

BLOCKCHAIN BEYOND BITCOIN

NEW KID ON THE BLOCK

HOW BLOCKCHAIN TECHNOLOGY IS SET TO TRANSFORM FINANCIAL SERVICES

Transfer of value in very large and very small increments without an intermediary will dramatically reduce the cost and speed of payments

Payment mechanism combined with a reliable, safe store of value reduces the need for typical financial services; savings and current accounts will become obsolete

Debt can be issued, traded and settled on the blockchain, increasing efficiency and improving systemic risk; consumers can use reputation to access loans from peers

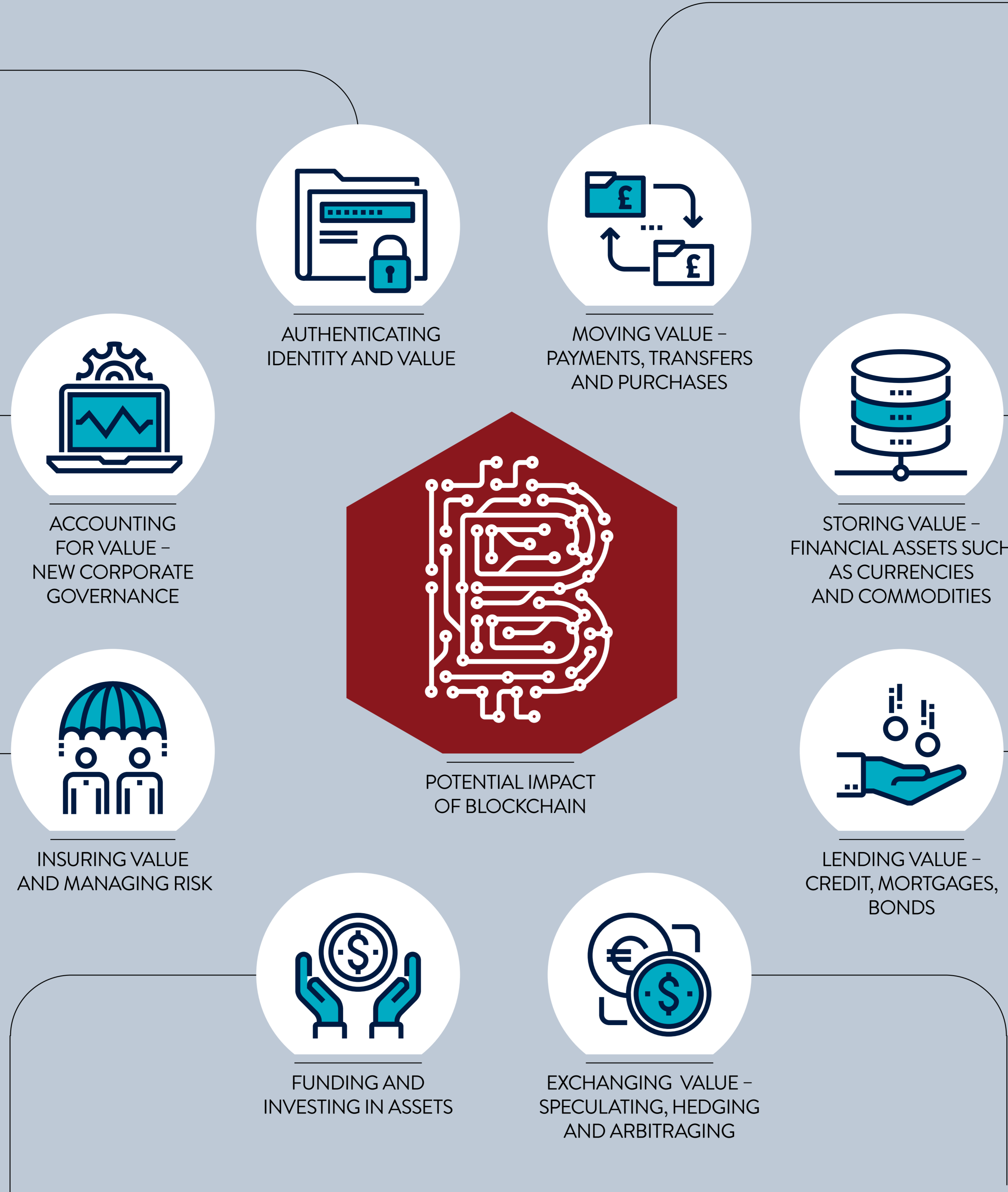
New models for P2P financing and recording of corporate actions such as dividends paid automatically through smart contracts

Verifiable and robust identities, cryptographically secured

Distributed ledger will make audit and financial reporting real-time, responsive and transparent, improving the ability of regulators to scrutinise corporate financial actions

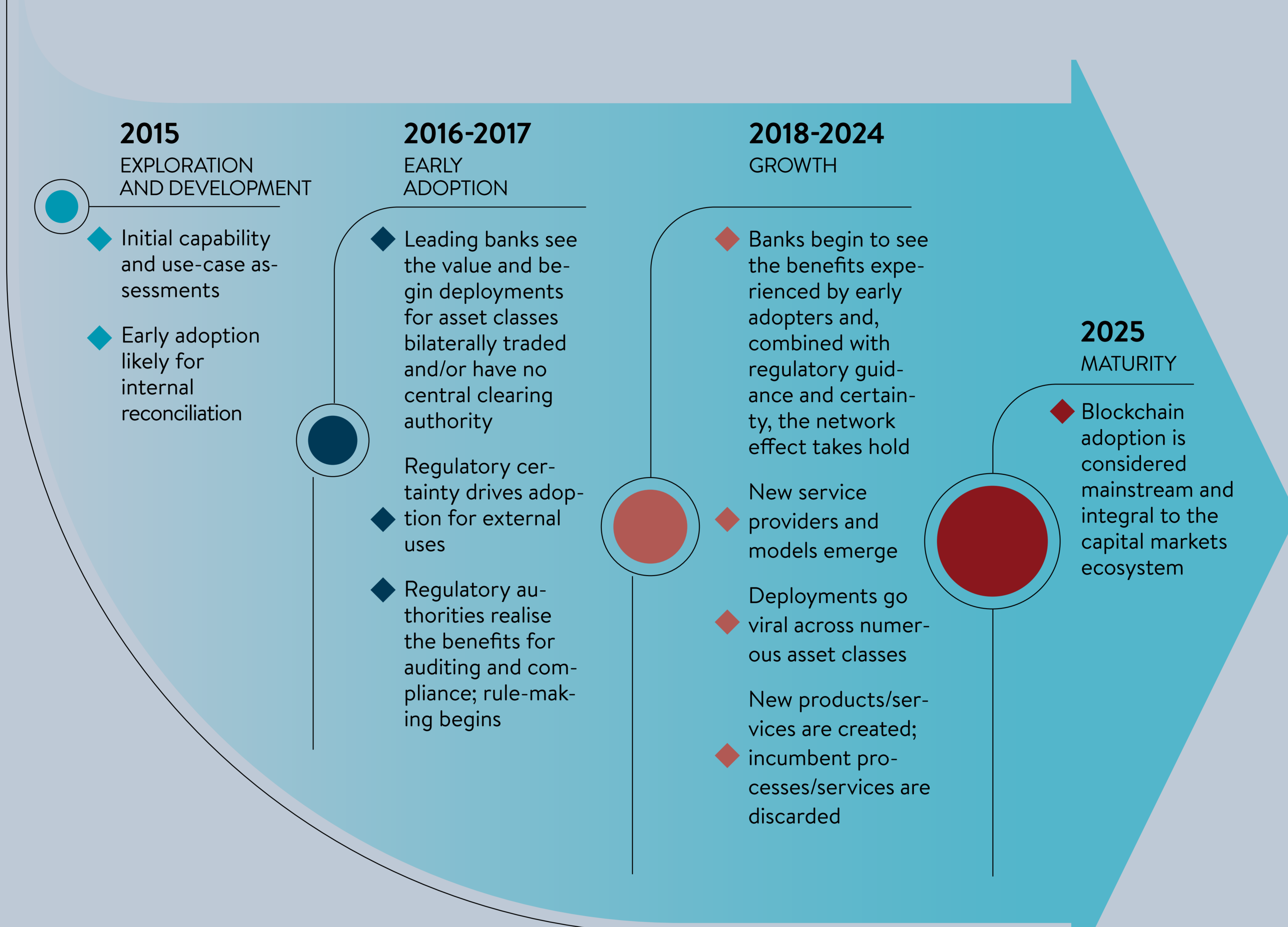
Reputational systems enable insurers to estimate actuarial risk better, creating decentralised markets for insurance

New models for peer-to-peer (P2P) financing, and recording of corporate actions such as dividends paid automatically through smart contracts



Source: Blockchain Revolution, Tapscott/Tapscott

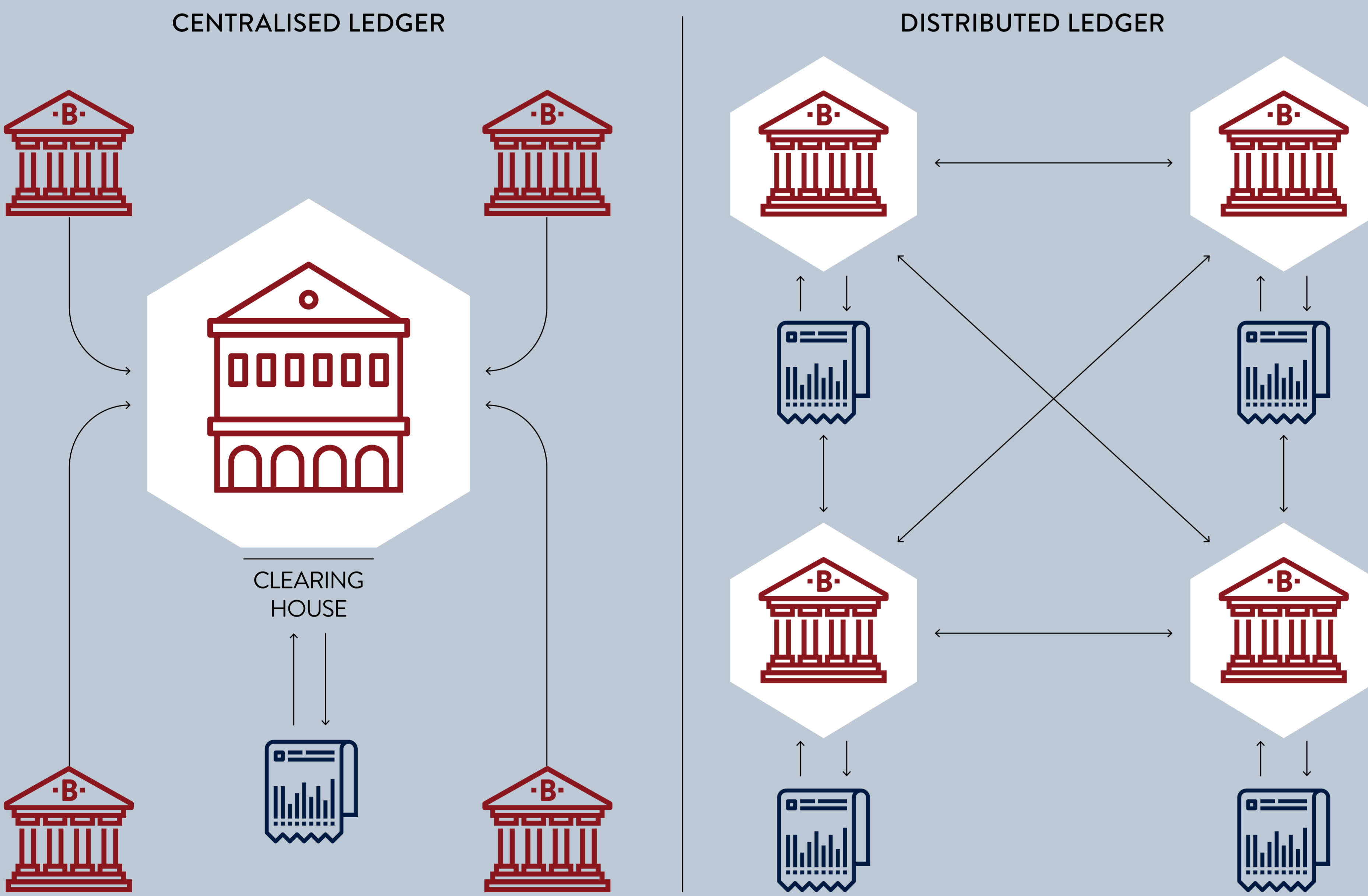
WHAT BLOCKCHAIN ADOPTION COULD LOOK LIKE



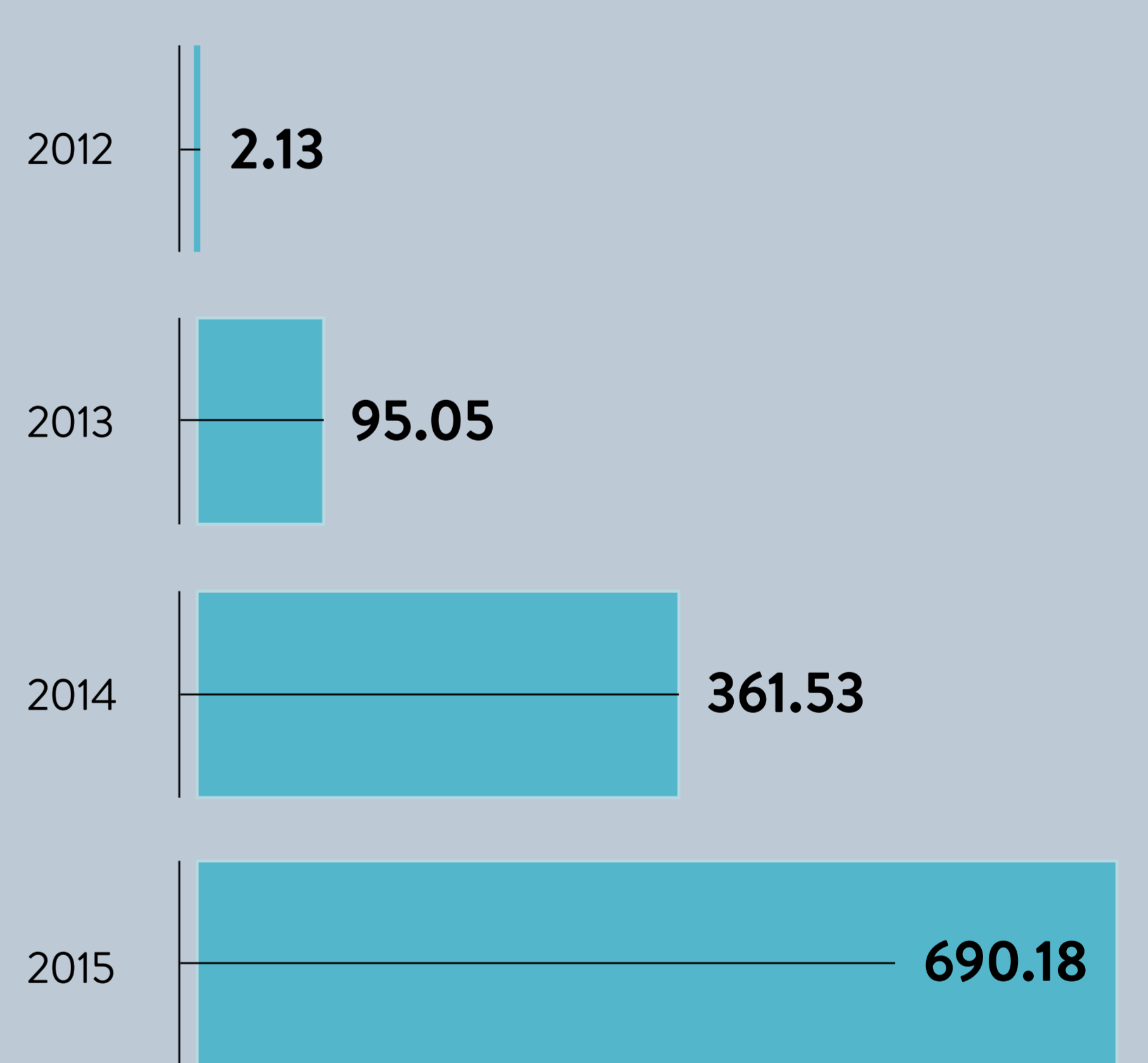
Source: Accenture

CENTRALISED OR DISTRIBUTED LEDGER?

A DISTRIBUTED LEDGER IS A NETWORK THAT RECORDS OWNERSHIP THROUGH A SHARED REGISTRY

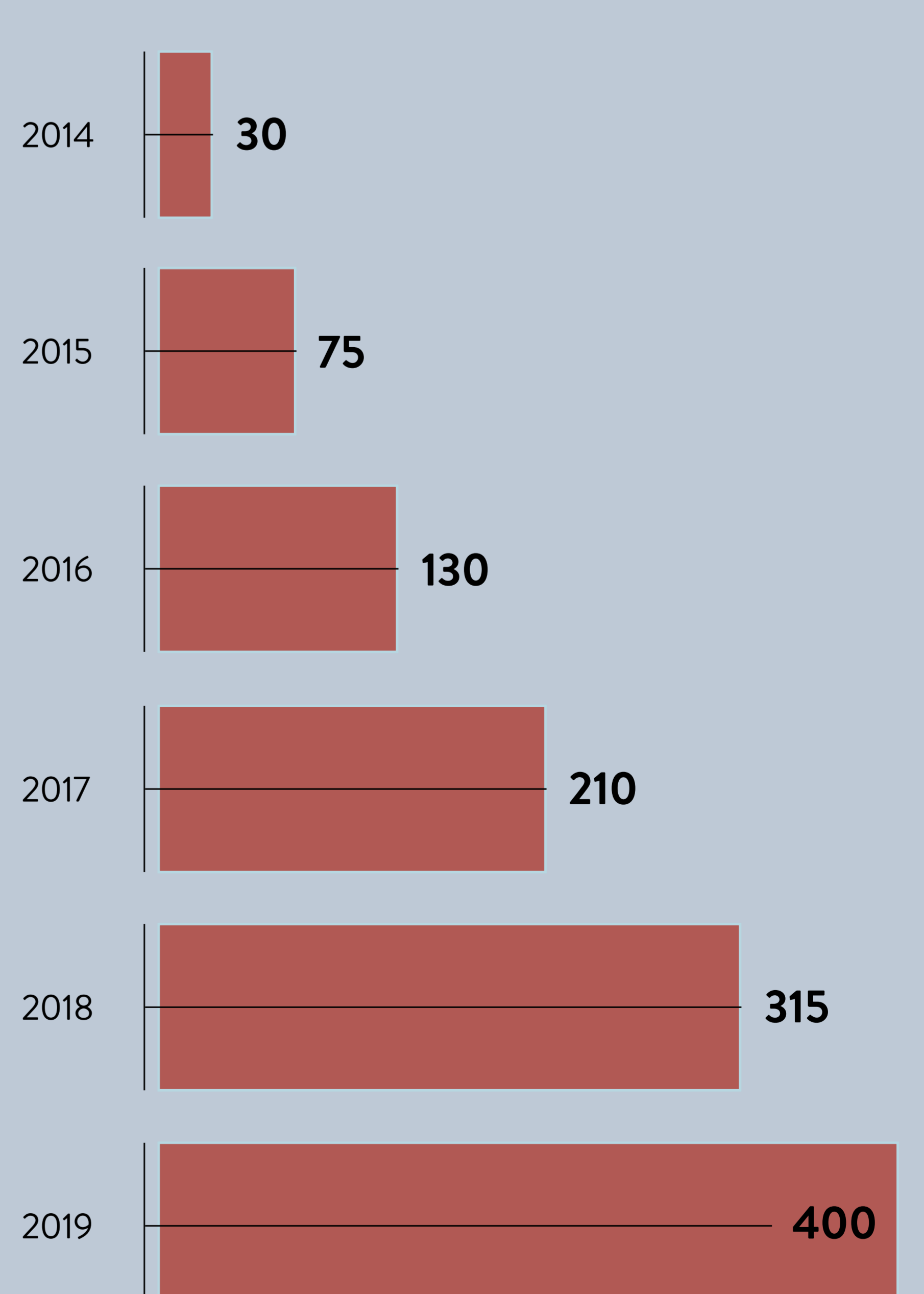


VENTURE CAPITAL FUNDING IN BITCOIN/BLOCKCHAIN TECHNOLOGIES (\$M)



Source: CoinDesk

ESTIMATED CAPITAL MARKETS SPENDING ON BLOCKCHAIN TECHNOLOGY (\$M)



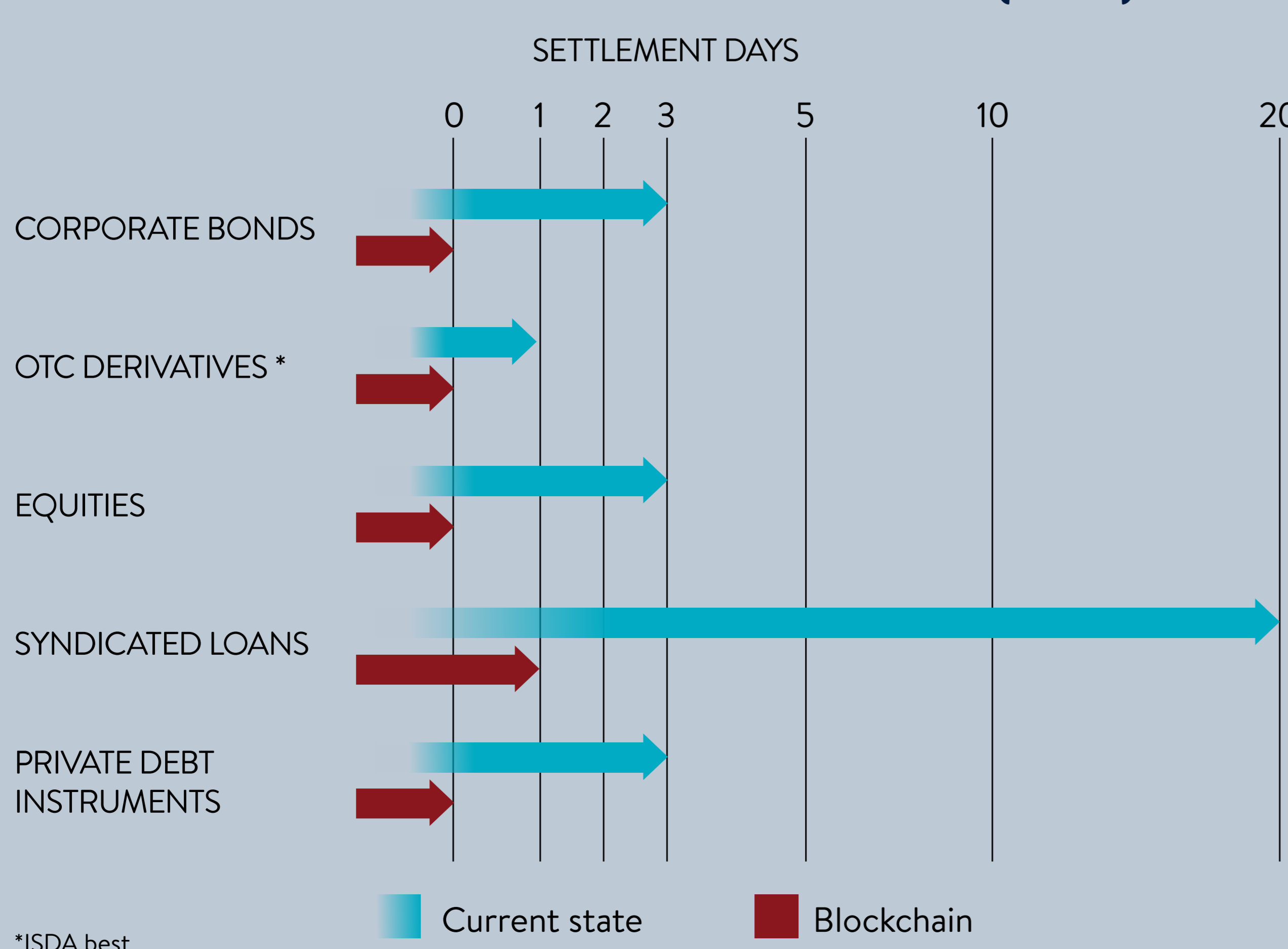
Source: Aite Group

10 KEY HURDLES TO ADOPTING BLOCKCHAIN IN FINANCIAL SERVICES

| HURDLE | Economics | Technology | Co-operation | Policy |
|----------------------------|-----------|------------|--------------|--------|
| USE-CASE COST/BENEFIT | █ | | | |
| COST MUTUALISATION | █ | | | |
| ALIGNING INCENTIVES | █ | | | |
| EVOLVING TO RIGHT STANDARD | | █ | | |
| SCALABILITY/PERFORMANCE | █ | █ | | |
| GOVERNANCE | | | █ | |
| REGULATION | | | | █ |
| LEGAL RISKS | | | █ | |
| SECURITY | | █ | | |
| SIMPLICITY | █ | █ | █ | █ |

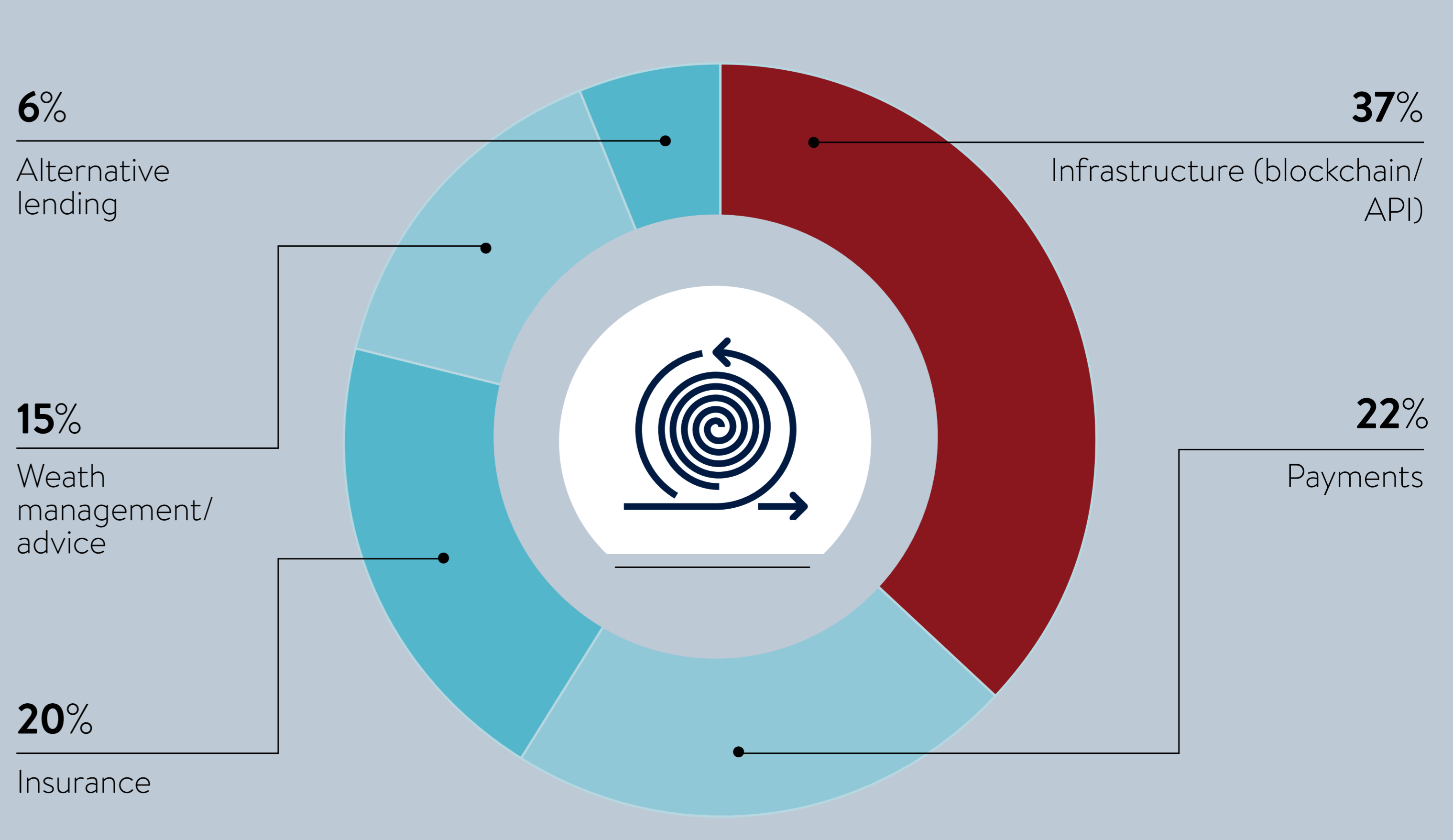
Source: Morgan Stanley 2016

FINANCIAL TRANSACTION SETTLEMENT TIME (DAYS)



Source: Accenture

GREATEST OPPORTUNITY FOR DISRUPTION IN UK FINTECH SURVEY OF FINTECH FOUNDERS AND INVESTORS



Source: Silicon Valley Bank 2015