



# Working in the metaverse: How banks can create value



# Welcome to the experience

The metaverse spans physical places and digital spaces, enabling us to collaborate and exchange value through shared interactions and experiences.

It's a unique convergence of augmented reality (AR), virtual reality (VR) and blockchain that has created a place where people can meet and interact, and where avatars can be created and digital assets (land, buildings, items, non-fungible tokens [NFTs]) can be bought and sold.

It will evolve from a disparate collection of sites and apps into a persistent 3D environment. Beneath the user experience of inhabiting a digital world with a sense of presence, the next generation of digital technologies will make it all possible with a data framework that generates veracity and trust. [Goldman Sachs and Morgan Stanley](#) estimate that the metaverse economy could be worth \$8 trillion; [Citi](#) thinks \$13 trillion.

**But how will banks create value from the metaverse opportunity?**



# Banks are **well positioned**

Banks are among the organizations best positioned to answer the growing demand for digitally native currency and identity in the metaverse.

They can reimagine how they connect with clients and employees. [Forty-seven percent of bankers believe that customers will use AR and VR as an alternative channel](#) for transactions by 2030. To illustrate this, here are some recent examples.

**Virtual customer experiences:** South Korea's [Kookmin Bank](#) already allows one-on-one consultations between customer and employee avatars in its virtual bank. [BNP Paribas](#) has launched a VR app for customers to use in their banking transactions, including account opening. [Citi](#) has tested holographic workstations for financial trading. [HSBC](#) is also launching a metaverse investment fund for Asian high net worth clients. [CaixaBank's](#) digital-only bank, imagin, has launched imaginLAND, with 3.7 million customers. It has already held a live concert in 360-degree, multi-camera format.

**Innovation and patents:** [Mastercard](#) has filed 15 NFT and metaverse trademark applications as part of a wide-ranging plan to extend its payment processing system, straplines and branding into the new virtual economy. American Express has also filed similar patents. The [New York Stock Exchange](#) has filed a patent for an NFT exchange.

**Digital real estate:** [HSBC](#) is investing in virtual real estate at The Sandbox metaverse, to engage with sports and gaming fans. [Standard Chartered](#) has also acquired land at The Sandbox's Mega City district, a culture hub inspired by Hong Kong creative artists. [JPMorgan](#) has moved into the metaverse with Onyx, a virtual lounge in the blockchain-based world of [Decentraland](#) (up from 40,000 users in 2021 to [800,000](#) this year). Similar to its real-world function, the bank can facilitate cross-border payments, foreign exchange, financial asset creation, trading and safekeeping.

**Cryptocurrency/digital asset protection:** Sweden's [Mercobank](#) is piloting a digital asset custody service. Germany's [Commerzbank](#) is applying for a local cryptocurrency license to offer crypto safekeeping services to its clients.

**Employee training simulation:** [Bank of America's](#) deployment of VR for 50,000 staff simulates real customer service scenarios for branch employees so they can detect emotions and adjust behavior in a risk-free environment.

**Big tech:** [Facebook](#) is developing a virtual token for the metaverse: Zuck Bucks (seriously). Intended for spending only on Meta sites, the digital token will keep users from straying to rival networks like TikTok. Meta would control Zuck Bucks directly, like the in-game currencies used at Fortnite and Roblox. Meta is also exploring ways to monetize NFTs via fees and/or adverts. Some tech firms are even offering [metaverse payment cards and loyalty programs](#), the ability to create your own [stablecoins](#) and turn [mortgages into NFTs](#).



# Bringing humanity back into banking

While banking has become increasingly digital, it is too often emotionally detached. Ironically, the metaverse provides banks with a much-needed avenue to bring humanity back into banking and deepen connections by meeting customers in more meaningful ways. Banks could deliver advice and build relationships at a time when banking has become commoditized and drained of emotional salience. The metaverse could put the humanity back into the conversation in ways that would simply not be possible in app alerts or text messages.

For example, customers could visit virtual branches for high-touch customer service, take a house tour with a mortgage broker in real time, conveniently discuss retirement plans with an avatar adviser or attend a virtual investor event. You could walk out of an appointment with your avatar adviser to an ATM, enter your PIN to get money in your virtual wallet, and walk next door to buy a [virtual handbag](#). People are already spending real money to own virtual assets. They will want to spend their virtual money in the real world.

For example, real estate sales in the metaverse topped [\\$500 million](#) in 2021 and are expected to double this year. You may also be able to see people like you in your virtual world. Banks can encourage inclusion and diversity with appropriate virtual assistants that mirror a variety of cultural and ethnic backgrounds.

Why does this matter? Because such an environment will increase the sense of emotional connection with an adviser, broker or teller – and improve relationships, retention and profitability. Clearly, we are not yet at that stage. But that is the goal. Its potential magic lies in how it will enable banks to rebuild community and reignite conversations with their customers. The metaverse will create new forms of engagement and identities that necessitate banks establishing very different forms of client interaction and supporting processes. Ironically, banks will be able to thrive by delivering the level of personalized service and deep emotional engagement that characterized branch banking in the pre-digital era.



# Managing risks **virtually**

The metaverse will expose banks to a range of reputational and legal risks. Could this immersive, intimate experience be exploited by virtual abuse and harassment? Given the role of NFTs and cryptocurrency, what new risks will emerge around money laundering, fraud and IP ownership? What are the privacy risks attached to identifying and acquiring richer data banks from customers in the metaverse?

The concerns regulators and consumers already hold today around privacy, ethics (such as bias or fairness) and the human impact of digital platforms will become more acute as the metaverse further blurs the line between people's physical and digital lives. Banks should prepare for high levels of regulatory scrutiny and be ready for new types of regulation.

There's also the major issue of how metaverse payments will work and what kind of infrastructure will be needed to provide a safe, secure and trustworthy environment for both traditional (cash, debit and bank transfer) and digital (virtual wallets, cryptocurrency and QR codes) payments.



# How can banks be **metaverse-ready**?



**Creative customer engagement:** There will be the ability to check balances, pay bills and withdraw cash while in the metaverse. But simply offering a metaverse branch experience is not enough. Digital avatars will offer financial advice, such as annual portfolio reviews and product recommendations, in a 3D, interactive environment that significantly changes the dynamics of engagement. We're currently working with a client on this very topic.



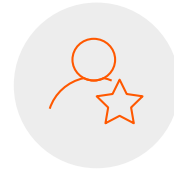
**New product development:** Facilitate secure virtual wallet functionality and payment infrastructure for metaverse products and services. Secure, insure and lend against cryptocurrency, NFTs and virtual real estate. Create a digital twin for an asset or property like a home or bank branch. Imagine touring a perfect VR recreation of a home you might be interested in buying rather than simply browsing photos and video. The bank could use the digital twin for underwriting the loan.



**Technology readiness:** Assess the market and technology landscape to understand how it is evolving, as well as the available opportunities and partners. Mature cloud deployment is a must and there may be scope for more targeted investment in VR, AR, distributed ledgers and virtual marketplaces. However, this could be complicated and require significant integration and infrastructure capabilities.



**Identify low-cost/low-risk use cases:** By 2030, 23 million jobs worldwide are set to use VR/AR for [training](#). Deliver immersive, learning experiences in the safety of simulated customer environments or connect remote workers in ways that create fun and a sense of community, like [Accenture's Nth Floor](#). Low-code and no-code platforms can help jumpstart metaverse initiatives.



**Employee experience:** Bank staff will be supported by a range of very realistic digital advisers and assistants to augment their work. There is already a digital double of the [UBS chief economist](#). There will be more immersive forms of team collaboration and onboarding. Digital coaches will enable faster and better training and development. There will be a whole new range of roles, including 3D artists, game designers, platform experts, cryptocurrency specialists and professionals with expertise in multiple blockchains.



**Marketing and brand:** Create personalised, experiential campaigns for metaverse placement. Use ESG credentials to bring your brand to life in a more vivid and emotive way. What if someone could see the benefits of putting solar panels on their house: estimated energy production, visual impact and cost scenarios, based on a green, discounted mortgage?

# Design your virtual world – before someone else does

The metaverse will radically change how banks interact with customers, what products and services they offer, how they make and distribute them, and how they operate their organizations. In this process, the metaverse will create new industries and provide banks with new ways of working with other sectors, such as payment options for gaming or real estate, for instance.

This is a defining moment for banks. Leaders need to step back and rethink their business for the next decade. Paul Daugherty, Group Chief Executive, Technology and Chief Technology Officer, Accenture, summed it up well: **“These are early days, but the metaverse will take shape and advance very quickly. Companies that don’t act now will find themselves operating in worlds designed by, and for, someone else.”**



# How we can help

**Avanade is reimagining metaverse futures for its clients** – whether it’s a strategic vision of wealth management in the next decade, facilitating secure metaverse payments and infrastructure, or creating an immersive world, where virtual, augmented and physical blend together, for banks to hold hybrid employee events.

We can help advise on building capabilities around [Mixed Reality Capture Studios](#), [AltSpaceVR](#) and other immersive experiences, a unifying holographic virtual collaboration across VR, AR, laptops and smartphones. Accenture, our parent company, recently set up the [Metaverse Continuum](#), offering creativity, technology and deep industry experience to design, build and operate metaverse capabilities.

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#### About Avanade

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