EgonZehnder

Synthesis

Introduction to the Metaverse

Harsha Kikkeri speaks on the implications of developments within the metaverse for the financial sector

Revolutionary technologies ranging from motion capture to computer vision to blockchain promise to allow users to interact with a new 3D world, namely the metaverse. But how can we make money in the metaverse and how should banks tailor their future offerings correspondingly?

As part of the Directors Development Program, Egon Zehnder invited Harsha Kikkeri, CEO at HoloSuit to speak on the implications of developments within the metaverse for the financial sector.

What is the Metaverse ?

We've already undergone a digital revolution thanks to the ubiquitous use of mobile phones, said Harsha Kikkeri, CEO at HoloSuit. "They digitized your fingers and allowed you to interface between the real world and the digital world on a 2D screen, and then provided you with tactile feedback."

Now, metaverse technologies, such as the HoloSuit or motion body, allow your entire body to see things in 3D using virtual reality (VR) and augmented reality (AR).

The ability to virtualize the human body enables people to interact within a "phygital" environment, presenting great potential.

This means that soldiers, for example, can perform various actions, such as running and jumping in the real world and these actions can then be mirrored in a virtual environment. An instructor can then digitally assess a soldier's body movements in order to optimize his training. Scenario builder features then permit the instructor to select from different customizable terrains where the solider can train according to the challenges posed by the corresponding surroundings. Other people from terrorists to civilians can be added for further training purposes. In this same vein, the weather can be altered, the time of day can be changed, and the soldier can be equipped with various weapons to give them a real feeling of what it would be like to fight under real world conditions and be trained accordingly.

Metaverse and its uses today

As well as creating value, the metaverse can also help alleviate poverty. Every mobile phone could potentially become a window through which children in every village in India could experience the world, for example by participating in lab work at universities for a very low cost.

Likewise, an agricultural metaverse, funded by the World Bank, has been created in India to allow students to learn farming skills or examine 15 use cases under major crop divisions.

Equally, robots can be trained to carry out dirty or dangerous operations. Or athletes be trained with an entire stadium and fellow players recreated alongside them.

"Everything in the world that we are doing, every physical object which has been created, it has been created for our human hands, for our human body to interact with. So, if you build a humanoid robot in the metaverse, we can actually teach it to do all the actions that humans are doing,"said Kikkeri

Relevance to the world of Banking and Finance

Why are these types of metaverse building activities so important for the financial sector? Essentially because they are a digital asset that can then be monetized. By funding these assets, interest can be earned when metaverse applications are deployed.

Let's not forget that the metaverse offers enormous financial potential, representing a $10 trillion economy. But in order to make money there, we first have to create value. Innovative technologies, such as those allowing us to develop replicas or digital twins of the real environment are already driving value creation.

Kikkeri encourages banks to fund these efforts and provide capital to create phygital assets. "There is a race to the metaverse, and we need well capitalized companies to be funded by the banks so that we can win this race otherwise we'll miss the boat."

Disruptive technology to change the nation

One director in attendance sees developments such as digital twinning as vital for real world applications and hugely beneficial for humankind. Kikkeri added "If we don't use technology for helping people, then what is the use of technology? The whole point is this is a fundamental disruptive technology which can really change the nation."

For example, creating virtual training programs for factory workers even before a factory is built can reduce injury and help with insurance premiums. Similarly, for agriculture, imagine every farmer having access to the metaverse, where someone can inform them how to rid a crop of a disease by using a certain pesticide or what they need to do to boost their harvest.

Similarly, in the metaverse our security forces can see and sense the enemy in 3D and take actions directly. Moreover, this visual information is provided using AI, removing any language barriers.

All of this is already happening in the real world but the metaverse allows you to do it more accurately, said Kikkeri.

Virtual world becoming a reality

The metaverse we see today may not feel real. However, in a few years it will get very real.

So, how do we reach that point? Basically, various building blocks need to be put in place. These include:

- Augmented reality (AR). Consumer-centric companies, including banks in India, already offer AR experiences.
- Virtual reality, which transcends space and distance, is another building block. These existing stepping stones, such as AR, VR, mobile commerce and digital collectibles, will help bridge the gap towards creating a full metaverse for banking with all of its commercial applications.
- One final, extremely important component needs to be added—building an identity. An existing digital identity still needs to be validated and this might take some time for the banking industry to fully adopt.

Creating collaborative spaces is the next important step. The metaverse allows you to travel from one world to the next. All these worlds are interconnected. Right now, we can only experience an isolated metaverse but the connected metaverse is the true vision of all of its creators.

In the meantime, banks need to learn to understand how to use technology such as VR and AR. Messaging is important as it will ensure that customers stay connected inside the metaverse. Board meetings and training are already taking place there.

Essentially, while the metaverse is a few years away in terms of exploring its full commercial potential, essential building blocks such as AR, VR, and digital avatars are already live. Companies should take advantage of these in order to engage with their customers and train their employees.

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About Egon Zehnder

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