

Digital Assets Insights

Hi there,

Welcome to Digital Assets Insights, a weekly collection of news, analysis and commentary. Authored by BRI co-founder Alex Tapscott, most of this content also appears in [Digital Asset Digest](#), a publication of [Ninepoint Digital Asset Group](#). We hope you find this content valuable. Please direct any comments or questions to douglas@blockchainresearchinstitute.org.

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For more information about digital assets, please see our research papers [Digital Asset Revolution](#), [Token Taxonomy: The Need for Open-Source Standards Around Digital Assets](#), and [A Taxonomy of Digital Assets](#).

You might also find our latest book "[Digital Asset Revolution](#)" interesting.

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News

Sam Altman's World App is Here: The Simple Digital Wallet with a Powerful Purpose

Sam Altman's crypto project, Worldcoin, has released its first major consumer product, World App, a minimalist digital wallet designed to prove human identity in the age of artificial intelligence (AI). As advances in AI make it more difficult to distinguish between humans and bots, Altman believes blockchain can assist. World App is built on Polygon and is the first product from the identity upstart that anyone, anywhere, can download. World App aims to redefine itself in the eyes of consumers by functioning as a stripped-down crypto wallet and a passport for the AI era. The application launched in more than 80 countries following a successful beta testing phase that saw an influx of over 1.5 million users, carrying out nearly 60,000 daily transactions on average.

Former Facebook Crypto Developers Launch Sui Which Aims to be a High-Throughput Network for the Masses

The highly anticipated Sui blockchain network, developed by former Facebook crypto project developers, has finally launched on mainnet following a \$300 million Series B funding raise in September 2022. The blockchain has shown high throughputs of 10,871 transactions per second (TPS) to 297,000 TPS on various workloads in tests, making it far more efficient than other networks, such as Solana, which has roughly 4,000 TPS. Sui is a layer-1 (L1) blockchain and smart contract platform designed to make digital asset ownership fast, private, secure, and accessible to everyone. It is a step-function advancement in blockchain technology and offers a first-class developer experience. The network will support various applications, including gaming, finance, commerce, and social media.

Box Office by SI Tickets: Sports Illustrated's Blockchain-Powered Ticketing Solution

Sports Illustrated's fan-first ticketing site, SI Tickets, has partnered with ConsenSys and Polygon to launch "Box Office by SI Tickets," a self-service event management and primary ticketing blockchain-powered solution. Box Office will enable organizers to create, manage, and promote ticketed events of all sizes with the added benefit of visibility and adjacency compared to conventional, non-NFT tickets. The platform features Super Ticket, an NFT ticket solution that offers attendees exclusive offers, loyalty benefits, collectibles, and other engagement opportunities before, during, and after the event. Box Office will debut with everything from youth football to live music bars.

Stablecoin Market Update: USDT Grows \$12B, All Others Experience Decreases YTD

Stablecoins, which aim to maintain a stable market value based on an external reference, such as the US dollar, and have experienced a nearly 8% decrease in total supply YTD, according to the latest data. The total stablecoin supply, worth \$128 billion, has seen significant changes in individual stablecoins' shares. BUSD, for example, saw a 63% decrease in just over four months, from \$16 billion in January to \$6 billion in May. This drop was caused by several factors, including regulatory action by the NYDFS and Coinbase's delisting of the stablecoin due to not meeting their standards. Interestingly, all but one stablecoin have decreased in supply since the start of the year: USDT, which in just four months, has increased by nearly \$12 billion.

The Cost of Congestion: Bitcoin Fees Skyrocket Amid Surge in Network Activity

Bitcoin's network is currently experiencing congestion due to over 423,000 unconfirmed transactions in its mempool, causing transaction processing times to slow and fees to surge. As a result, the percentage of miner revenue from fees has spiked to almost 43%, a level not seen since December 2017. The mempool serves as the waiting area for incoming transactions before each node on the network independently verifies them. This congestion is believed to be caused by a surge in BRC-20 transactions, including the recent frenzy surrounding Pepe (PEPE) memecoin. Periods like these highlight the immense importance of the Lightning Network, a layer-2 solution on Bitcoin, to support its scalability and efficiency.

Commentary

Let's Talk Tokens

By **Alex Tapscott**
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Co-Founder Blockchain Research Institute

When it comes to tokens, myths and misinformation abound. Often, all tokens are classified as "cryptocurrencies." This is unfortunate, as the term cryptocurrency is a misnomer. Most tokens are not trying to be currencies in the classical sense of a medium of exchange, store of value and unit of account. Just as websites are containers for information, tokens can be thought of as containers for value. Increasingly many businesses are harnessing digital assets, also known as tokens, to open new markets, create new products and services and reach customers. And indeed, there is a near infinite number of different tokens representing ownership in everything from money to stocks, art, collectibles, data, natural assets, and much more. Let's revisit the token taxonomy. Here are the ways tokens are being deployed today:

- 1. Cryptocurrencies** like Bitcoin attempt to build Internet-native money that can act as a store of value, unit of account and peer to peer medium of exchange. Bitcoin is the dominant cryptocurrency with a market value of approximately \$400 billion US dollars. Bitcoin also represents roughly 40 percent of the total market value of all tokens.
- 2. Protocol tokens** like ETH, which powers the Ethereum blockchain, are foundational to the development of Web3 applications. Application developers need ETH to run applications on the network. So, the more applications that people build on Ethereum, the more value accrues to its native token because of the greater demand for ETH. A power utility makes more money when it has more customers.
- 3. Governance and utility tokens** give holders an economic stake and a say in how a protocol, service, or product is operated. Adopters of the product or service can earn or buy these tokens in the open market. For example, holders of UNI have a vote on decisions affecting the Uniswap decentralized exchange, which runs on Ethereum.
- 4. Oracle tokens:** Blockchains are immutable records of transactions in a network. The information recorded to blockchains is trustworthy, searchable, and auditable. This is one of their great benefits. However, they are self-contained systems, meaning they do not have 'access' to data that happens in the real world. Oracle systems create incentives to bring accurate 'off-chain' data onto blockchains.
- 5. Interoperability tokens:** We need easy ways to connect different blockchains, kind of like bridges and tunnels for the internet of value. Interoperability protocols like Cosmos have tokens that help regulate the flow of value across chains. Perhaps the easiest way to think of them is as the tolls for canals and other arteries of blockchain commerce. The more trade there is, the more these platforms prosper.
- 6. Securities tokens** are tokens that represent a claim on a security like a stock or bond. A securities token could be a share in a company, a bond, a derivative contract, a mutual fund unit and so on. While the potential is enormous, securities tokens remain a niche, largely because laws don't widely recognize them yet.
- 7. Corporate coins** are issued by centralized businesses, mostly cryptoasset exchanges. They are like loyalty points but turbocharged. They are used by some companies for special rebates, rewards, promotional offers and so forth on centralized exchanges. But they do not always come with economic and governance rights, like equity or, for that matter, governance tokens. One application for corporate coins is loyalty points that are self-custodial and fungible.
- 8. Natural asset tokens** are backed by assets like carbon, water, or air. Natural asset tokens are a form of collateralized asset such as the carbon credit. The opportunity here is significant. Carbon offsets can help fight climate change. A decentralized global registry to buy, sell, and retire credits could expand the industry materially.
- 9. Stablecoins** are digital assets pegged to another asset with stable value such as the US dollar. Stablecoins are the primary medium of exchange in Web3 and have grown twenty times in a few years to over \$100 billion in supply.
- 10. Non-fungible tokens (NFTs)** NFTs are unique digital goods that are provably unique, provably distinct, and therefore not fungible and not interchangeable. While commonly associated with art and other rare collectibles, NFTs are also useful for expressing bespoke contracts and agreements.
- 11. Central bank digital currencies (CBDCs)** are digital assets issued by governments and central banks. Advocates argue that it could accommodate unbanked people, reduce costs, and expose financial risks earlier. But detractors warn it could be used as a surveillance tool and thus a way to control citizens.

Conclusion

Taxonomies help us organize and classify information about the world around us. They are incredibly useful, especially when industries are nascent, and confusion abounds. The one omission from this list would be the so-called "meme coins" which periodically surge from the primordial stew of internet subculture to reach dizzying values. Dogecoin is the most well known, but Pepe, an Ethereum ERC 20 token, just hit over \$2 billion in value. There will be others. In time, I also fully expect this taxonomy to become less useful. For the same reason a "taxonomy of websites" today would be silly (after all, websites can be programmed to do more than could fit in a single taxonomy), token taxonomies will feel woefully incomplete or oversimplified.

Podcasts



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Check out the latest episode of DeFi Decoded with Alex Tapscott and Andrew Young: [Is America Closing its Doors to Web3? With Sheila Warren of the Crypto Council for Innovation](#)

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