

## The Law Society of Hong Kong: 5th Belt & Road Conference

*“Metaverse and Money on the Belt and Road”*

*Session 4: How do we deal with currency, payment issues and digital assets in negotiating and enforcing contracts*

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# Agenda

## 1. Brief Introduction

## 2. Five Issues around Smart Contracts

## 3. Looking ahead

# 1. Introduction: Blockchain Adoption Is Expanding

Crypto is going mainstream at an incredible rate and has amassed an incredible ATH at **\$3Trillion** market cap. Leading financial institutions scramble to adjust their strategies and enter the market.



Cryptocurrency Market Cap

# 1. Introduction: Cryptocurrency, at Its Infancy

**~3.9%**

Penetration Rate

Global crypto penetration just started, with large populations in Asia and Africa much below 3%. A quantum **leaping in adoption** is widely expected.\*

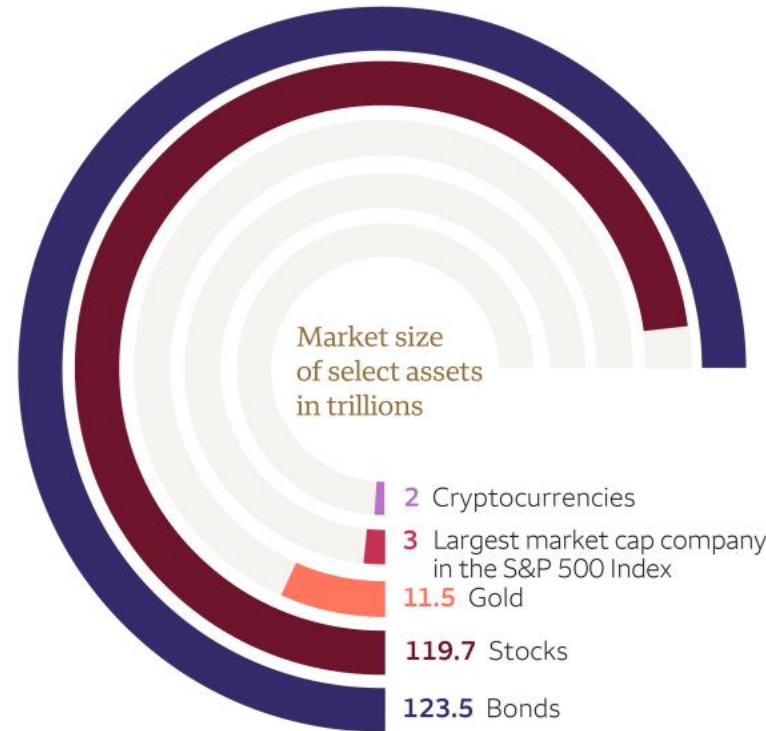
US\$3 Trillion in 2021

US\$32 Trillion in 2027

\*Sources: <https://sg.style.yahoo.com/global-cryptocurrency-market-report-2022-120800380.html>; TripleA Cryptocurrency across the world report

# 1. Introduction: Cryptocurrency, at Its Infancy

**Cryptocurrencies  
currently  
represent only a  
small proportion  
of global assets**

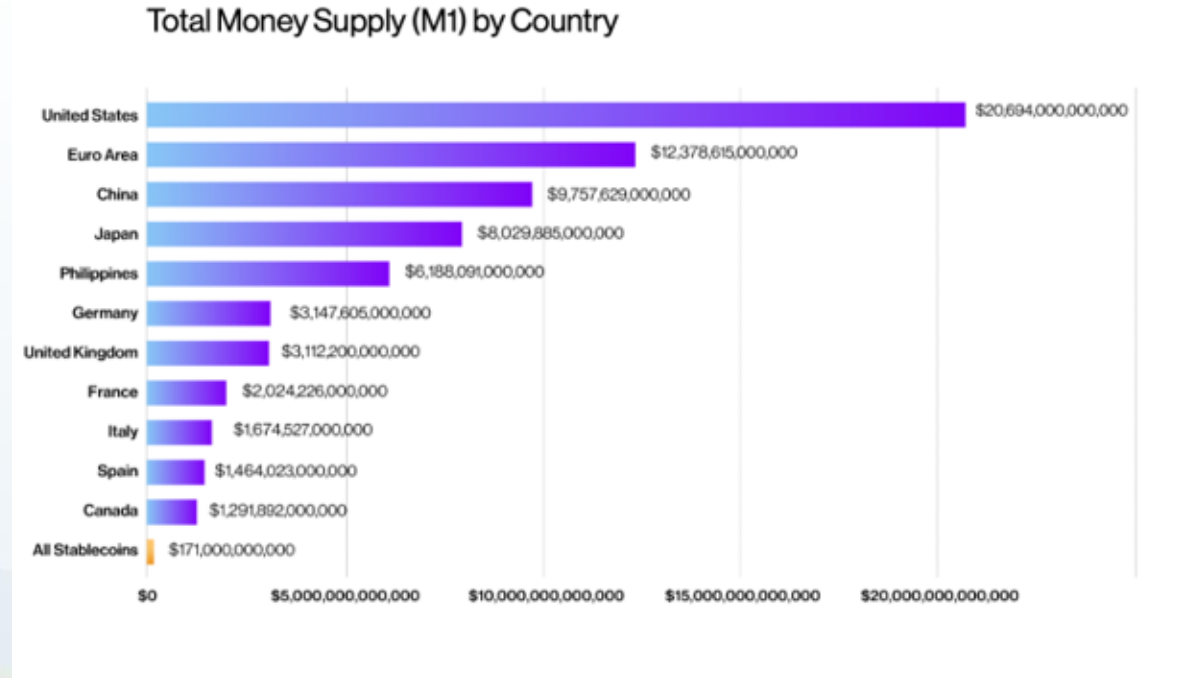


Source:

[https://saf.wellsfargoadvisors.com/emx/dctm/Research/wfii/wfii\\_reports/Investment\\_Strategy/cryptocurrency020722.pdf](https://saf.wellsfargoadvisors.com/emx/dctm/Research/wfii/wfii_reports/Investment_Strategy/cryptocurrency020722.pdf)

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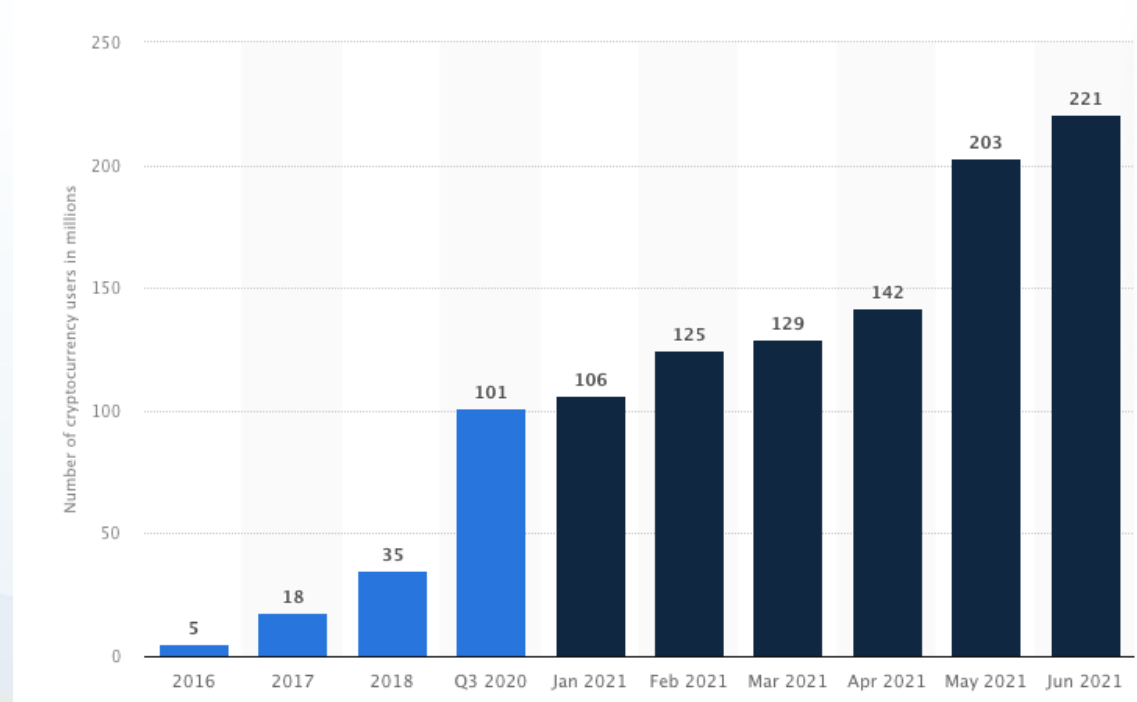
**Stablecoins represent just a tiny fraction of the world's money supply**



Source: [https://a16z.com/wp-content/uploads/2022/05/state-of-crypto-2022\\_a16z-crypto.pdf](https://a16z.com/wp-content/uploads/2022/05/state-of-crypto-2022_a16z-crypto.pdf)

# 1. Introduction: Cryptocurrency, at Its Infancy

Estimates put  
the number of  
crypto users at  
~300m



Source: <https://www.statista.com/statistics/1202503/global-cryptocurrency-user-base/>

## 2. Five Issues Around Smart Contracts

1

### Enforcement of Contracts

Counterparty Identification  
KYC  
Coding errors

2

### Cross-Border Disputes

Same or new rules?  
Conflicts of law  
Standardisation

3

### Asset Freezes

Digital Asset Challenges  
Law Enforcement Cooperation

4

### Data Privacy

Right to Forget  
Blockchain transparency

5

### Asset Prices

Volatility  
Clarity



## 3. Looking Ahead

### 1. Supply Chain Efficiencies

1. Transparency, trust, and reduced Intermediaries = reduced costs

2. We welcome HK Gov's recent Policy announcement