Bext360**, which provides comprehensive and measurable accountability for critical supply chains;
 - **Blackbird AI**, which combines interdisciplinary human intelligence and AI to combat disinformation;
 - **NetObjex**, which powers smart connected products and digital economies, with edge devices, platforms and data marketplaces; and
 - **SingularityNET**, which lets anyone create, share, and monetise AI services at scale as a decentralized AI network.