

The Black Box Institute

The Business of The Metaverse  
PART 2C: Investments and Retail in The  
Metaverse  
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Authors: Audrey Yu  
Alexander Racher

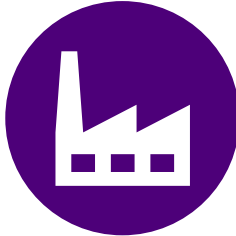
The Metaverse has already been used by many organizations around the world in various industries. More and more organizations are making plans to leverage the Metaverse for their benefit.



Education



Entertainment



Manufacturing



Automotive



Fashion



Financial



Real Estate



Retail



Gaming

# Financial & Real Estate Industries

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The financial and real estate industries have used the Metaverse in three main areas:



## Virtual Real Estate

The Metaverse enables people to invest in digital plots of land, creating immense virtual real estate opportunities.



## Customer Engagement

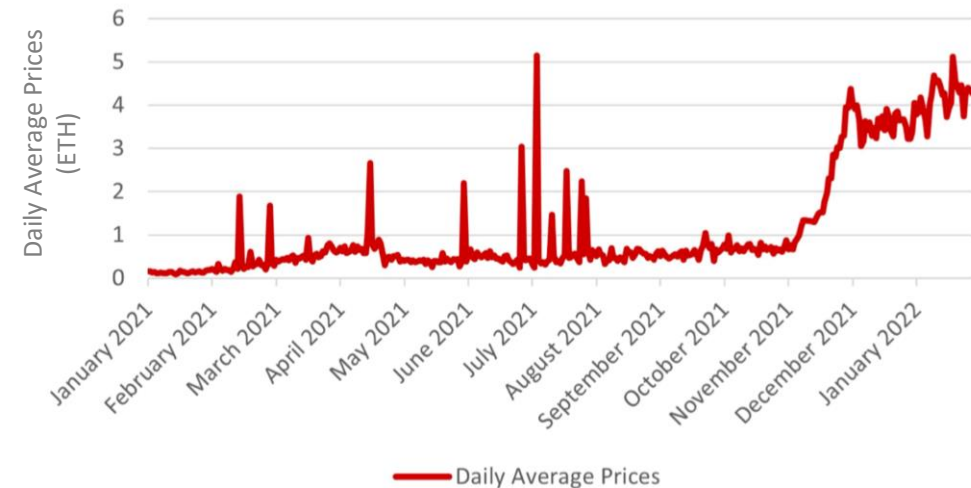
A virtual environment allows customers to have a more interactive and collaborative banking experience.



## Employee Training

VR technology enhances employee training programs, improving new hires' real-world performance.

### 2021 Average Digital Land Prices (Ether)



Source: CFTE

Average digital land prices increased by **700%** in 2021, with the Metaverse real estate market reaching over **500 million USD**. By the end of 2022, the market is expected to double to **1 billion USD**.

Over the next six years, the virtual real estate market is expected to have a compound annual growth rate (CAGR) of **31.2%**.

JPMorgan Chase & Decentraland

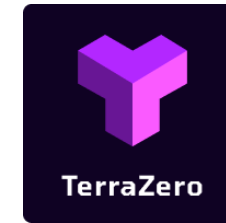


In February 2022, JPMorgan Chase became the first U.S. bank to enter the Metaverse by setting up a shop and lounge in Decentraland, a virtual world backed by the Ethereum blockchain.



Decentraland has a monthly active user base of about 300,000 people and 18,000 daily users. Users can buy digital plots of land in the form of NFTs known as LAND using a cryptocurrency called MANA. Real estate opportunities in the digital space are virtually endless, creating a unique digital asset for investment firms to manage.

TerraZero



TerraZero is technology company that owns, acquires, leases, and develops real estate within multiple Metaverses. They offer “Metaverse mortgage” and facilitate virtual land rentals for clients who wish to buy real estate in the metaverse.

These services can be useful in managing the virtual real estate in Metaverses such as The Sandbox and Decentraland.



## HSBC



In March 2022, HSBC announced it would buy a plot of land in The Sandbox metaverse, a virtual gaming environment in which players can build, own, and monetize their gaming experiences in the Ethereum blockchain. The Sandbox has been downloaded 40 million times and has 1.2 million active monthly users.



HSBC will develop the land to engage with sports, e-sports, and gaming fans. This virtual space enables the bank to create innovative and immersive brand experiences for new and existing customers.

## JPMorgan Chase



JPMorgan's Onyx lounge is located in Metajuku, a virtual version of Tokyo's Harajuku shopping district. Users can click in the space and view a video of how payments could be made in the virtual environment using smart contracts.

The bank hopes the lounge will help start conversations with clients about virtual banking transactions. In the future, clients will be able to open an account, deposit their checks, or fill out a mortgage application for a new home inside the virtual world as avatars.

The Onyx lounge in Decentraland creates a more interactive and collaborative digital banking experience than using a chat feature or even a video call.

### Bank of America & American Express



Bank of America became the first financial services firm to launch a VR training program in October 2021. The program allows approximately 50,000 employees to practice completing tasks and simulate client interactions in a virtual environment. Following a pilot program with 400 employees, 97% of participants felt more comfortable performing their tasks after going through VR simulations.



American Express has ambitions to provide its real-world services such as card payments, ATM services, banking services, and fraud detection to customers in the metaverse, allowing for a simple transition from real-world to virtual services.

### KB Kookmin Bank



Similarly, KB Kookmin Bank, one of South Korea's largest financial institutions, is developing the KB Metaverse VR Branch Testbed, which enables customers to access banking services in the metaverse by wearing a head-mounted VR device.

Various banking transactions can be managed in the virtual space, and customers can have one-on-one consultations with bank employees as avatars, facilitating smoother international interactions.

KB Kookmin also plans to use the metaverse to create immersive training programs for new employees and educate young people on finance.

# Retail Industry

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### Maintained Product Quality

Blockchain history enables retailers to track defective products back through the supply chain, identifying suppliers, manufacturers, and batches that may have been compromised.



### Alternative Form of Payment

Cryptocurrency gives consumers more flexibility in their payment options and allows retail stores to accept sales internationally without having to pay foreign exchange fees.

### Decreased Fraud

Retailers can prevent procurement fraud by managing invoices on blockchain, ensuring that transactions do not change between the buyer and seller.

### Trusted Loyalty Programs

Loyalty programs can be made more secure by exchanging digital tokens rather than customer data for rewards through smart contracts.

### Walmart



Walmart partnered with Hyperledger Foundation and IBM to create a food traceability system stored on blockchain. This system allows for greater transparency within the food and retail supply chain as well as more efficient tracking for food safety and quality.



The tracing system was first tested on mangoes sold in Walmart's U.S. stores. Tracking the origin of mangoes became significantly more time-efficient, decreasing from 7 days to 2.2 seconds. Walmart can now trace the origin of over 25 products from 5 different suppliers.

### De Beers Group



In May 2022, diamond company De Beers Group created Tracr to track diamond production. The blockchain-powered system creates a digital asset for each diamond after it is mined, which is then tracked throughout the entire supply chain until the diamond is in the hands of a consumer.

Transactions in the system cannot be changed, ensuring that data will not be tampered with. This technology prevents the trade of conflict diamonds to De Beers Group.

Similar processes can be used to track the production and sourcing of other raw materials and metals for retailers.

### Whole Foods & Home Depot

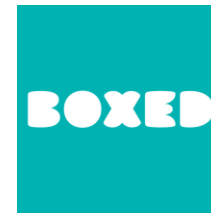


Whole Foods began accepting cryptocurrency as a form of payment in 2019 via a mobile app called Spedn by payment network Flexa. Consumers can deposit cryptocurrency such as Bitcoin or Ether into the Spedn app, which displays a code for cashiers to scan at checkout.



Home Depot also partnered with Flexa to allow customers to pay with cryptocurrency. Using cryptocurrency can increase security for both retail stores and customers since all transactions are encrypted using cryptography technology.

### Boxed



Wholesale retailer Boxed partnered with American Express to adopt a blockchain loyalty program.

When a consumer makes a purchase at Boxed, the blockchain-backed system stores the transaction data while keeping cardholder information confidential.

This data triggers the creation of smart contracts in the form of NFTs, which create and award points in American Express' loyalty program.

Consumers' participation in retail loyalty programs are expected to increase as more companies begin to adopt programs securely run on blockchain.



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Toronto, Canada  
[www.theblackboxinstitute.com](http://www.theblackboxinstitute.com)  
+1.416.862.5487

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