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Cryptocurrencies: Now what?

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New use cases could lead to wider adoption, but regulation and the transition to Web3 must be handled first

The past few months have been topsy-turvy even by cryptocurrencies' notoriously volatile standards. Bitcoin had lost nearly half its value since the turn of the year before the collapse of crypto fund Three Arrows Capital sent warnings of an impending 'crypto winter' as the global crypto market cap dipped below US\$1 trillion.

On website such as [CoinMarketCap](#) and [CoinGecko](#), one could check the prices of, and purchase, thousands of cryptocurrencies ranging from household names such as Bitcoin and Ethereum to dubious new coins whose market cap is less than the price of a single Bitcoin. If NFTs (Nonfungible Tokens) are your preference, then [OpenSea](#) is where you go to check how your Bored Ape NFT is doing.

While the meltdown reinforces common perception that crypto is nothing but a scam, one industry veteran believes that could soon change.

"In the last 12 months I'm seeing real engineers from [Web2 companies such as] Google and Facebook coming in to build Web3 projects," observes **Wei Zhou**, CEO of fiat and crypto wallet Coins.PH. "In China, more covertly, you're seeing people leaving gaming companies like Tencent and NetEase to build gaming and metaverse projects.

"This is what I'm referring to when I talk about the evolution of crypto and digital assets, moving from just purely a speculative asset to a more useable asset."

BUILDING CRYPTO USE CASES...AND THE METAVERSE

Zhou, who was formerly the CFO of the world's largest cryptocurrency exchange, Binance, made that observation at the recent SMU Institute of Innovation and Entrepreneurship (IIE) online event titled "Fireside Chat: Crypto and Blockchain – Trends and Dangers". The crypto entrepreneur pointed out Bitcoin's original use case of sending money over the internet was what got him into crypto, and that new use cases are being built.

"You can not only send money using the blockchain, you can fund businesses now – that's what Ethereum does now," he says. "And now with NFTs anyone can own digital assets. Through every stage of development, something new comes out of it, and we get a new use case. A lot of the use cases are still being built."

Fathurraman (SMU BSc CIS 2024), Co-founder of crypto startup SolanaFM, notes that some merchants accept Solana and stablecoins, among other real-world uses.

“We’re also seeing triple-A games coming into the blockchain,” he says, referring to big-studio titles such as Project Quantum and Aurory. “Once we start to see regulators coming in, it would be better for the crypto side. It not only reduces the volatility, it also shows that blockchain can be adopted towards Web2 in general.”

For the uninitiated, Web3 refers to the new iteration of the internet that incorporates concepts such as decentralisation, blockchain technologies, and token-based economics. Fathurraman says those in the blockchain space are building a bridge between the current Web2 to Web3 while solving inefficiencies in the latter, calling it Web2.5.

A prominent part of Web3 will be the metaverse, which Zhou believes is the next step in the evolution of the internet.

“There’s going to be many versions of the metaverse but it’s going to be the next interface between humans and technology,” says Zhou, who helped launch The Sandbox metaverse while working at Binance. “The first interface was the PC, and there were websites. Then there’s the iPhone and apps. The Metaverse is the next step in that evolution. It’s basically a new way for us to interact with the internet.

“In the original internet you needed a credit card and banks to pay for things, but with Web3 you have this new interface (metaverse) and you can own it, and you have a completely different set of financial rails that allow you to transact in this new interface. Instead of TikTok now, content creators can have their own room in the metaverse and sell stuff to fans.”

He adds: “If you spend eight hours in front of the screen each day now, how much of that is on Web3? Maybe by the end of the year it could be two percent. With better products and games or metaverse, maybe it might become 10 percent. 10 percent of your screen time is powerful.

“In the same way the traditional internet ate into people’s time spent offline, Web3 is going to eat into your current online time.”

MONEY TALKS

A major hurdle for mass crypto adoption is the threat to the existing financial infrastructure. As traditional financial institutions become connected to cryptocurrencies, the lack of regulation in the sector that led to Three Arrows’ collapse are a cause for anxiety among policymakers and governments.

Zhou points to the difference in how crypto is viewed in the Global North and Global South.

“[The Global North of countries such as] the U.S., China, Japan, Korea, and Western Europe will have much more restrictive regulation on crypto because they see this as an affront to financial infrastructure,” he explains. “They are going to treat every crypto company, whether it’s a technology company, financial services company, or any random company that builds tokens, as a financial services company or an issuer of security. In those countries, any crypto company will

come under some type of financial regulation. That will force these companies to act more like financial services companies.

"In the Global South, and this is why I chose to set up my company here in Southeast Asia, the need isn't there to regulate crypto as financial assets just yet because most people in this region don't have financial assets.

"Crypto is a type of digital asset, and...digital asset and Web3 companies [in the Global South] have more likelihood of evolving into the next wave of consumer internet companies vis-à-vis in the North, where you have to become some sort of financial service provider if you have any kind of digital assets on your books."

Wei Zhou and Fathurraman were speakers at the SMU IIE Business Innovations Generator (BIG) sharing session "Fireside Chat: Crypto and Blockchain – Trends and Dangers" that was held on 29 June, 2022.