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Banking on the metaverse

The metaverse, a term coined by science fiction author Neal Stephenson, refers to a virtual space where users can interact and engage with one another in a shared, immersive environment. As technology advances and the lines between the physical and digital worlds continue to blur, the metaverse is becoming a reality. **Gonçalo Traquina, Alessandro Porro and Kapoor Singh elaborate.**

In the financial services industry, the metaverse presents a significant opportunity for banks to connect with employees and new generations of consumers. These include Millennials and Generation Z, who constitute approximately 60% of the population in the GCC and have grown up with digital technology at their fingertips. They are comfortable with digital interactions and expect seamless experiences across all touchpoints. Banks that can provide this will be able to connect with the new generation of users in a way that traditional banks have not been able to. The metaverse is a perfect example of a platform for banks to engage with these consumers.

In the GCC region, banks are already starting to explore the metaverse as a new channel for their services and connect with the wider ecosystem. For example, Emirates NBD has launched a campaign in the metaverse for a startup accelerator. Commercial Bank International (CBI) has also announced its plans to launch a virtual branch in the metaverse to provide banking services to customers in the virtual world.

Exploring the metaverse as a sales and marketing solution

Major retailers, from Nike to Samsung to Gucci, have harnessed the power of the metaverse to appeal to consumers. It is little wonder that banks are following suit. Banks can use the metaverse as a channel catered to new generations to explore innovative ways of interaction with clients. This includes gamification, virtual events and virtual banking assistants. It can also be a way for banks to build trust and loyalty with customers, who may be more likely to use banking services if they are presented in an engaging and interactive manner.

Entering the ecosystem with dedicated products and services

Banks can leverage their expertise in products and services and introduce them to metaverse users. Expanding their current product portfolio can enable banks to meet new customer needs. An example could be “buy now, pay later” for digital assets related purchases. More traditional banking products, like lending and insurance, can also be complemented with a digital asset flavor (accepting NFTs as collateral, insuring a digital wallet).

Historically, the role of banks has been to provide a safe place to store valuable assets. Banks can play the same role in the metaverse ecosystem by providing digital wallets for digital assets and custodial services for corporate clients. They can also help sustain crypto adoption by facilitating access to digital assets (cryptocurrencies and NFTs). By doing so, they can create partnerships that provide customers with better access to crypto and attract more clients.

Bridging the metaverse with “in real life” (IRL) banks can also enable banks to facilitate the creation of back-of-the-house payment rails in the metaverse. This would help fluidify the payment experience and offer means of payment that can merge the virtual world with reality through cards that allow payment from customers’ crypto accounts.

How banks can embrace the metaverse

Entering the metaverse will provide financial institutions with access to a new array of data that would give them a complete view of the customer journey and their behavior. This includes spending patterns, investment preferences and risk behavior. This data could be used to develop new products and services, improving the customer experience and complementing the customer’s overall financial behavior.



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The metaverse economy is already showing significant customer propensity in buying and investing in digital assets. In 2021, the market for NFTs reached an all-time high of \$25 billion, with notable sales from digital art and collectibles. The gaming industry also witnessed considerable volumes in the sales of in-game assets, with popular games such as Fortnite and Axie Infinity generating millions in revenue. Banks can play a significant role in providing means of payment for these transactions, enabling the growth and stability of the metaverse economy.

A high-level roadmap for banks to enter the metaverse space and start experimenting with it could include the following steps:

- Conducting research and analysis of the metaverse market, including potential use cases and revenue opportunities
- Identifying potential partners and collaborators in the metaverse ecosystem, such as game

developers, virtual reality companies and blockchain startups

- Developing a pilot program to test and validate potential use cases, such as virtual banking branches or virtual credit card services
- Evaluating and iterating on the pilot program, and scaling successful use cases across the organization
- Continuously monitoring and adapting to the developments in the metaverse space, and exploring new opportunities as they arise.

The metaverse seems to present a significant opportunity for banks – not as the main players to attract consumers to the metaverse but as enablers to ensure a smooth and safe experience for users. There is scope for the sector to play an essential role in the growth of the metaverse economy.



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