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ACADEMY

# REVOLUTIONISING BANKING:

Capitalising on the Power of DeFi  
and Cryptocurrency through Learning  
and Development



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Jason was, most recently, Managing Director Head of Listed Derivatives and OTC Clearing for Deutsche Bank in APAC. He has 25 years of experience working in derivatives, sales and senior management in investment banks based in London, Frankfurt, Singapore and Hong Kong.

He is experienced in financial markets, treasury, derivatives, hedge funds, operational risk, market risk, conduct risk and compliance, clearing, and capital markets products.

Having led the Listed Derivative and OTC Clearing sales teams for Deutsche Bank and Credit Suisse in Asia Pacific he is intimate with prime brokerage, treasury, clearing, exchanges, market structure and regulations across Asia Pacific.

He was Chief Executive Officer of Deutsche Futures Singapore Pte. Ltd and a board member of Deutsche Securities Asia Limited and Kenanga Deutsche Futures Sdn Bhd. He held the position of Chairman of the Futures Industry Association (FIA) Asia.

Jason holds CIS Global Securities Operations and CISI Extended Certificate in Investment Operations (International Securities & Investment, Operational Risk, Derivatives Operations) qualifications. He holds qualifications with the Singapore Institute of Banking and Finance and Hong Kong Securities Institute.

Jason has developed and delivered courses ranging from 3-week academies preparing teams for assessed presentations, through 10-day programmes for graduates and support teams. He has worked expansively across Middle East, Australasia and South East Asia.

Decentralised finance, or DeFi, is a significant opportunity for financial institutions and wealth managers. In its early days, the space was seen as a get-rich-quick scheme for tech insiders. Today, cryptocurrencies are considered by many as investment-worthy financial assets. According to Capgemini's "World Wealth Report", 71% of high net worth individuals (HNWI) invested in digital assets in 2022<sup>1</sup>.

The growing interest in the DeFi evolution necessitates the closure of the knowledge gap for finance professionals who have grown up in the traditional financial system.

This ebook explores how Learning and Development (L&D) leaders can help their institutions narrow skills gaps and take their share of the fast-evolving DeFi market.

**GROWING INTEREST IN DEFI**

The prevailing narrative around DeFi and crypto assets is of a new class of assets which bypasses traditional financial services entirely. For example, retail investors are using exchanges like Binance and Coinbase, together with a rich app ecosystem, to trade, store (via crypto custody services), lend, and borrow digital assets. It is a high-risks game, which attracts both media intrigue and regulatory crackdowns, seemingly in equal measure.

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The world of retail crypto trading could not be further from the world of mainstream financial services. Though they have the advantage of incumbency, their approach to crypto has been to “wait and see” while regulations shape the market for DeFi products (see the box on the regulatory landscape on page 7). According to the Bank of International Settlements, only around 20 percent of banks have exposure to crypto assets, the majority of which are based in the Americas<sup>2</sup>.

<sup>1</sup> <https://www.capgemini.com/gb-en/insights/research-library/world-wealth-report/>

<sup>2</sup> <https://cointelegraph.com/news/crypto-distribution-is-uneven-among-banks-as-prudential-exposure-rises-bis-report>

Recent years have seen a growing interest in DeFi among financial institutions. There are two particularly noteworthy directions of travel:

### 1. Wealth management

Wealth managers are seeing greater demand from HNWI's looking for increased portfolio diversification, greater liquidity, and higher returns. Only around 0.05% of global assets under management are held in crypto assets currently, suggesting there is considerable scope for growth<sup>3</sup>.

DBS in Singapore, for example, offers wealth management customers a regulated digital custody platform. The capability effectively throws a regulatory safety net around trading in digital assets.

### 2. Transaction banking

The interest here is more around using the blockchain as the infrastructure for payments or letters of credit. Doing so enables transactions to move more quickly, while eliminating single points of failure. The largest global banks are investing heavily here. Examples include JP Morgan's Link network (which recently merged with Visa's own blockchain), and Goldman Sachs<sup>4</sup>.



<sup>3</sup> <https://www.statista.com/statistics/1203383/cumulative-crypto-funds-aum-worldwide/>

<sup>4</sup> <https://www.forbes.com/sites/digital-assets/2023/05/23/goldman-sachs-and-microsoft-are-quietly-using-ai-to-lay-the-groundwork-for-the-next-bitcoin-ethereum-and-crypto-price-bull-run/>

## ACCELERATING DEFI INNOVATION DRIVES OPPORTUNITY

A key driver of institutions' growing interest in DeFi has been the increasing speed and scale of the data networks that underpin it. The first iteration of the blockchain was relatively slow and designed to make large volumes of simultaneous transactions impossible. Novel techniques like sharding, which shares transactional data across multiple servers, and Layer 2 solutions, which expand the capacity of the infrastructure, mean that crypto networks can handle more transactions, much more quickly. The net effect of these developments has been to lower the barriers to entry for a wider variety of players – including banks.

“ A key driver of institutions' growing interest in DeFi has been the increasing speed and scale of the data networks that underpin it ”

The knowledge gap between traditional finance and the decentralised sort is also narrowing. Institutions increasingly recognise crypto as an asset class – like an equity, derivative, or cash holding - that can be managed and optimised. Yet levels of competence and confidence with DeFi concepts and technologies will vary considerably and institutions need to establish a skills baseline for DeFi, and then build up specific capabilities from there.

In the case of the largest banks, like JP Morgan, substantial sums have been invested in developing DeFi offerings, and knowledgeable sales and advisory teams built around them. For example, JP Morgan has launched Onyx by JP Morgan which is paving the way for Institutional DeFi through Project Guardian, a collaborative initiative led by the Monetary Authority of Singapore.

More mainstream institutions might lack DeFi technologies of their own, but still see the opportunity of broadening their client offer to encompass digital assets. This could involve re-selling crypto products offered by third parties.

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That is not to say, however, that they can short-cut gaining familiarity with the technologies and concepts which make up the DeFi stack. Rather, institutions must ensure client advisors and sales teams have the skills and knowledge to engage persuasively with clients on these products.

Relationship managers, for example, need to engage with clients on product. Though they do not need to be technical experts, they must know about the products and risk characteristics, and be up to date with the latest developments. They need to be able to introduce subject matter experts into client conversations in the right way.

All of which is to say that L&D leaders have a vital role to play in accelerating their institutions' capabilities in DeFi.

## SHAPING THE AGENDA

This focus on DeFi skills provides an opportunity for L&D teams to shape their institutions' crypto agenda more broadly. Their role is to develop a learning capability around DeFi that is comprehensive, interesting, and which moves with the times. It should resonate not only among current employees, but also help to attract fresh talent.

### L&D teams need to do two things:

1. They need to establish a “knowledge baseline” which ensures people have a close grasp of the key concepts in DeFi, the different technologies and platforms, risk factors, and the directions of future innovations.
2. They need to ensure teams can keep abreast of developments in the space, by networking within trusted communities.

Alpha has partnered with XD-Academy to develop a ground-breaking Decentralised Finance learning pathway aimed specifically at institutions looking to build out infrastructure using distributed ledger technologies and include crypto and digital assets into their client offer.

## CONCLUSION

The DeFi evolution marches on apace. The innovative combination of tokenisation and distributed ledgers offers transformative economic potential. With cryptocurrencies increasingly being used as a medium of exchange and store of value in DeFi networks, and becoming recognised as a serious financial asset, the demand for knowledge of decentralised finance in all its forms continues to grow.

Regardless of whether an institution is “walking the walk” with DeFi and crypto technologies, L&D can make sure its people can talk the talk, when it comes to developing the business.

## AN UNEVEN REGULATORY LANDSCAPE

After years of uncertainty, the direction of travel for DeFi regulation is becoming clearer. Some jurisdictions are taking a more permissive view while others – notably including the US – are following a more activist approach.

The MAS (Monetary Authority of Singapore) believes in the potential of distributed ledgers like Blockchain or Ethereum for transformative economic progress. But it is wary of the speculative bubbles around cryptocurrencies. Its approach has been to rein in speculation, while encouraging the use of DeFi technologies, like distributed ledgers, within Singapore's financial infrastructure.

Other jurisdictions take a different view.

The US, for example, has seen debate among different regulators about the very nature of cryptocurrency. The SEC (Securities and Exchange Commission) sees crypto assets as securities; the CFTC (Commodity Futures Trading Commission) views them as derivative contracts; while the Federal Reserve has argued they are banking products.

In mid-2023, the SEC launched a crackdown on two leading crypto exchanges, Binance and Coinbase, accusing both organisations of acting as unlicensed securities brokers.

The case exemplifies regulators' concerns over the role of DeFi in retail markets<sup>5</sup>.

## PREPARING FOR THE FUTURE OF GLOBAL FINANCE WITH ALPHA

Learning more about the crypto and DeFi space and challenging the myths and misconceptions that exist around it, requires the type of training Alpha offers in conjunction with our partner XD Academy.

Alpha's in-depth DeFi training courses and learning pathways that cover topics such as smart contracts, decentralised exchanges, exploring the different types of platforms and exchanges, examining challenges and risks, and more.

Courses are designed for professionals who want to learn how to develop and implement DeFi solutions or those who want to explore career opportunities in this exciting new field.

We empower L&D teams to anticipate and support career paths that prepare their organisations for the future of global finance, stand out in their markets, and attract and retain the brightest talent.

**Connect with us today and take the first step towards embracing the opportunities of DeFi.**

[www.alphadevelopment.com](http://www.alphadevelopment.com)

<sup>5</sup> <https://www.theguardian.com/technology/2023/jun/06/sec-crypto-crackdown-us-regulator-sues-binance-and-coinbase>