



Blockchain Futurist Conference

August 2022

Summary



Last month the Blockchain futurist conference was held in Toronto on August 9-10, the two day event attracted some of the biggest and most influential names in the blockchain and crypto industry in Canada and Internationally.

The conference held over two days, discussed various current topics such as regulations in DeFi, sustainability, privacy and the future of the industry such as Web3 and metaverse. The event primarily focussed on educating newcomers to the industry on the basics of blockchain such as NFT's, wallets, privacy to develop an understanding of the use cases of blockchain and its advantages.

Some of the key themes were:

1. The crypto industry is keen on sustainability and is actively moving towards reduced energy consumptions and carbon reduction through offset and other methods.
2. Asset Inflation is here to stay and the increased QE and money supply may result in increased prices for store of wealth assets such as Bitcoin.
3. Web3 and decentralization of the Internet is a concept that is gaining ground and could revolutionize the way people use and access internet just like personal computers did in the late 90's.
4. Although crypto is primarily decentralized, regulations may be required and coming to help protect investors and attract interest from institutional investors helping increase adoption.

Ethereum Merge



Proof of Work

- Miners need to solve complex computer calculations called mining using expensive equipment.
- A reward is given to the first miner who solves each block problem. (eg: Bitcoin)
- Network miners compete to be the first to find a solution for the mathematical problem and maintain the network.



Proof of Stake

- The creator of each new block is chosen in a deterministic way, depending on factors incl. wealth (stake).
- There are no block rewards and network validators are provided transaction fees.
- They are usually more cost effective and consume lower energy.

The current Ethereum Mainnet is expected to merge with the Beacon Chain proof-of-stake system in Q3 2022 (Mid-september 2022). This will mark the end of proof-of-work for Ethereum, and the full transition to proof-of-stake.

The merge is expected to help the Ethereum blockchain:

- Scale the eco-system and enable sharding and other features.
- The Merge is also expected to reduce Ethereum's energy consumption by **~99.95%**, making the blockchain more sustainable.
- This could also result in lower gas (transaction) fees on the Ethereum blockchain.

With increased use and the number of applications of blockchain technology growing, there is a need to make it more sustainable and scalable to ensure adoption and continued growth.

Sustainability and Regulations



VOYAGER



Sustainability in Blockchains:

With increased focus on sustainability in the blockchain industry, many new and existing blockchain ecosystems are embracing solutions to reduce their impact on the environment and help decarbonize the planet.

For example: [Hedera](#) a layer 1 blockchain focused on sustainability and going carbon negative while ensuring the trifecta of blockchain use namely security, immutability and privacy still remains. To offset network operations, Hedera purchases "green-e climate certified" credits measured in metric tons. By purchasing more metric tons of offsets than the prior quarter, Hedera ensures its carbon-negative status.

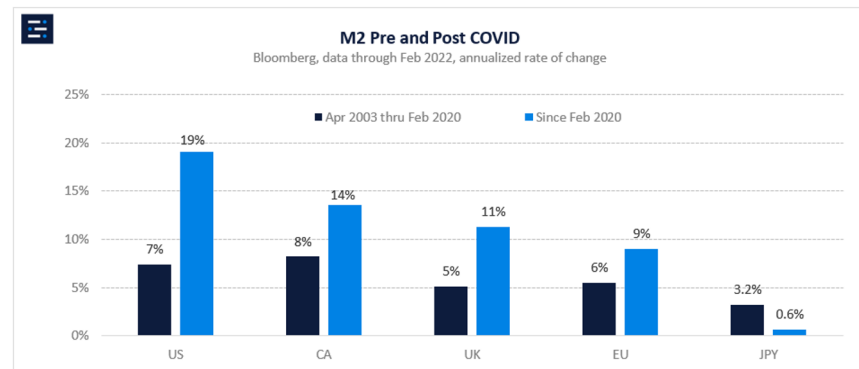
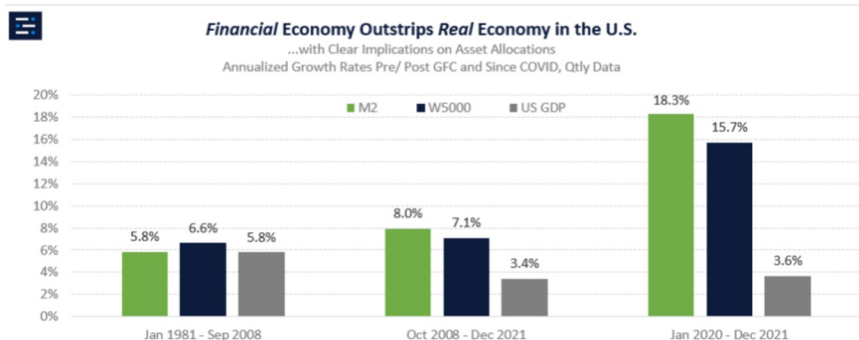
Similarly, Polygon a decentralized Ethereum scaling platform is planning on eliminating all of the network's carbon debt going back to inception and then going [carbon negative in 2022](#).

Regulations in DeFi:

The event also focussed on the recent events where unchecked leverage and risk on trading led to collapse of many lenders and DeFi ecosystems such as Celsius, Voyager, 3AC to name a few. Being decentralized and at the same time regulated are at the odds of each other, as regulations involve a central authority which would establish rules and oversee the ecosystem.

While decentralization has its advantages of putting the power back into the hands of the people, recent events have called for regulations to help protect investor interests and funds.

Asset Inflation



The presentation made by [3iQ](#), one of the first and largest crypto fund managers in the world, emphasized mainly on the value of crypto currencies such as Bitcoin and their ability to act as store of wealth into the future. Their outlook comes from the fact that money supply has increased at a greater rate than GDP since 2008, fuelling an outsized stock market gain and recently contributing to high levels of inflation.

Recent rate increases have reduced credit in the market and lowered the M2 money supply thus bringing the asset prices down, but this is expected to only be a short term trend. The longer term trend of increased may remain the high due to low interest rates and Quantitative easing done by Central Banks.

Thus, the increased money supply would further inflate asset (equities) prices. And, Bitcoin's value in fiat terms may be primed to shoot higher due to its deflationary nature and limited supply.

Web3 and Decentralization of the Internet



Web3 and Decentralization

The conference also had presentations on Web3 and decentralization of the internet which was presented as the future of the internet.

Cosmos, an Inter-Blockchain communication protocol for independent interconnected blockchains, co-founder Ethan Buchman said the current blockchain ecosystem is in its infancy and commented that Web3 and decentralized internet could be the future where internet is decentralized and people have more control.



Metaverse tokens

The pandemic led to more people spending time indoors thus an increased gaming frenzy. It saw many metaverse games such as Sandbox, Axie infinity, etc. explode. Now, these games have in-game tokens where users play and interact with each other in these virtual worlds and also use the tokens to exchange assets and barter within the games.

As adoption of these games and the demand for collecting valuables within these metaverse worlds increase, so is the prominence and value of the tokens issued by the game developers.

Regulations & Self custody wallets



Regulations in Crypto

With the recent crypto crash and failures of LUNA, 3AC and lenders such as Celcius, Voyager, etc there was a lot of discussion around regulation, compliance, and what the future of the sector might look like. Canada has also recently introduced regulations which cap the maximum amount investors can invest in Alt coins and has also called for brokers to be registered to help protect investors on the back of recent events that led to the crypto crash. Yet, the journey will likely be long as recently reported by Coinsquare, who had already filed a while back to become a regulated IIROC dealer.

Regulators around the world are working towards policies to ensure investor protection as adoption continues to increase, in general, the industry seemed to welcome these moves as it may ensure investor confidence and increased investments. However, concerns regarding the flexibility of the policies and regulations remain.



CUSTODIAL WALLET

CUSTODIAL WALLETS ARE THIRD PARTIES SUCH AS EXCHANGES AND BROKERAGE SERVICES. THESE SERVICES HAVE CONTROL OVER YOUR COINS.



NONCUSTODIAL WALLET

NONCUSTODIAL WALLETS GIVE USERS 100% CONTROL BY PROVIDING OWNERS WITH THE PRIVATE KEYS

[Bitcoin.com](https://bitcoin.com)

Self custody wallets

“Not your keys, not your coins” the age old saying in crypto has been shown to be true over the recent months as many brokers stopped or limited withdrawals and some bankruptcies have put customer funds at risk.



About BlockZero:

BlockZero is a boutique consulting firm specializing in the evolution of the financial infrastructure through digital assets, digital currency, stablecoins and Central Bank Digital Currency (CBDC).

BlockZero advises global financial institutions, central banks and financial technology companies in the exploration, experimentation, technical implementation and rolling out of digital asset-based infrastructure.

Contact us at: contact@blockzero.ca

Visit our website: <https://www.blockzero.ca/>