The Case for Gold on the Blockchain

The Macroeconomic Case for Gold

Gold is unique as an asset class. It acts as a hedge against inflation and retains its value in a way that any kind of currency, crypto or fiat, just does not. Historically there has been a rivalry between crypto people and gold mainly because bitcoiners tried to market themselves at the expense of gold, but there is a potential for a natural alliance between people involved in crypto and those involved in gold - both kinds of people don’t trust the state to issue their currency.

Crypto has tried to replace gold as the way round this and has had a dangerous flirtation with the US dollar and dollar denominated assets over the last couple of years, with over $160 billion of these dollar denominated assets being created. However the management of assets in the crypto world is not remotely up to scratch because as the macroeconomic pressures concentrate on the high risk assets inside of crypto, the tendency is for the thing to go apocalyptically wrong, as we have seen with the collapse of the FTX exchange recently, and LunaTerra before that, which saw $50 billion in value just vanish overnight. This makes it very hard to trust any of the schemes currently issuing dollar denominated assets to be there when you need them.

With dollar inflation running at an effective 12% at the moment, dollar denominated crypto assets aren’t the stable reserve people once viewed them as, even discounting crypto's terrible management record. As a result there are plenty of people wanting the independence and hedge against inflation that gold offers, but who have got used to the convenience of trading in crypto.

This means there is an opportunity for the existing gold industry with their scrupulous practices and long record of not losing people's money to step in and take over a huge chunk of the territory because people want non dollar denominated, non fiat denominated hard assets.

Ending Bad Management and Systemic Corruption

As well as pervasive mismanagement, systemic corruption is also rife in crypto right now, with, for example, FTX, one of the system’s key exchanges, turning out to be just another Ponzi scheme among many. But despite these problems the mechanisms that have been developed for storing and managing crypto are excellent, a world-changing breakthrough, it's just that to date they have been operated by crypto grifters who have managed them badly and lost a lot of people a lot of money.

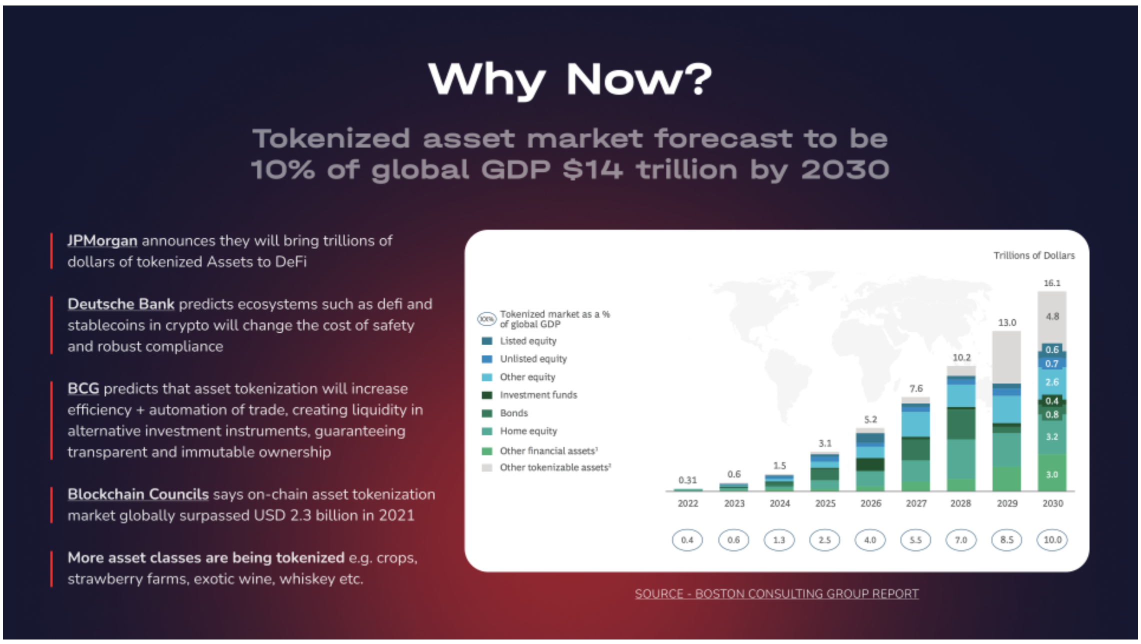
This is a cultural moment, the crypto pioneers have demonstrated the potential of the technology for moving assets around, and the underlying architecture has shown itself resistant to hacking, it's just that because there's a lot of incompetence and corruption in the operation of the systems, we keep winding up with things that are meant to be stable storage of value that aren't.

These systems could be reapplied to properly managed hard assets though. Instead of taking the crypto architecture that's been built up over 10 years and loading dollars onto it, it is entirely possible to take that crypto architecture and load gold into it. In this case the gold industry controls the process, not crypto industry chancers, because the gold industry is so much better at safeguarding customer value.

Potential for Rapid Growth

This approach creates something new that has the probity and value of gold behind it, but operates as crypto. It is possible to move hundreds of billions of dollars of gold into that domain, because this extends the trust in the gold industry into the architecture of crypto. It's powerful, it's secure and it stops people being ripped off.

There will always be a market for Bitcoin and Ether and so on - there are always people interested in these kinds of highly volatile assets. But where do you put your winnings once you've got winnings? And the answer is you have to go to something stable.

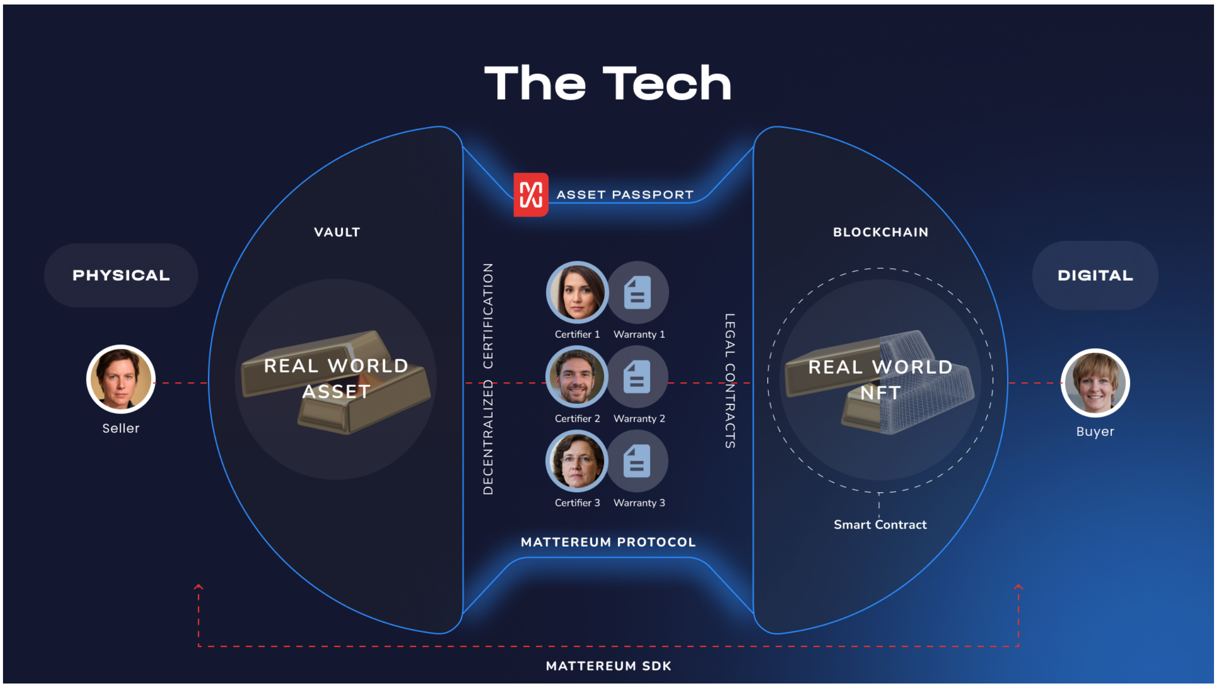


Five years ago, there was a lot more reason to have faith in the dollar, and there wasn't a global payment architecture that was capable of moving the ownership of gold around while maintaining record keeping about who owned it so you could verify KYC and AML. By selling gold using crypto architecture, this becomes the natural stable asset for crypto natives to store their asset value, which opens up a whole new market that is likely to also be attractive to more traditional buyers.

Gold as a store of value is well established, but looking into the future, there is more that gold can do using the blockchain. Gold as a retail payment instrument has never taken off, but it can be made to work. Crypto people have shown that there is demand for the payment architecture, but the assets flowing across the payment architecture have been of such low quality it's brought the entire architecture into disrepute. In the future, once gold has established itself on the blockchain, there is an opportunity to move on to create a gold-based blockchain retail payment system with Mattereum that uses crypto architecture as well.

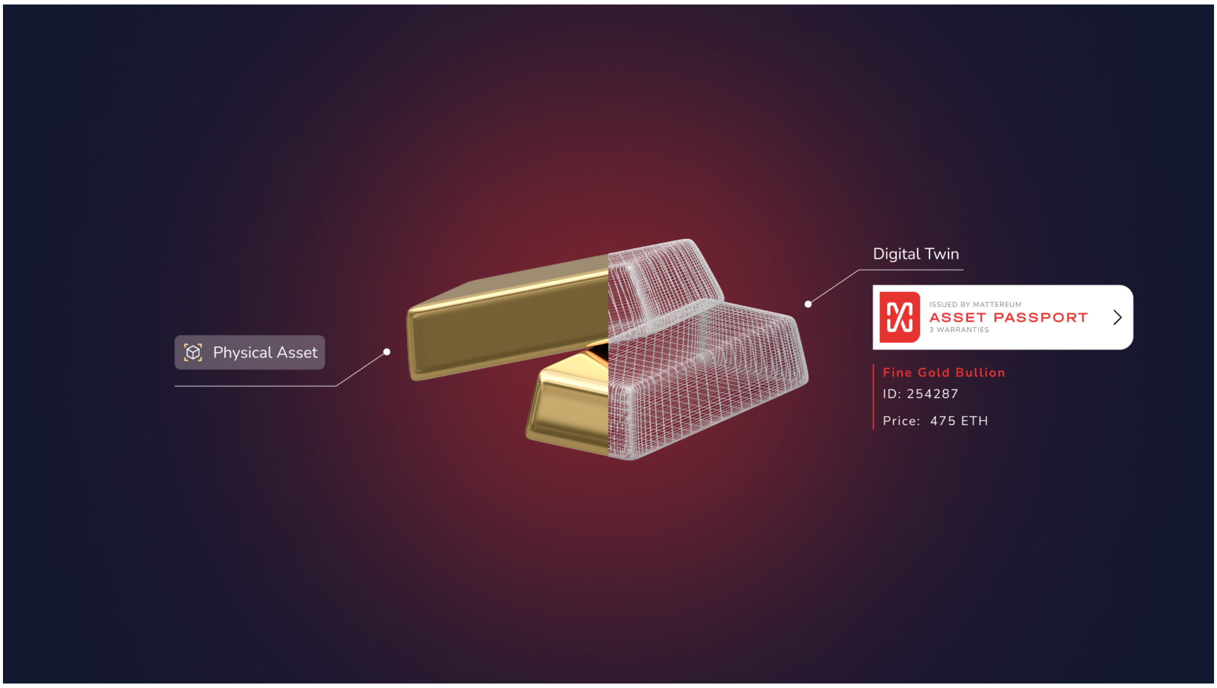
Mattereum Connects the Two Worlds

Mattereum has everything needed to create a trusted [functional bridge] between the worlds of gold and crypto. We have the legal and technical architecture in place to securely connect physical assets to the blockchain, using the unique [Mattereum Asset Passport]. This provides the interoperable set of protocols and enables people to verify that the assets are real and gives them legal redress under the 1958 New York Convention on Arbitration if they prove to be anything other than described. This means that when a Mattereum Asset Passport is linked to a client's NFT the assets can remain securely vaulted while being traded as NFTs. These NFTs can represent a coin, an entire gold bar or a fraction of one, or indeed anything you choose.



As a result gold can be traded on the blockchain in a way that leaves no doubt that there is solid physical gold involved in the trade (if the purchaser really wants to, they can go to the vault and use their NFT to claim the physical gold), but at the same time using all the convenience of the crypto architecture. This enables the gold industry to bring its immense assets and reputation for wisdom and reliability to a crypto market formerly characterised by grift and incompetence.

Purchasers will be safe in the knowledge that the assets they are buying are backed by warranties from established, serious gold companies with a track record of probity and responsibility going back decades, while the companies trading the gold will have access to the frictionless trading architecture provided by the blockchain.



The gold assets remain safely vaulted as their ownership changes hands through simple, fast NFT trades tracked on the blockchain, opening new markets and new ways of trading to the gold industry and bringing a reputable stable store of value to the crypto space. Mattereum can make this happen, and make it happen now. **We are not promising something that we hope to do in the future, we are offering a platform that is already doing it today.**

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