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BY JON SOUTHWURST

Singapore played host last week to a digital currency-centered conference led by two of its leading financial organizations. At issue were cryptocurrencies' place in financial industry innovation, and Singapore's own unique role in developing the ecosystem.



The inaugural CAIA-SKBI Cryptocurrency Conference on 4th November was significant as it was organized jointly by the Sim Kee Boon Institute (SKBI) for Financial Economics at Singapore Management University (SMU) and the Chartered Alternative Investment Analyst (CAIA) Association – both of which lie outside the cryptocurrency industry.

Key points of discussion were the the correct definition of bitcoin and the various implications for cryptocurrency as a part of the mainstream financial industry, including markets, accounting and payments.

The event also looked at whether Singapore offered a conducive environment for digital currency innovation, and whether blockchain technology and/or 'smart contracts' could solve unique Asian problems.

Roughly 250 people attended, representing stakeholders from government to academia and the business community – both digital currency-related and 'mainstream'.

Problems to solve

The conference was organized by SKBI under the leadership of Professor David Lee, who is recognized for being at the forefront of new technologies in Singapore.

Guest panelists included Scott Robinson of Silicon Valley startup accelerator Plug and Play Tech Centre; author and head of business development at Melotic, Tim Swanson; Anson Zeall from Coinpip; and venture capitalist Alyse Killeen.

Co-organizer Mikkel Larsen, an advisor to Singapore-based Tembusu Terminals and managing director at major bank DBS, told CoinDesk that while there are still fundamental unresolved issues for bitcoin in accounting and legal status, Singapore's regulators had provided clarity sooner than others.

This would be helpful in making bitcoin a viable and widespread currency, he said, while spurring innovation with other blockchain technologies.

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That said, Larsen continued, bitcoin still faces numerous hurdles before it finds acceptance in the traditional financial system:

"Trust is the primary issue for banks and consumers. An equally important impediment is, of course, regulation that is still missing in multiple aspects. It hampers the adoption of any currency, and ,perhaps more importantly, the underlying technology."

Bitcoin's inherent problems would limit its chances of finding a place in the financial ecosystem, he said. Other altcoins offering technological improvements might be able to solve those problems, and Tembusu is working on its own 'proof of identity' concept that might be part of the solution.

"Bitcoin is an advancement of currency in a similar way that email is an advancement of communication from the post."

Alternative blockchain technologies may find their own logical use cases in different places within the finance industry.

"Banks in general are looking at multiple platforms like Ripple, Falcon, Epiphyte etc for the most obvious uses like cross-border transfer," said Larsen. "Smart contracts are still seen as holding promise with time for self-execution lending contracts perhaps, and so one needs to understand the technology and stay close to developments."

'Unique opportunity'

CoinDesk also spoke to several of the other panelists to hear their perspectives on the conference's significance and the issues it covered.

Plug and Play's Scott Robinson said he is "pretty excited" about the Singapore ecosystem. The conference provided the opportunity for several key and forward-thinking stakeholders to interact.

"I think Singapore is an interesting test bed due to its Internet connectivity (there is wireless/cellphone coverage everywhere) and an educated but incredibly diverse demographic with only around 5.5 million in population."

As an early investor in companies like PayPal, Lending Club and Credit Sesame, he said at the conference, Plug and Play sees a unique opportunity to embrace FinTech in the growing innovation ecosystem embraced by Singapore.

Currency, commodity or asset?

Melotic's Tim Swanson focused on bitcoin's status as a currency, commodity or emerging asset class – a topic he researched in depth for his book *The Anatomy of a Money-like Informational Commodity: A Study of Bitcoin*.

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"While this is ultimately an empirical issue, the market so far – based on blockchain behavior – suggests that it could be some form of commodity. As to whether or not it can go the distance and become an entrenched asset class is another issue altogether, largely due to the tendency for all proof-of-work based blockchains to ultimately 'self-destruct' due to block rewards."

Perhaps this will change in future, he added, but bitcoin's built-in 'monetary policy' might not be able to incentivize its labor force to stick around long enough to make bitcoin a viable asset class.

Different perspectives

From his perspective as a bitcoin business operator, Coinpip's Anson Zeall said the conference was a valuable experience as it offered a "reality check" and a frank look at bitcoin's issues from outside its own ecosystem.

"I have been to many different bitcoin conferences and there is a term for all the conferences that are bitcoin centric – 'preaching to the choir'. This conference was very different in the sense that regulation is a heavy topic and that we hear the feedback and opinions, not only from the bitcoin community, but from the people that work in traditional sectors such as banking, finance, accounting and so on."

That said, Zeall remains sure that bitcoin will "hit the mainstream, no doubt".

VC Alyse Killeen, of March Capital Partners and Clearstone Venture Partners, was also optimistic. Bitcoin, she said, removed dependency on traditional financial institutions, thus offering more individuals and organizations access to the global marketplace.

"In 10 years, the most important impact that bitcoin will be measured to have had is the global marketplace inclusion of billions of souls now unbanked and underbanked. Bitcoin is an advancement of currency in a similar way that email is an advancement of communication from the post."

The efficiencies bitcoin creates will strengthen traditional global commerce and the global sharing economy, she added, and would catalyze the GDPs of countries that foster bitcoin innovation and adoption.

Solutions for Asia

As to the question of what blockchain and similar technologies could offer Asia in particular, Larsen agreed with Killeen's point about financial inclusivity.

"Key amongst them are those of urban poverty, where penetration of mobile phones including smart phones are high and where digital currency technology can provide real solutions. Philippines is a good example, but Indonesia, Malaysia and India are others."

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Companies like Coins.ph put the initial focus on cross-border payments and remittances, but in Asia there are "multiple native issues", including crowdfunding, community-based lending and asset right registration, which also provided viable use cases.

While these issues existed both in and outside Asia, he suggested cultural differences, in addition to the different rates of mobile technology penetration and urbanization, suggest that Asia may need its own tailored solutions based on the same technologies.

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