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Metaverse in the Financial Industry

A new wave of digital trust or a risk?

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INDEX

Introduction 6

Section 1 10
The boom of the Metaverse and the transition to metaeconomics

Understanding the Metaverse and its growth opportunities for financial services 10
Ways for banks to make profits and the upcoming need for digital transformation 14

Section 2 22
Disruptive technologies and the role of Fintechs in Metaverse

Leveraging groundbreaking technologies and applications 22
The crucial role of fintechs in the virtual reality space 27
Metaverse engagement strategies for financial institutions 29

Section 3 33
Use Cases, early adopters and key investment wallets

Virtual experiments and successful applications from early birds 33
Use Case/Study 1 -Teletransportation meetings by BNP Paribas 36
Use Case/Study 2 - VR Training by Bank of America 37
Use Case/Study 3 - J.P. Morgan's Onyx Lounge 38
Use Case/Study 4 - Korean Banks leveraging VR capabilities in employee and customer experience 40
Use Case/Study 5 - HSBC's real estate tokens 41
Key Investment Wallets 42

Conclusion 48

References 52

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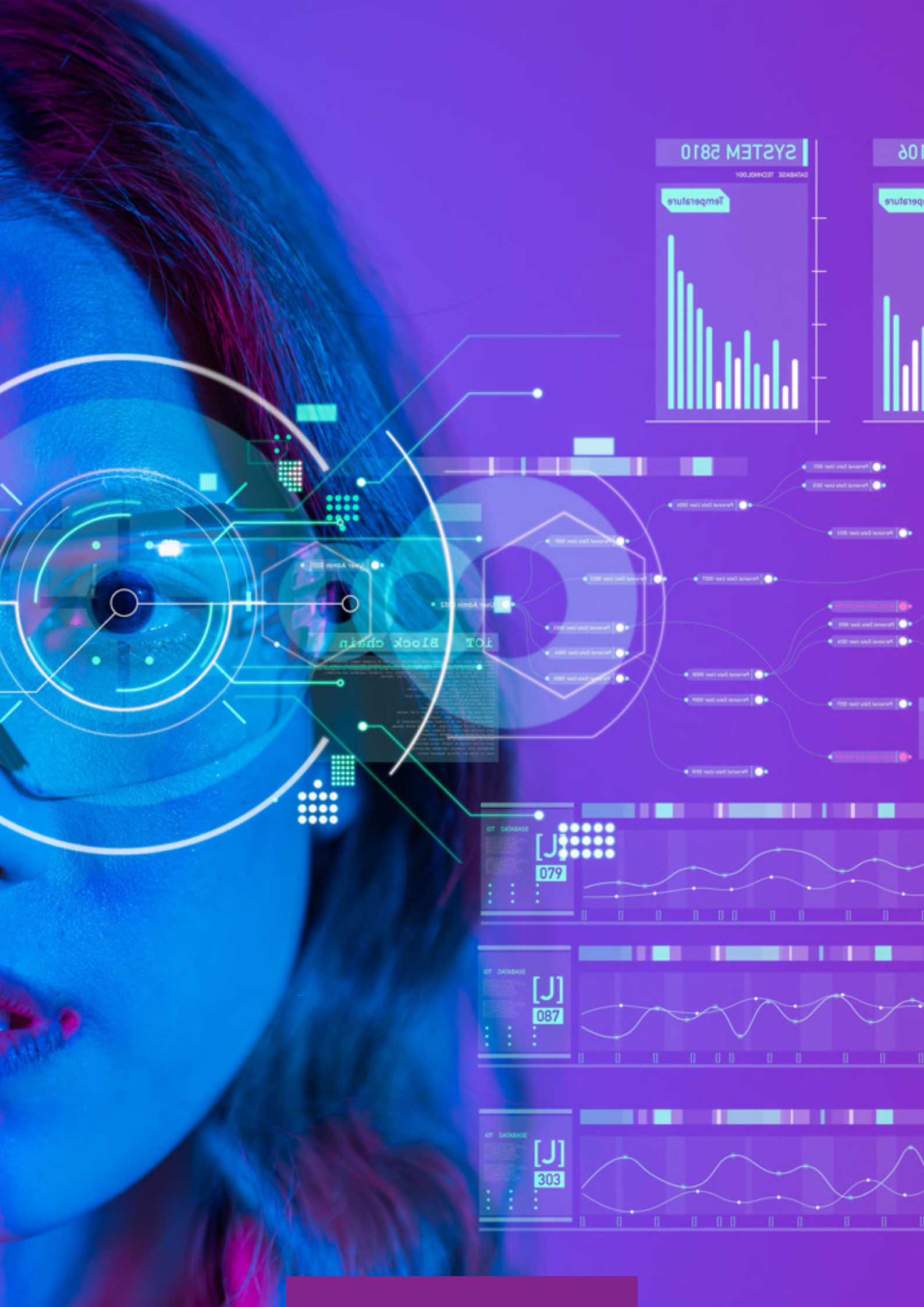
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IOT DATABASE
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IOT DATABASE
303

INTRODUCTION

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INTRODUCTION

The use of Metaverse has expanded beyond entertainment to established areas, despite its beginnings in gaming and social media. Virtual Reality (VR) and Augmented Reality (AR), two practical uses of this ground-braking application, have permitted the purchasing and selling of items in a totally virtual environment. These virtual spaces allow businesses to gain more visibility without being bound by local boundaries. As a result, customers' purchase decisions and interactions have been redesigned, ushering in the next phase of consumer spending habits. Apart from retail, this technology is reshaping the future of employment, with financial services as an example. VR and AR have enabled coworkers to interact effectively whilst not in the same area, thanks to capabilities like chatting, annotating, and screen-sharing, which have been impelled by remote working circumstances incited by Covid-19.

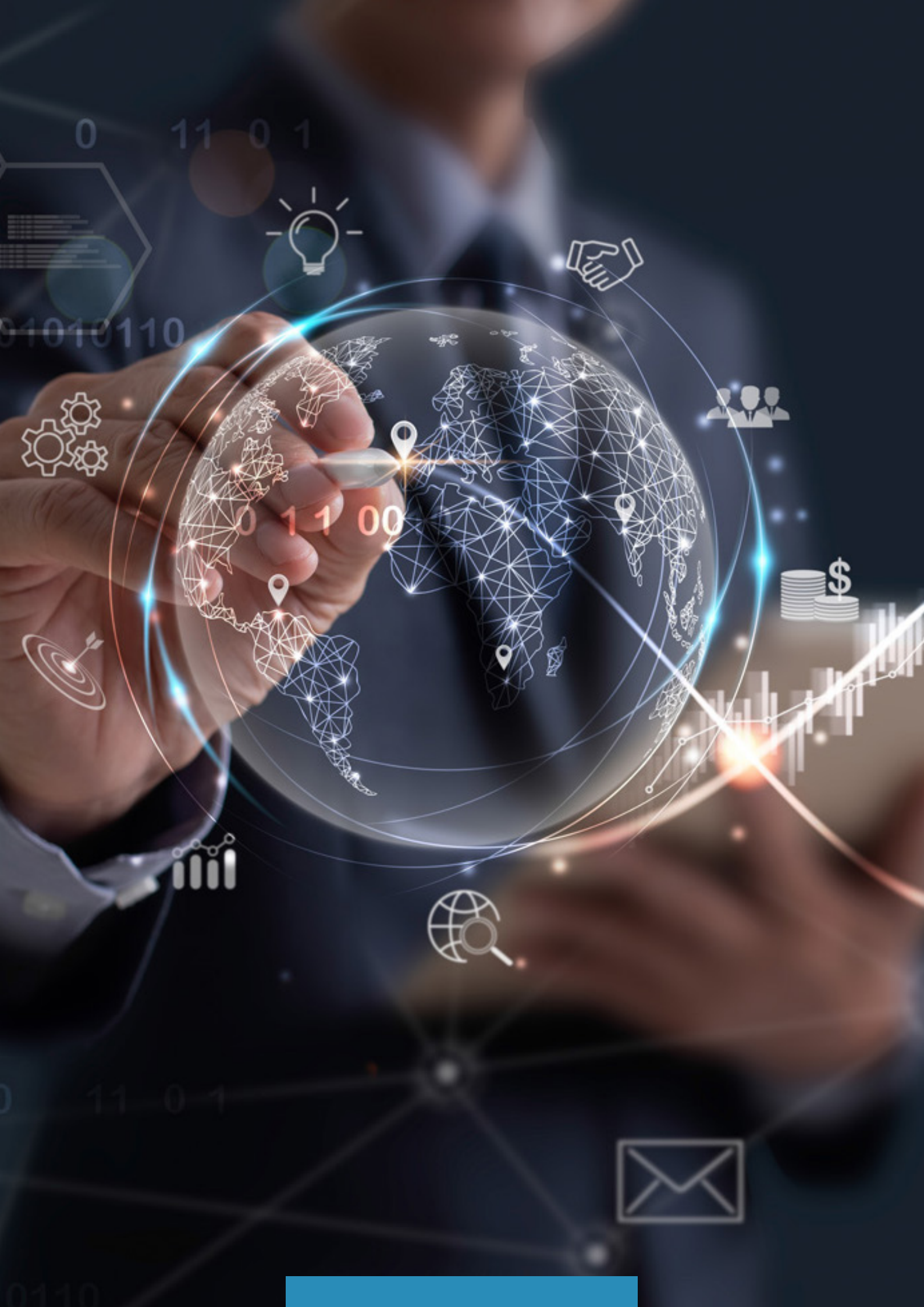
The Metaverse's capacity to deliver more ease to professionals and clients alike is the key characteristic of its useful applications.

Individually, these tools are very beneficial for data visualization and financial risk analysis. The Metaverse's capacity to deliver more ease to professionals and clients alike, with VR and AR being used in client-facing scenarios, is the key characteristic of its useful applications. The incorporation of digital technology into conventional areas such as banking has fueled customer expectations for the services they desire to get. Once these services are accessible, rivals that want to stay relevant must keep up with the changes. With millions of dollars being poured into virtual experiences and infrastructure, as well as continual monetary incentives for innovation and competitiveness, this network of 3D virtual world is widely seen as the next inevitable technological advancement.[1]

As significant banking institutions focus on integrating Metaverse with their financial services, Metaverse is projected to develop and extend commercial scope. The growing popularity of blockchain and cryptocurrencies has increased people's and businesses' interest in establishing a virtual presence and acquiring digital assets. This dynamic space can also help with financial data management and fintech transaction management. Fintech firms have been able to capitalize on new requirements and establish new kinds of client contact as a result of emerging prospects in the financial services industry. Metaverse is predicted to be a critical digital platform for personal and corporate transactions, and companies in the field are concentrating on developing their own Metaverse platforms as digital-based economies expand.[2]

In 2021, the global Metaverse market was valued at USD 209.77 billion. By 2027, and is estimated to be worth USD 716.5 billion, growing at a 22.7 percent compound annual growth rate (CAGR).[3]

In this context the aim of this report is to examine and analyze the impact of Metaverse on the financial services sector.



Consumer expectations for services have risen as digital technology has moved into conventional structures. Competitors who want to stay relevant must keep pace with advances after suppliers make these services available. With millions of dollars invested in virtual experiences and infrastructure, as well as continued financial incentives for innovation and competition, the Metaverse is being hailed as the next inevitable technological breakthrough. However, industry leaders warn that antitrust regulators may highlight some obstacles to the development of a fully virtual reality environment.[50]

Advanced technologies have transformed traditional financial operations. The Metaverse is being hailed as the next inevitable technological breakthrough.

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