

Understanding what tokenisation is

The difference between a banknote, a digital currency, and a token is quite profound. We all know what a banknote is. We have possibly, that in wallets and purses, on our person. Digital currency is a term that's used interchangeably-- unfortunately, actually-- to refer to the digitization of traditional money. So many countries actually in the Western world or central authorities and central banks are looking at digitising what's in the bank vaults.

But it's also used to describe a new emerging class-- a new monetary class called a virtual asset. Or some of you may be familiar with a cryptocurrency. Tokens are very much descriptors for this new world. And the difference with the token is it stores both monetary value or means of exchange, but also innate intelligence instruction. Or it can be used to infer ownership. And that's what makes tokens and this new economy so interesting and profound.

The current monetary system has failed many-- that is a pretty pervasive opinion. 2008 saw a financial crisis for which, many institutions suffered. And actually, the man and woman in the street probably are still bearing the burden of.

The traditional finance systems have rendered a lot of dissatisfaction, a lot of mistrust. And this has fueled interest in finding alternative sources for financial products. It has fueled what is being commonly termed the fintech revolution. A plethora of innovative new market entrants coming in to actually service the real needs of customers that feel disenfranchised or excluded. And this has been the basis for the adoption of this world of new virtual currencies and new stores of value in terms of virtual assets.

Tokens can be used to address these issues with the current and historic financial system in the following ways. Tokens, first of all, are essentially code. And this code can be broken up.

Imagine being able to own value which could be essentially, fractionalized. This means that you can actually own part of something, rather than the whole of something. This digitization ability of tokens means a far greater access to people that have previously not been able to gain financial value from an asset class. Or be able to trade or exchange using traditional financial products.

Some financial services have left many of the world unbanked and under-banked. And tokenisation promises a far greater level of inclusion for those.