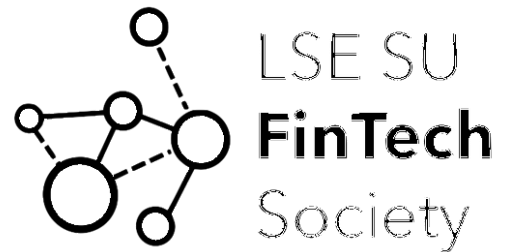

The Fintech Times



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no more?

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Google played?

Will Nutbrown

The tech giant Google is a prominent player in the digital wallets industry but is yet to find its footing. The company, although widely known, has just a 0.15% market share in the software payment processing industry with PayPal ® leading the way with 41%. Recently, the Google Pay ® branch of the firm switched its focus towards improving the user experience by collaborating with organisations such as the NHS or companies such as Pret ® to allow for loyalty cards and vaccine codes to be securely stored on its servers.



This is not where the money is. Over the last few weeks, Google has been pivoting away from its recent focus towards the commercial end of integrating Google Pay in as many website checkouts as possible in order to position itself as a financial payments provider. Switching up its focus so often has been at the detriment of the California based firm who have seen user counts drop and customers move away. Has Google played itself?

no exception, they implemented a multitude of new features for the app and have now renamed the user side as 'Google Wallet'. Google needs to watch out that it is not blindly following market trends while also staying ahead of the curve, 'smaller' companies such as PayPal were able to pivot towards a crypto focus and gain a large user base during crypto's rally while Google played a more conservative part.

In order to remain competitive and attractive in the Fintech space, Google needs to free itself from the chains of bureaucracy and corporate ties through breaking Google Wallet away from the more traditional Google Pay, allowing a pre-emptive technochange towards the next trend to capture the marketshare back from its ruthless competitors.



Is Blockchain the new Scotland Yard?

Sahiti Peesapaty

OpenSea, a non-fungible token (NFT) marketplace firm based in New York City, has been exposed for executive insider trading with meticulously hidden evidence uncovered exclusively within the blockchain. The story broke amidst a chaos of anger at the lack of legal precedent backing digital assets, and admiration for the sheer value of the blockchain in uncovering the extensive laundering crimes.

Insider trading has long since plagued the stock exchange. Illegally elegant, it entails the use of confidential information to manipulate personal trade returns. Nate Chastain, former Head of Product at OpenSea, saw digital assets as no less of an opportunity to bring in the money. Chastain utilised pre-launch knowledge of which artworks would be featured on the OpenSea homepage to purchase those NFTs in advance using Ether (the native cryptocurrency of Ethereum). Once the artwork feature was launched, its value would spike, and Chastain would sell sell sell. Profits of 2x to 3x made within a few hours.



Of course, Chastain camouflaged his activities with a sleuth of intermediary digital wallets. His attempt to beat the blockchain. Each transaction would go through at least 2 shell accounts before flipping the NFT for profit, and finally end in Chastain's main wallet. The attempt to hide his trades landed him money laundering and wire fraud charges, each with a maximum of 20 years in prison.

The prosecution was tedious, seeing as NFTs are not officially considered securities, and digital assets still lack solid legal precedent. The story sparked movements to expose the regulatory

holes in the larger ecosystem of cryptocurrencies. However, many still oppose investing the resources to close these gaps, as digital assets are expected to decline in trend and value within the next 20 years. How long could intangible assets possibly hold value? Just as human trends shift within the months, many believe digital assets to be just that — a passing trend.

Backed by... Silver?

Jonah Kollenberg

One rarely associates Crypto with brick-and-mortar banking. However, the recent unravelling of industry leader FTX has brought an interesting side of the system to light. Don't worry, this is not another Bankman-Fried story but more a realisation of how companies specialising in Cryptocurrency rely on old school banking.

It should not be surprising that Crypto Companies need bank accounts to operate. Up until 2013, almost all banks refused to work with these companies due to the huge amount of regulatory hurdles. Silvergate was a small and unremarkable California based bank with a focus on real estate mortgages until a change of leadership put Alan Lane in charge. Lane saw the lack of service as an opportunity and restructured Silvergate with the sole goal of being the crypto bank. And it worked. Before long Silvergate held more than £13 Billion in deposits, much of it coming from the fiat currency used to buy into Blockchain Tokens, through FTX or Coinbase. Moreover, Silvergate became known as the banking solution of Crypto companies and where institutional investors left funds designated for crypto.



I find Silvergate interesting because it soon realised it could not use the regular banking playbook but had to set the new industry standards. For example, it had to be liquid. Very liquid. Just days of FTX's collapse, Silvergate's clients requested £6.5 Billion to be immediately paid out. And in a completely unforeseen turn of events, Silvergate complied. For reference that's about 4 times HSBC's total deposits. It is unheard of to be able to repay so much capital so quickly and one can only imagine the loss Silvergate must have taken when offloading assets.

There is a saying that the biggest benefactors of a gold rush are the shovel sellers, and this can be seen by Silvergate, who have become FinTech industry leaders by redefining classical banking for the 21st century.

Banknotes, no more?

Divyansh Agrawal

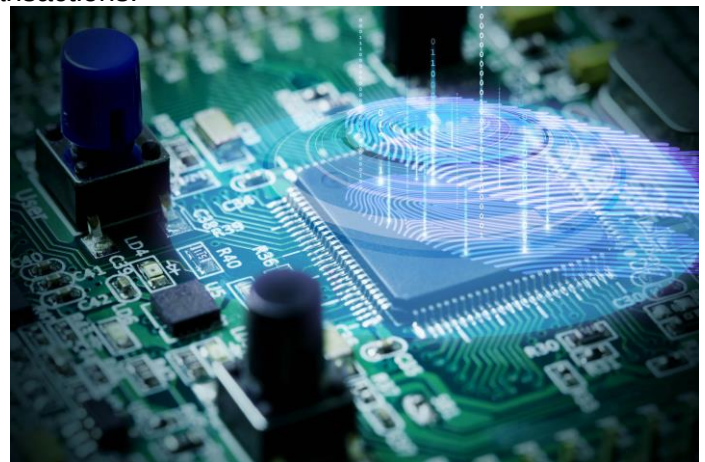


Over the past ten years, the popularity of digital currencies has been increasingly widespread. While governments from all over the world have differing views on how to use such assets as they work to create a more robust, sustainable financial infrastructure for the future, it is becoming increasingly clear that digital currencies can support economies by fostering innovation and healthy market competition while simultaneously driving greater efficiency in daily transactions.

The United Kingdom is seriously contemplating adopting a new digital currency, "digital pound" and doing away with the usage of physical banknotes by the end of the current decade in order to profit from the aforementioned advantages. The Bank of England stated that the decision's viability will be thoroughly examined over the course of the next two years, after which bank officials would decide.

The proposition can be explained for a number of reasons. Only about 15% of transactions in the UK are currently made using paper money, and since private commercial banks and other payment providers play a significant role in the financial ecosystem, such a measure would aid the Treasury in exerting greater control over the UK's financial system and preventing any private organisation from keeping payments within its own closed ecosystem. As a result, the government will be better able to adopt and manage monetary policies as well as encourage financial inclusion. Additionally, as previously mentioned, it would be considerably simpler to promote innovation, boost efficiency of cross-border transactions, and lower the cost of online transactions.

But there are also some underlying issues. When a government-backed digital currency is introduced, people may be enticed to withdraw funds from traditional banks and invest them in the digital pound, leading to widespread financial instability. As a result, it's anticipated that the Treasury would initially set a limit on how much cash may be stored in the new digital currency wallet. Additional issues that need to be addressed include increased privacy hazards, cybersecurity dangers, job losses that could result from interruptions in the current financial system and greater political and regulatory risks.



If the Bank of England implements the digital currency plan in 2025 as planned, a design for its ecosystem integration is anticipated to be published. Although it is too soon to judge the effectiveness of such a product, its introduction in the upcoming years currently looks plausible.

The role of digital wallets in relief assistance

Akshat Adlakha



Financial Technology has revolutionized the way development research is conducted, offering cost-effective, reproducible, and scalable solutions. The rise of mobile wallets and payment systems has significantly improved the research process and impact, particularly in the area of transfer-related experiments. The use of randomised control trials has increased confidence in findings and allowed researchers to study spending patterns more efficiently.

One of the most notable examples of the impact of fintech on development is the success story of m-pesa in Kenya. However, other payment gateways and digital wallets have also enabled significant advancements in public economics research. For instance, LSE's own Professor Michael Callen found significant treatment effects in reducing hunger through direct cash transfers on mobile-based wallets in Vulnerable female-headed households in Afghanistan.

While the adoption of new technology has proven beneficial in many areas, there are also challenges to its implementation in developing economies. Empirical evidence shows that the adoption of mobile money is lower in areas with high levels of violence, and this pattern can likely be extrapolated to other regions.

Despite these challenges, the use of digital wallets has enabled private and international organizations to effectively deliver relief assistance to those in need. For example, the United Nations High Commissioner for Refugees' cash assistance program now reaches 98% of refugees in camps in Azraq and Zaatari, while crypto wallets have been used to provide disaster relief in earthquake-hit Turkey and Syria. In conclusion, digital wallets are proving to be a crucial tool in ensuring that help reaches the right people.