

# METACO's APAC Business Development Head on Opening the Doors to Participation in the Digital Assets Universe

On March 30, Hubbis held its second live conference event since the pandemic hit, this time in Manila. The second presentation of the day came from Richard Swainston, APAC Business Development Director of METACO. He covered the following topics:

- » How are private wealth managers approaching the digital asset space?
- » What are the factors leading to crypto and digital asset adoption in Singapore?
- » How do you build the infrastructure to compete in the Digital Asset Economy?

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## The dramatic evolution of the cryptocurrency space and the digital assets markets

“What I’d like to go through today is what are the factors that have been leading to crypto and the digital asset adoption in not only the APAC area, but also further and further afield.”

The market has moved significantly since 2008, when the mysterious Satoshi Nakamoto issued the first Bitcoin white paper. From around 2008 to around 2018, we’ve had this sort of peak of inflated expectation. And during this time, we had the launch of some of the first Bitcoin exchanges, cryptocurrency exchanges, the Tether Stable Coin was launched and issued, and we saw the emergence of what is now the decentralised finance space, or DeFi.

But the innovators were driving all this. Then in 2017 JPMorgan’s Jamie Dimon suggested Bitcoin was worse than the Tulip Mania deep in history, and then within a year, Bitcoin loses 80% of its value. But in hindsight, that would have been the perfect time to buy Bitcoin, which has soared since that deep trough.

“Since then, we have been in a phase of enlightenment and digital assets really start to come of age, moving well beyond all that negativity and into a more complete ecosystem, with licensed brokerages, futures, adoption by global asset management brands such as Fidelity, or in the Philippines by names such as UnionBank, in Singapore by leading names such as DBS, so on and so forth.”

### A brief introduction to METACO

METACO is a Swiss company that has recently launched its APAC headquarters in Singapore, attracted to those shores by the island republic’s stability, the solid history for financial innovation, access to great technology talent and partners, access to METACO’s client base, and rapidly increasing activity in the digital asset and crypto space.

Today, METACO provides technology infrastructure to help clients manage and support digital assets including, custody, trading, token issuance and management, structured products and a bridge to DeFi through seamless management of smart contracts.

The firm’s ‘[Harmonize](#)’ platform acts as a single point of connectivity or integration for either non-financial or financial institutions to manage a digital asset business and a digital asset offering.

Singapore was chosen as the ideal location for Asia operations, being a technology hub for the APAC region, with the right type of regulatory support, strong talent available, and a rapidly expanding digital asset and financial sector ecosystem.

Richard Swainston, APAC Business Development Director for METACO, points to Singapore as having become the focal point in the region for digital assets and cryptocurrencies and is attracting more and more of the clients that METACO either works with or hopes to partner with for the future. He explains that there are several key facets to the proposition METACO brings to the Singapore and the wider Asian markets.

The firm entered this space early on in 2015, focusing on technology for the entire digital asset value chain, from custody to DeFi, and with strong expertise in both crypto/blockchain as well as banking and banking software. METACO also brings a solid track record and clientele with it, having been working with some of the largest Tier 1 banks across the world for several years and already with some leading Singapore institutions.

**“Indeed, if you look at the Philippines as a whole, there is an estimate that about 23% of the population in the country are holding cryptocurrency of some form at the moment. Regulators are also falling into line gradually, helping wider adoption. The new generations are digital generations, and their adoption is accelerating. It is all growing exponentially and is a huge opportunity.”**



**RICHARD SWAINSTON**  
METACO

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**“What we’ve seen is that every midsize or large financial institution has been forced to diversify their risks. And this has created kind of a multi-vault setup, maybe adding in sub-custodians, which then comes with its own issues. So, the question is, then how do you manage this and how do you manage this legacy spaghetti?”**

**The business case**

**4-6x**

Higher custody, brokerage and trading fees for crypto assets than traditional assets

**5-20%**

Of existing clients of incumbent financial organizations adopt crypto services in the first 12 months after launch

**\$24 trn**

Potential asset value to be tokenized by 2027, but long-term potential is **\$350+ trn** (total capital markets size)

**8-13%**

Stablecoins farming yield, vs. up to 0.4% interest for a high yield savings account

**Custody as the foundation to unlock any future opportunities.**

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**The digital asset market infrastructure is evolving apace around the world, with big names and serious players**

“We see things moving into mainstream, with global names such as Goldman Sachs, Morgan Stanley, JP Morgan, Citi, all now starting to set up digital asset businesses to try and capture this new generation in this new market that want exposure to this asset class. And banks must respond, private banks must respond, wealth managers must respond to be able to capture this market and unlock the opportunity.

These major names are all trusted and regulated, and have been in business for a long, long time. Being risk-adverse institutions, the fact that they are moving into this market means that the opportunity is real, and massive, to be worth the investment. Indeed, over the past year, most of the inquiries that we’re getting are from global custodians and from the private banking sector. The former are driven by demand from large asset managers like BlackRock and corporates, while the latter are

**Banks must respond...**

**Financial institutions are well placed to unlock the opportunity**



**Trusted**

Incumbents have been taking safe custody of client and institutional assets for generations.



**Regulated**

Incumbents can get to market faster with digital asset services, as already regulated entities.



**Expert**

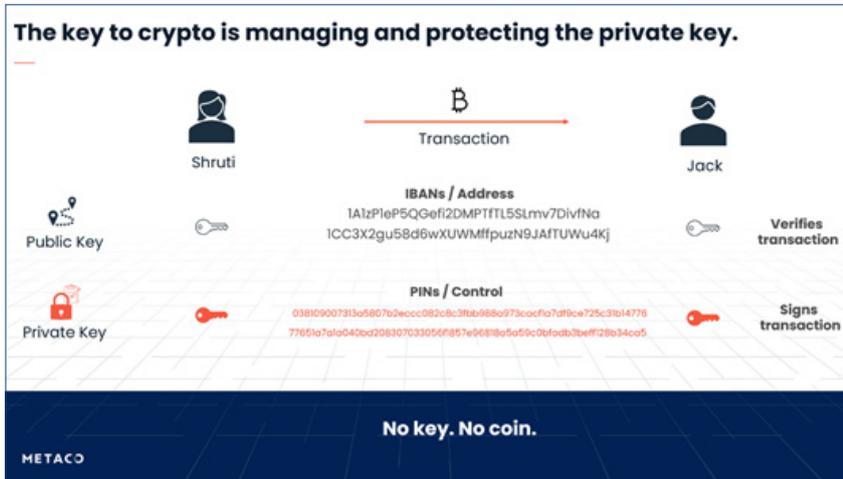
Incumbents have significant expertise accumulated in making markets around structured and complex assets.



**Customers**

Incumbents have clients with unmet needs; they don't have to incur the time and expense of acquiring them.

METACO



But that does not allow access to Jack’s account, for which he has his private key for all authorisations and activity. No private key means no access to those assets. How you store and protect the key is up to you, whether buried in a box in the garden, or whatever.

There are also solutions called HSMs – Hardware Security Modules. And more recently, hardware that’s placed in the cloud which helps to balance out the security versus agility. And then finally, a model that is growing in support is what’s called MPC – Multi Party Computation. And this involves kind of clever mathematics, and something called ‘Key Sharding’, where you split the key material and decentralise it for security.

There are other technicalities around wallets. You want to really balance liquidity and persistency. So, a ‘warm’ connected wallet and connected account provide great access to liquidity, but it’s always connected to a network, so it is hackable potentially.

If you have ‘cold’ wallets, they are disconnected from the network, the assets are stored offline, but the trade-off here is it’s obviously

driven by demand from HNW and UHNW clients that are wanting to get exposure to this space but they don’t quite yet know how.

And beyond cryptos, the bigger picture is of digital assets of all types, the next evolution of securitisation in a way, with the potential to fractionalise and digitalise vast trillions of dollars of illiquid assets around the globe. Some estimates from HSBC and World Economic Forum reckon USD24 trillion of assets could be tokenised within the next five years alone, but we think the market is even bigger than this. If every asset will be tokenised, we’re looking at an opportunity at least as big as the current size of capital markets, USD350 trillion.”

### Taking the first steps on this journey

“But where do you start? The reality is you must walk before you can run. The reality is that you can’t get to do any of this without the foundational point of setting up secure custody infrastructure, and actually being able to manage and store the assets for your clients.”

There seems to be this myth that security is only important for

global tier one multi-jurisdiction institutions. That is a total myth. Everyone in this room today spends your lives looking after and securing people’s assets in the traditional finance space. That doesn’t change in the digital asset world. It is of paramount importance to secure any and all assets for your clients.

So how do you do that and where do you start? The key to crypto is managing and protecting what’s called the private key.

So, let’s say that Shruti wants to send Jack some Bitcoin, so she will need Jack’s public key, which is like an Iban or Swift address/code, which allows direct transfer to that account, or wallet.

The graphic is a promotional slide for METACO Harmonize. It features a 3D isometric illustration of a city with various icons representing digital assets and custody. The text reads: "Institutional platform for custody and orchestration of digital assets." and "METACO Harmonize Trusted by global Tier 1 custodians, private banks and exchanges." The METACO logo is at the bottom left.

not as liquid as being fully connected all the time as per the warm wallet protocol. In some jurisdictions, you can have both warm and cold wallets.

What we've seen is that every midsize or large financial institution has been forced to diversify their risks. And this has created kind of a multi-vault setup, maybe adding in sub-custodians, which then comes with its own issues. So, the question is, then how do you manage this and how do you manage this legacy spaghetti?

Well, what you need to solve these problems or these challenges and manage the complexities are orchestration platforms. And this is something that METACO have been working on with Tier 1 banks since 2018, providing a solution to unify all of the governance into one single policy or governance framework across all the disparate backend custody, trading systems.

So, not only do we offer the backend solution for key management, but we're the only solution on the market that can support both HSM and MPC and

run them in parallel. We can also sit on top of other similar companies. So, if someone already has that same MPC, from company X, they can complement that, for extra security and to please regulators, with an HSM from METACO, and we can unify all of the governance and all of those siloed systems through one unified single point of integration.

What this then provides and allows for you as a business, you as an organisation is that you can manage digital assets in a very secure and very broad sense. You can store, you can transfer, you can access DeFi, you have smart contract capabilities, and then everything related to compliance and security, audit trails, and all the controls around the keys.

This allows you as an organisation to have a single consolidated entry point of connectivity between various applications - custody, sub-custodians, liquidity venues, AML/KYC - that when combined together create this unified platform to support your digital asset business offering. So, solving the agility and the flexibility of the systems is one thing.

"And a word of reassurance on the maximum amount of security. We work with strategic partners, and one of them is IBM. And through our platform Harmonize, we leverage IBM Hyper Protect platform, which leverages HSMs with the highest market certification for security, FIPS 140-2 Level 4, as well as leveraging things like confidential computing, to make sure that the assets are kept safe."

**To conclude, the METACO platform is a one-stop gateway to secure participation in the expanding universe of digital assets**

"We are delivering something that's infinitely scalable with the highest possible security so you can get a fast go-to market through something like a fully managed cloud infrastructure solution, managed by both ourselves and IBM. The platform is future-proof. You want to capture the opportunity that's out there. We are here to help. And that is what we're doing by working closely with important names here in the Philippines, such as UnionBank. If you want to learn more, drop us a note on [metaco.com](https://metaco.com)." ■

