

Co-Founder & CEO Explains Why and How Tokenomy Makes Good on its Claim of Crypto Finance Made Easy

Tokenomy is a licensed digital asset platform that offers a wide range of crypto-based financial services. It was created in 2018 on the premise that Bitcoin and the blockchain revolution are changing three fundamental infrastructures: money, financial services, and the next generation of the Internet (Web3). Christian Hsieh, co-founder and CEO of Tokenomy, recently offered Hubbis his insights into why he believes crypto finance and the blockchain will have such a fundamental impact on all our futures and the role the Tokenomy platform aims to play in the evolving financial revolution. He explains that they are essentially leveraging the future of money infrastructure to build a financial services platform that will become an integral part of the future of finance, centered on a state-of-the-art crypto investment platform offering spot and margin trading, yield-enhancing products, crypto loans, and custody services.

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Christian Hsieh
Tokenomy

Christian opens the

conversation by explaining that in a modern-day investment portfolio, cryptocurrency has become an asset class that is too important to be ignored. He observes that after some 14 years of the Bitcoin experiment, many innovative players are flowing into the blockchain space, as the world gradually acknowledges that this technology and these new protocols are here to stay.

“This trend accelerated when large investors, pension funds, and financial institutions started adding crypto allocation in their long-term investment portfolios,” he reports, “Actually, there is still considerably more reticence amongst retail investors who are lagging well behind.”

This, he says, is because despite their increasingly high profile, Bitcoin and crypto assets are often not well-understood by the majority of investors.

Raising the bar of understanding

“The variety of new protocols and platforms offer great promise,

but they can also be complicated and confusing,” he comments. “This knowledge gap remains a significant challenge for further crypto investment adoption, especially after the global sell-off in investment assets across the board since later in 2021.”

At Tokenomy, he says the mission is simple - to make crypto finance easy. Users can manage and maximise their crypto holdings all in one place. The platform offers simple tools like portfolio monitoring, fixed deposits, and staking, as well as more advanced features like contract trading, dual currency deposits, and crypto loans.

“The beauty of coming to our platform is that no prior technical knowledge is required, because as investors explore crypto investments, we are there to be their reputable and trusted guide,” Christian explains.

He says that from research conducted, the reality is that adding key cryptos such as Bitcoin and digital assets of various types to much broader and diversified investment portfolios would have enhanced returns for investors based on data going back seven years to 2014. “Institutional investors analyse this all the time and their exposures have been growing apace, whilst retail participation lags behind, but will catch up,” he reports.

Institutional-grade capabilities

Christian explains that the Tokenomy platform was really built for wealthier retail investors but is absolutely of institutional quality and capability. “We see that institutional interest has been growing, and that, for

example, many governments themselves are talking about their own central bank digital currency,” he says. “But let’s face it, the first ten years after Bitcoin arrived in 2008 were like driving in the dark, and it is only for the past few years that we have seen the road ahead more clearly lit and signposted. It might still be a massive journey and enormous innovation required, but the direction is at least clearer.”

Tokenomy is registered as a licensed money broker with approval to conduct digital financial services under the Labuan Financial Services Authority in Malaysia. Its partner company Indodax is a regulated exchange by the local Commodity Futures Trading Regulatory Agency (BAPPEBTI) in Indonesia since February 2020. Christian himself was the CFO of Indodax before founding Tokenomy. Indodax, he reports, is today the largest regulated digital asset exchange in Indonesia, with over 5 million users and some USD50 million equivalent in average daily volume.

Tokenomy documentation reports that as the first crypto exchange offering an IDR gateway, Indodax provides seamless Rupiah deposits and withdrawals. They note that IDR is the Indonesian Rupiah-linked stablecoin that is available on both Indodax and Tokenomy platforms.

Sticking to the quality operators

Christian explains that crypto ownership needs to be carefully navigated with the help of a reliable financial services and crypto wealth management platform. Tokenomy is exactly that, he reports, as it is a secure and easy-to-use, all-in-one

platform through which they can invest, earn, trade, borrow, and pay.

“The dashboard we offer investors is totally comprehensive, and customers can monitor any and all of their crypto assets, view their asset allocations, and make deposit or withdrawal requests, whilst monthly statements are available for users to download and keep a record for accounting or investment tracking purposes,” he reports.

Rest assured...

Another key element of Tokenomy’s offering is security. “We minimise crypto wallets that connect to the Internet (hot wallets) and maintain an insurance fund to cover 100% of the hot wallet balance if a cyber-attack were to take place on our platform,” he reports, adding that Tokenomy is a member of Crypto Market Integrity Coalition (CMIC) and Crypto Defenders Alliance (CDA) that endeavours to protect the token economy from theft, manipulation, privacy violations, and other malicious practices across blockchains.

“Moreover, all crypto assets on the Tokenomy platform enjoy the benefits of our robust underlying custody systems, which employ a blend of completely offline & air-gapped cold storage solutions to MPC and HSM-based wallet infrastructure,” he reports. “Our platform provides institutional-grade security with decentralisation of control over assets, thereby ensuring no single point of failure.”

Seeing the woods from the trees

Christian is also a leading thinker about the evolution of digital assets in general. In a highly

readable, succinct and yet detailed report titled ‘[Decrypting the Crypto Economy: Making sense of the token categories and their investment value](#)’, he surveys the digital assets journey to date and plots some of the future landscape ahead.

Christian explains that one of the most common questions from crypto investors is how to differentiate one crypto asset from another.

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“Among thousands of crypto assets currently available, it is a daunting task to understand all of their functions and purposes,” he observes. “This confusion can often keep investors from participating in this emerging asset class and cause them to miss out on the exponential growth potential in their investment portfolio. This has been further exacerbated by the global asset sell-off and the phenomenal rise in a number of what we call ‘zombie coins’ that virtually never trade. Shockingly there were a mere four of them in 2017 and today, more than 12,000.”

The revolution is underway

But Christian maintains that just as the Internet has transformed our everyday lives in the past 30 years, so too blockchain technology is opening up a host of crypto asset

investments, which need to be classified into categories in order to be better understood.

He separates them into crypto assets whose value is mainly driven by utility and network effects, and into crypto tokens with values linked to real-world assets.

Value founded on utility and adoption

In the first category – those whose value is founded on utility and adoption – they can be

further split into four segments, representing store of value, smart contracts, payment coins and meme coins.

Bitcoin is the classic store of value decentralised peer-to-peer cryptocurrency, running on the most secure and widely distributed permissionless blockchain payment network. “Like commodities, the value of Bitcoin is driven by supply and demand, so its value has a direct correlation to its adoption,” Christian explains. “Although critics often focus on Bitcoin’s high price volatility in the short term, its historical long-term price appreciation has been remarkable. A recent CFA study highlighted that a 5% allocation of Bitcoin in a traditional portfolio (from 2014 to 2020) could boost the total returns by as much as 50%, while the risk-adjusted



return (or Sharpe ratio) can increase by 0.36.”

He elaborates on this, noting that with inflation becoming a global concern in the post-pandemic economy, investors are looking for alternative assets to maintain their purchasing power, with more and more leading institutions linking Bitcoin to gold as a digital store of value.

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Institutional weight

“I do think crypto should be treated as an emerging new asset class like venture capital, so we shouldn’t allocate too much, but with a certain allocation in your portfolio, it can help protect and also boost portfolio returns, as data shows,” he states.

He adds that this is the reason why many financial institutions, including pension funds, insurance companies, and sovereign wealth funds, have been reporting increased allocation to this digital asset class in recent years, and its price is expected to increase over time with its finite supply and growing demand. “If one assumes the total value of Bitcoin reaches the market capitalisation of gold at around USD11 trillion, one Bitcoin could be valued at USD400,000,” he remarks.

Smart contracts, payment coins

In the smart contracts segment, these are crypto assets that

are programmable money that can enable decentralised and immutable smart contracts with specific purposes. They usually have an infinite supply, but the network effect and utilities can be powerful, and leading examples include Ethereum, Cardano, Stellar, Polka Dot, MakerDAO, and Filecoin.

Payment Coins are cryptocurrencies designed to

provide alternative payment solutions to the traditional payment network. These transactions are usually fast with low fees, but more people prefer using stablecoins instead, and examples include Litecoin, Bitcoin Cash, Ripple, Monero, and Zcash.

And finally, Meme Coins were created more out of humour, do not represent any real-world value, but are gaining popularity among the younger generations as a way to express opinions or ideas, and are represented by coins such as Dogecoin and Shiba Inu.

Tokenisation is expanding apace

In the second core category, there are even more tokenised representations of real-world assets. These include Stablecoins, which are tokenised values of specific fiat currencies, and the stablecoins are designed to facilitate instant settlement for cross-border or micro-payment

transactions because the traditional bank-wire system is often costly and too slow, which is why stablecoins have become so popular. Tether, or USDT, is the most traded cryptocurrency, with an average of USD50 billion daily trading volume.

Christian offered further comment: “The tokenisation of loyalty points has been popular among many companies. Loyalty points or platform tokens are valuable because they can redeem specific goods and services according to the rules set by the issuers and allow issuing companies to crowdfund their future product expansions. However, the recent fallout of Terra/Luna and FTX raised concerns about how companies could misuse and over-leverage their platform tokens which can trigger catastrophic collapses in the broader token ecosystem. Perhaps more regulations would focus on this area in the future.”

Another key segment of this second category is the Non-Fungible Tokens, or NFTs, which are tokenised fractions of value of largely specific tangible assets, such as artwork, collectibles of all types, or perhaps bodies of music.

Finally, there are Security or Commodity Tokens that represent real-world financial assets, such as stocks, bonds, real estate or precious metals such as gold, silver, or other valuable commodities like oil, gas, and carbon credits.

Helping demystify the market

Christian concedes that his categorisation is by no means perfect, as many multi-purpose tokens can be classified into

Getting Personal with Christian Hsieh

Christian Hsieh is the co-founder and CEO of Tokenomy. Prior to this role, Christian was the Chief Financial Officer of INDODAX, the largest regulated digital asset exchange in Indonesia. He has been following the cryptocurrency sector since 2013 and is knowledgeable about bitcoin, crypto assets, blockchain technology, and its various applications. Christian is also on the board of the IDK Foundation, the issuer of an Indonesian Rupiah stablecoin on the blockchain.

He is a former Executive Director at J.P. Morgan based in Singapore. As a financial advisor, he provided investment consulting services and built partnerships with entrepreneurs and leading enterprises in Southeast Asia. Christian holds an MBA from Brigham Young University. He is an active investor in technologies and social ventures.

He was born and raised in Taiwan and educated in the US. Working with JP Morgan brought him to Singapore, and during that time he also covered the Indonesian market for them. “I came across Bitcoin in 2013, and was an early adopter, buying some digital assets myself, and looking for venture companies in which I might invest,” he recalls. “I found Indodax and joined them in 2018, and it later became the largest crypto exchange in Indonesia. I must admit it took some courage to leave a blue-chip global investment bank, but I took the courage and jumped on the crypto bandwagon to become the CFO of Indodax. At the same time, we created Tokenomy to focus on something that Indodax doesn’t focus, which is financial services for cryptos. Indodax is largely an exchange.”

Christian enjoys the great outdoors in spare time, swimming and golfing in SE Asia and skiing, sometimes at his favourite resorts in the Rockies, or Switzerland, or Japan when time permits.

other categories, but it does help the average interested private investor to imagine and then understand the crypto asset universe, ever expanding as it is.

“As we see it, cryptos under our store of value, smart contract and stablecoin categories should be considered core allocations to a crypto portfolio,” he concludes. “Investors can buy directly, or

they can buy into traditional fund vehicles or exchange-traded products that track Bitcoin or major crypto asset groups.”

Tokenomy as the all-in-one gateway

Most importantly for this venture, he says Tokenomy caters to all these needs. He says the solidity of the platform and their offerings is in stark contrast to some of

the weaker players. “We have a professional management team who have mostly worked in very senior roles in banking and financial services, and we have a very robust and conservative approach to both compliance and risk management,” he states.

He points to Tokenomy having joined the Crypto Market Integrity Coalition, which is essentially a club of highly credible platforms and firms in this space. “Regulation remains lacking and inconsistent,” he says, “so this is part of our self-regulation of our nascent industry, to help protect it and to grow it. We share information to fight money laundering and other illicit financial activities, something we are proud of and that we hope helps us stand out for our clients.”

Spreading the word

Christian explains that to attract clients to the platform, they spend a lot of time and effort talking to FinTechs, venture capitalists, EAMs, family offices, and others that are managing private money. And then they also spend a lot of time opening up information and improving education around these assets and markets.

“We are intent on building this as a crypto asset management platform that can potentially integrate with financial institutions so they can offer these assets and services to their clients,” he reports. “We have all the solutions available for money managers and asset managers to really help them across the

technology and an education gap, so that they can feel comfortable in investing in this asset class and working with their private clients.”

Christian closes the conversation by reiterating his vision for a crypto assets future to grow alongside traditional finance. “This is happening and Tokenomy is playing a core part in helping develop access and security and also education for this exciting and dynamic market. None of us know exactly where this will all go, it is incredibly fast-moving, but we do know that there is a road ahead and that institutional adoption is already paving the way for a much more significant private investor participation.” ■

