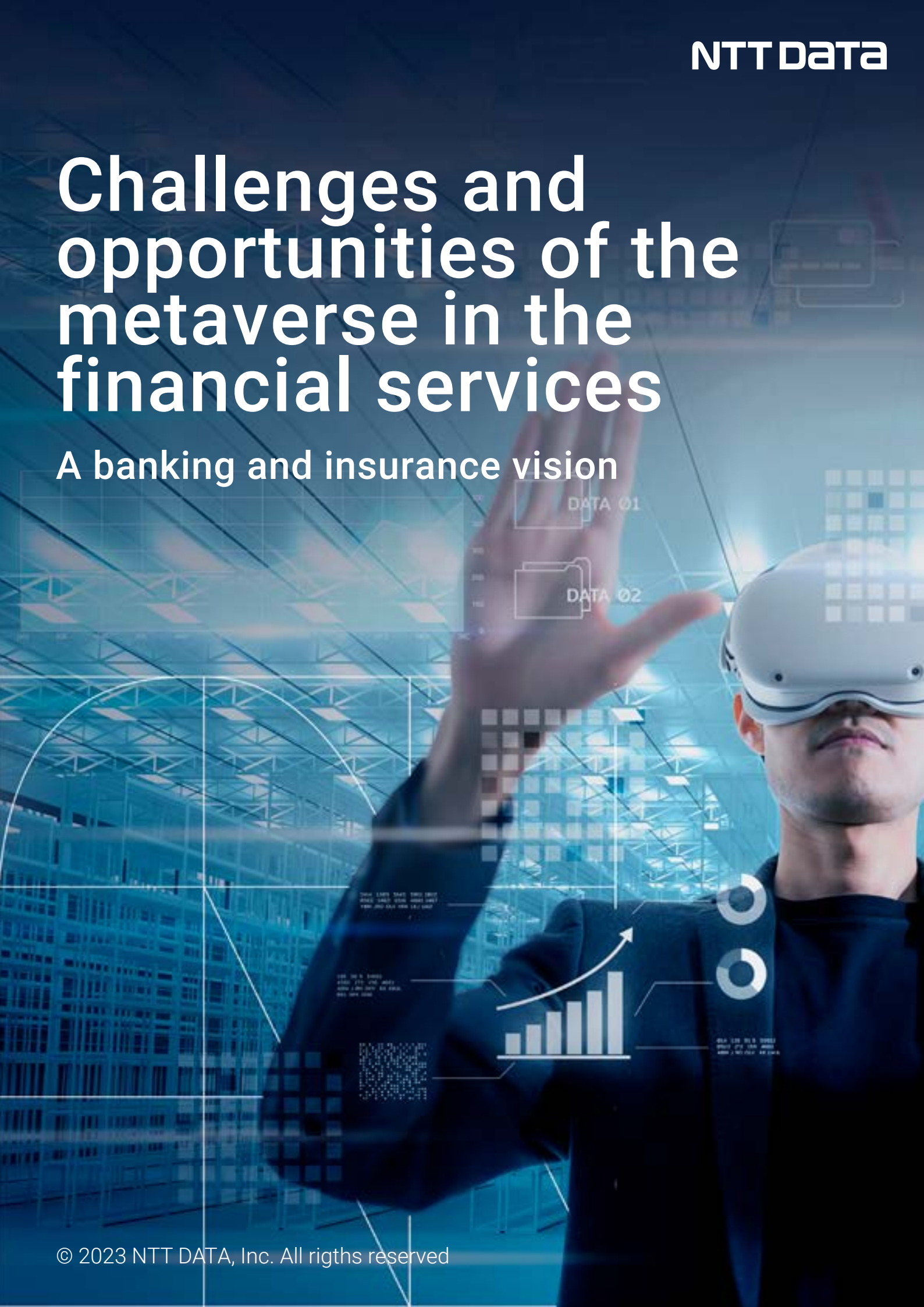


# Challenges and opportunities of the metaverse in the financial services

A banking and insurance vision



# Content

## CHAPTER 1

Introduction

## CHAPTER 2

Technologies on which the metaverse is being built

## CHAPTER 3

The financial industry and the metaverse

## CHAPTER 4

Challenges and use cases for the banking industry

## CHAPTER 5

Key challenges for banks

## CHAPTER 6

The future of the banking industry: possible use cases

## CHAPTER 7

Challenges and use cases for insurance companies

## CHAPTER 8

Turning weaknesses into strengths

## CHAPTER 9

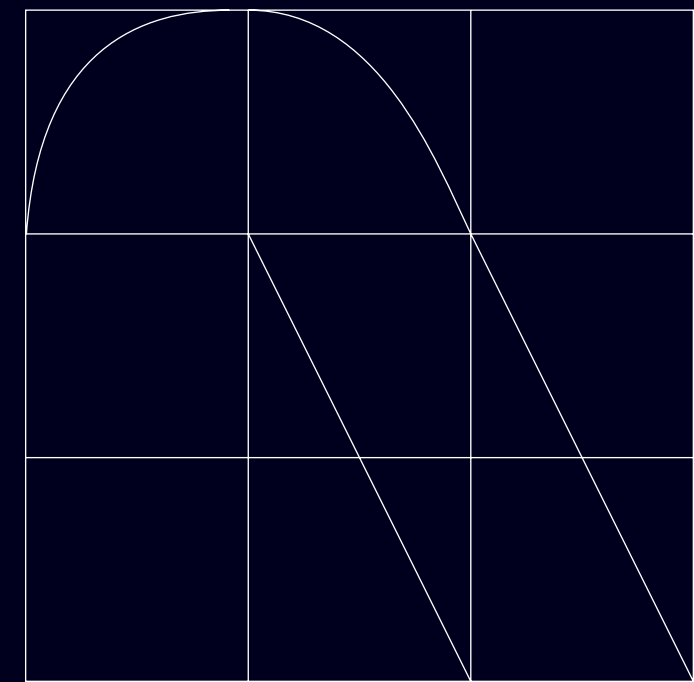
Relevant use cases in insurance and insurance banking

## CHAPTER 10

Conclusions

## CHAPTER 11

Why NTT DATA?





## CHAPTER 1

# Introduction

Experts agree that the metaverse, from both a technological and also a business perspective, still has a long way to go before reaching its full potential. Some sources, including Meta founder Mark Zuckerberg himself, estimate that it will take a minimum of ten years before his promise will be fulfilled. According to Gartner, only one in four people will spend an average of one hour per day in the metaverse by 2025 and only 30% of companies will have products or services ready for this new space.

Doubts surround even Meta, one of the parties with the highest stakes in the triumph of the metaverse. The company that aims to bring the metaverse to the masses is not achieving the expected results with the launch of Horizon Worlds. In fact, according to the Wall Street Journal, it currently only has 200,000 active users per month, significantly below its initial goal of 300,000 active users by February 2022 and well below the 500,000 it wanted to achieve this year. The same source also ensures that only 10% of Horizon World's venues and spaces are traveled by at least 50 people. That is, of the 10,000 places available in this metaverse, only 1,000 receive 50 visits on average. Another noteworthy piece of news is that users do not return to the app after the first month.

With this information in mind, and redirecting our focus to the world of financial services, we ask ourselves whether financial entities and clients are preparing for this paradigm shift. Given that there isn't even a majority consensus on how to define what the metaverse is, the answer is probably no.

However, as with any other new technologies, companies do not go from zero to one hundred in a short period of time. No organization tackles a journey to the cloud process in a few years, just as you don't achieve optimized data management overnight.

Therefore, the challenge for financial services companies in this early stage is not to plunge into the metaverse with a defined idea, but rather to explore its different possibilities and test its application in different use cases.

Given the uncertainty of a technology like this, it's unlikely that large banks or insurers will pivot into these virtual universes anytime soon. But we are beginning to see examples and evidence in different areas of the value chain of these industries.

These and other reflections are what we want to share in this document. To reach them, we have investigated use cases at an international level, in addition to obtaining the opinion of our clients through surveys. This report is, therefore, the result of a combination of market trends, conversations with analysts and the answers provided by our clients anonymously.







**CHAPTER 2**

# Technologies on which the metaverse is being built

Despite still being in its early stages, the metaverse is something that already exists and a concept that more and more people have heard of. Its technical details, however, are less well known. For example, what technologies is it based on? Let's say that the construction and evolution of the metaverse depends on several technologies that are also still new.

As in the case of the Internet, which reached its current level of maturity thanks to the development of a series of adjacent technologies that made its growth and expansion possible, there is another series of technologies that are crucial for the metaverse to reach its full potential.





## WEB3

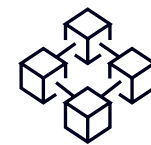


Web 3.0 or Web3 is the term used to define what many predict will be the next generation of the internet: a data-driven, connected, decentralized intelligent web. If Web 2.0 was characterized by the rise and dominance of cloud-based technology, mobile and social platforms, Web 3.0 will be all about artificial intelligence (AI), machine learning (ML) and high-speed data computing. The technological ecosystems on which Web 3.0 is being built (such as blockchain, cryptocurrencies, NFTs or DeFi) are all geared towards an open, decentralized and permissionless internet. This eliminates the need for monitoring by trusted third parties, giving users more control over any content or asset they create.

None of this is to say that the advent of Web3 or a metaverse where worlds are open, integrated, and decentralized is a certainty right now. Achieving integration between virtual worlds and platforms is not an easy task. Furthermore, the most critical voices have expressed skepticism about the possibility of achieving decentralization through Web3, given the technical complexities of ensuring that different worlds across different platforms can be cheaply and securely connected.

Another obstacle wielded by the most incredulous are the economic realities of the digital world. Undoubtedly, the advancement of the metaverse will have a lot to do with the maturity of Web 3.0 and vice versa.

## BLOCKCHAIN & NFT



For the decentralization that will be key in the advancement of Web 3.0, blockchain technology is key in, for example, auditing NFTs (non-fungible tokens). NFTs as a currency for transactions in the metaverse will use the same blockchain technology as cryptos, although they will not be a type of currency in themselves. This use of the blockchain means ensuring that these assets are auditable, that is, buyers of a single asset could track it. The blockchain, therefore, is in charge of introducing the features of interoperability and deficiency. This interoperability will be essential to the maturity of the metaverse.

## AR & VR



Being familiar with augmented reality and virtual reality is vital in understanding how the metaverse works. The first allows three-dimensional information to be superimposed on the real world that we perceive (Pokémon Go is the best-known example). To experience it, no extra devices are necessary: a smartphone is enough to perform actions in augmented reality. Most smartphones currently contain libraries that allow you to test it, such as ARKit (iOS) and AR Core (Android).

In the case of virtual reality, the user stops perceiving the real world, only to enter a virtual world through a specialized device (virtual reality glasses or helmets). This technology is mainly based on two very powerful graphics engines, Unity and Unreal.

## CHAPTER 3

# The financial industry and the metaverse


Everyday we wake up to a new headline about the metaverse. News of all kinds: many positive and also quite a few negative, but, in any case, an incessant trickle of headlines and news coverage. The level of interest right now is such that the constant generation of content on the subject seems necessary.

Most of the news and communications that we find in this regard focus on the following topics: (1) immersive technologies (platforms, devices, new investments in the market, new players, etc.) and (2) open questions that are normal in such an incipient stage as the one we are still in.

With this report we try to provide some new or complementary approach, either in terms of possible answers to some of the questions that we ask ourselves today, or, and above all, in terms of practical use cases, which is an area that is less explored.

Let's focus on the financial industry and how it could take advantage of the metaverse both in the future and in these early phases. The financial industry helps people to achieve their goals, their dreams, to protect what they value most, but it does not provide the end in itself. The financial industry provides solutions that allow us to achieve what is difficult for us to achieve, normally from an economic point of view. And those things that are difficult for us to achieve are normally the ones that we value and need the most.

The doors that the metaverse opens for the financial industry are numerous. It could be used with the aim of promoting a closeness with the topic or facilitating things that help clients achieve their goals. In the same way, it could contribute to the understanding of the instruments that the entity makes available to its clients as a means to achieve that objective. And it could even, why not, help the employee in his daily performance. All this with a clear focus on experience as the backbone, which is one of the fundamental aspects of the metaverse.



**The metaverse may already be useful today. For example, it can become a key element to strengthen awareness strategies and to increase the visibility of the company's innovative axis.**

On the other hand, the metaverse itself could give rise to new lines of business and new products. For example, will it be necessary for insurers to launch new lines of business to offer coverage to the digital assets that are marketed on the new digital platforms? Will the new digital assets associated with these new platforms be an instrument for diversification in investment strategies for customers?

There are many potential future uses for this paradigm, but the metaverse may already be useful today. For example, it can become a key element to strengthen awareness strategies and to increase the visibility of the company's innovative axis.

Be that as it may, we are still far from clearly seeing all that this new scenario can bring to the financial industry and to society in general. We will discover some thoughts on all this in the next sections of the report. We will do it, in any case, with the prudence of those who approach a concept as apparently revolutionary as this with a still limited vision.



## CHAPTER 4

# Challenges and use cases for the banking industry


### A NEW MARKET IS BORN: NEW CAPITAL FLOWS

We tend to compare the concept of the metaverse with the idea of new virtual worlds and immersive experiences, but the truth is that we have been living with this type of technology for years without having placed it under the metaverse label. The video game industry, for example, has taken giant steps in recent years, and the new generations are used to navigating open and almost infinite virtual worlds. It does not seem, therefore, that this is what defines the metaverse or what is generating the storm of information around it.

The metaverse goes beyond providing us with a new channel. It carries with it the concept of a digital asset, a new object of desire for which the users of these platforms are willing to make financial outlays, sometimes with irrational joy. Thus, we have all witnessed very significant movements in markets such as real estate or the world of art, as well as the proliferation of a range of consumer goods that some are even prioritizing over their physical counterparts.

The development of this new transactionality, supported in many cases by the digital currencies of these platforms, is what is giving rise to the appearance of a new market. A market in which very diverse solutions fit and in which we are yet to see many things. A market that different organizations have dared to quantify by presenting figures of authentic vertigo.

In our opinion, the idea of a new market together with the possibility of directly interacting with private individuals and legal entities, is what gives the metaverse a meaning that goes beyond that of a simple virtual world. We can talk about a paradigm that derives from the combination of different technologies (immersive platforms (AR/VR), cryptocurrencies, blockchain and Web3 among the main ones); and it is this convergence that now makes the stories that Neal Stephenson narrated in *Snow Crash*, the novel that coined the term metaverse for the first time in 1992, become a reality.



**What role can banks play in this new scenario? The short-term answer does not seem easy, but without a doubt, if we are talking about a market, a new economy, we are talking about movements of capital in any form. In this context, as is the case with the rest of the markets, the financial industry in general, and banking in particular, must be protagonists.**





## CHAPTER 5

# Key challenges for banks

Before addressing more specific issues related to the services that banks can offer through this new channel, let us pay attention to two of the issues that are in the spotlight and that may condition the future of this new model.

### CONTROL OF IDENTITY AND DATA

Is possibly one of the most controversial issues today. Although when we talk about the metaverse we usually think of a single concept, the reality is that there are multiple implementations of this idea. Most of them are managed by private organizations that have their own standards and their own models to incorporate, trace, guard and manage their users and the information they generate. On many occasions, in addition, they also operate with their own currencies. This model does not seem sustainable in any way and we consider that it is a consequence of the low level of maturity that the metaverse currently has.

In increasingly decentralized models, users must gain control over the footprint they generate on these platforms, and there will be no other way to achieve this than through proper regulation.

With the aim to work on aspects such as interoperability, convergence or security on these platforms, syndicates are beginning to be set up with the participation of companies from multiple sectors, as well as highly prestigious organizations in the field of standardization (for example, the Metaverse Standards Forum™). We believe that in the near future, despite the "decentralized" nature of the Web3 concept, we will witness a convergence that unifies aspects such as those mentioned.

We also believe that in increasingly decentralized models, and taking into account the most recent history in digital transactionality, users must gain control over the footprint they generate on these platforms, and there will be no other way to achieve this than through proper regulation. This aspect is a challenge of the first magnitude and possibly one of the most interesting ones to follow in the short-medium term. It remains to be seen how to combine decentralization and the metaverse with the fulfillment of the basic rights, responsibilities and obligations that operate in our world.



## THE REGULATORY CHALLENGE

From our point of view, in the long term, metaverses subject to traditional regulation and metaverses subject to their own regulation may coexist. Thus, we believe that the regulation of the financial sector should be able to cover three fundamental axes of service as it enters this new technological universe:

- **Current banking regulation (acting as a channel):** The rules will be established according to traditional banking regulations. This first service axis would only cover the new circuits or channels through which financial institutions offer their products and services to their current or potential customers. The service would continue to be provided from the real world, supported by traditional products and using FIAT currencies.



- **Regulation of the interactions between banking in the real world and banking in the metaverse (acting as a branch):** Both the (i) regulations established for traditional banking, (ii) modifications of current regulations or (iii) new regulations will be used specific to the metaverse. This point covers banking establishments where the administrator has powers of legal representation and the bank is established as a physical office in the metaverse offering customers specific products based on their preferences. In this scenario, both traditional products and specific products for the metaverse would be used, combining the use of FIAT currency and cryptocurrencies.
- **Internal regulation of the metaverse (acting as a subsidiary or new bank):** New rules must be developed that take into account the specific cases of the metaverse. In the case of a subsidiary, we would be talking about an independent legal entity, autonomous and different from the parent bank and controlled by it. In the case of a new bank, we would refer to an independent commercial entity that carries out financial operations with money from shareholders and customers. In both cases we are talking about establishments in the metaverse, with specific products for this model and transacted entirely through cryptocurrency.

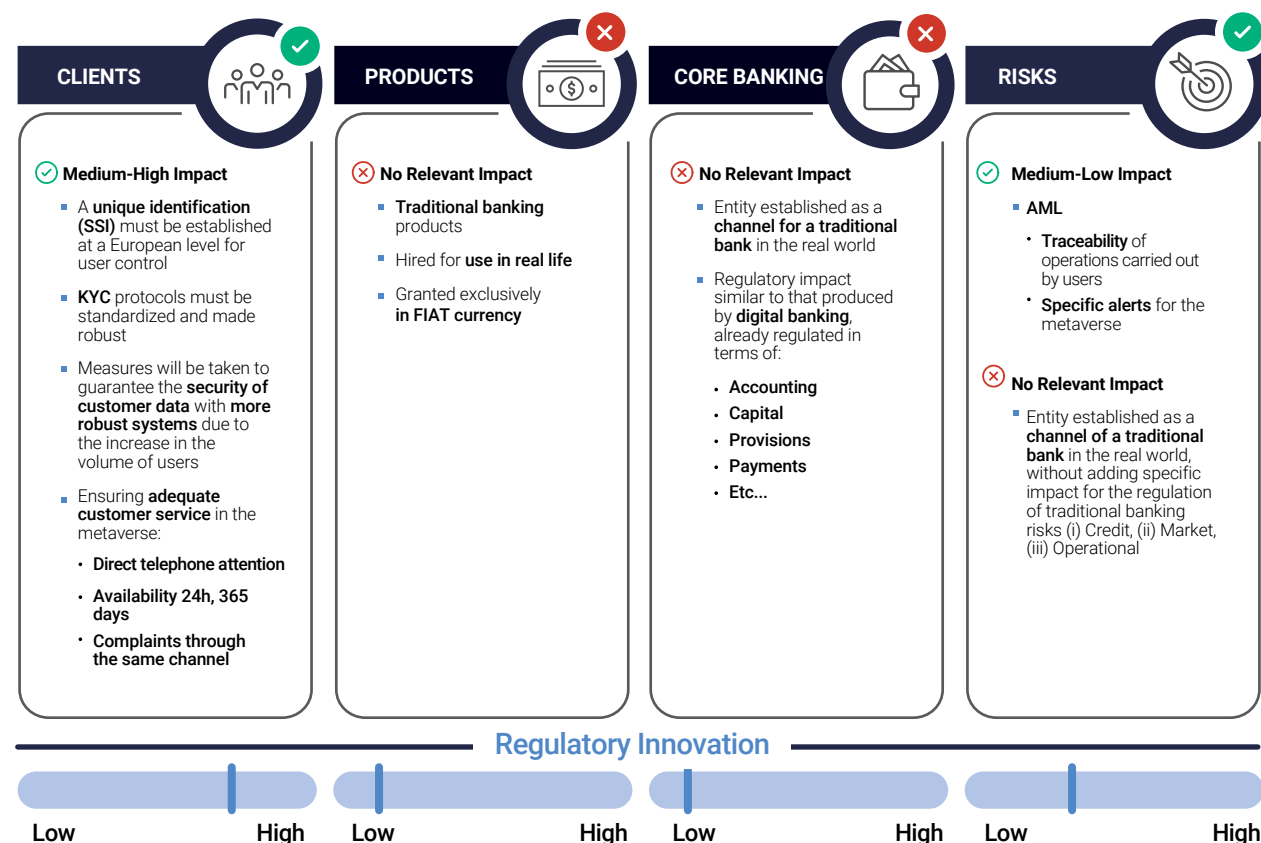




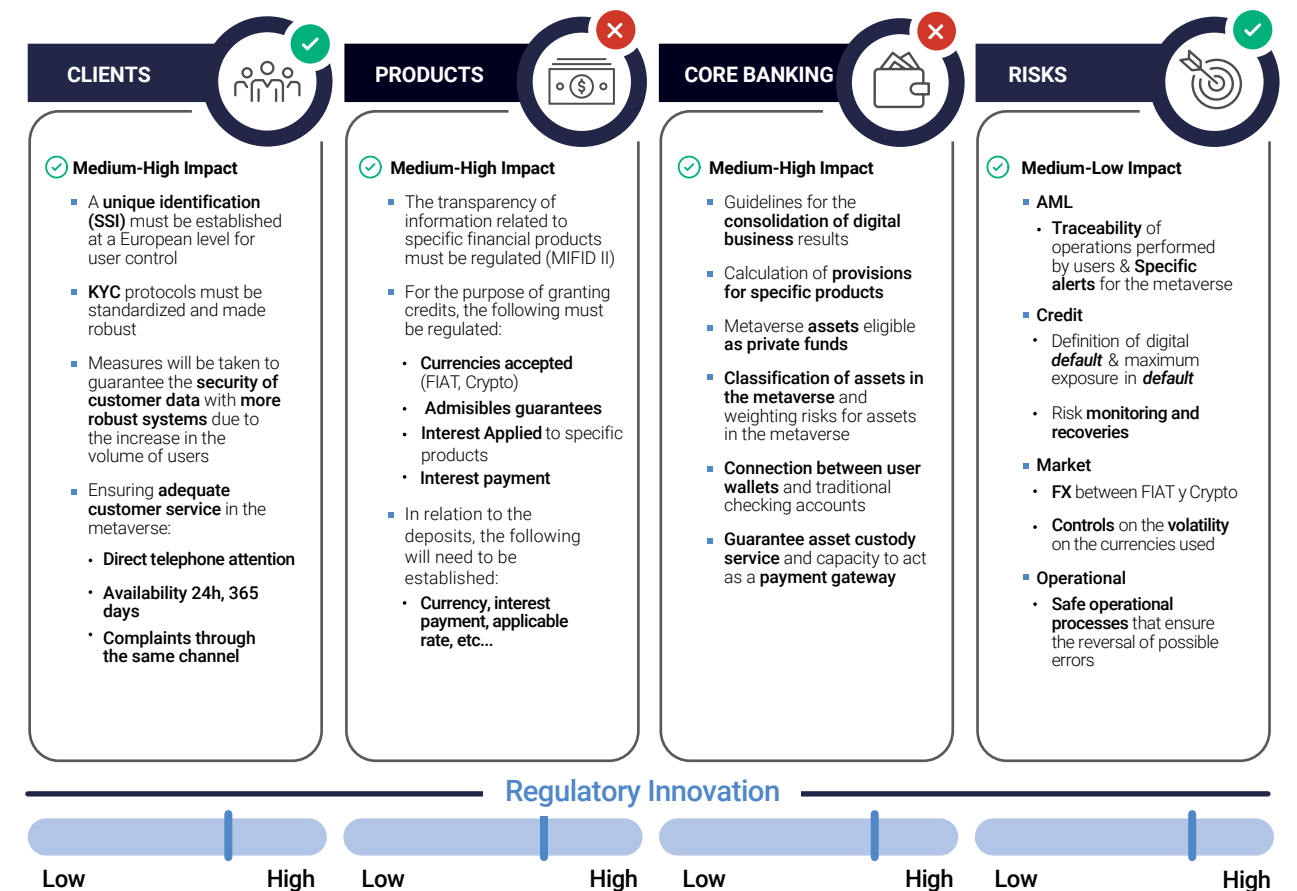
Taking into account these three axes of service described, the areas of regulatory impact applicable in each case, together with the level of impact, would be, from our point of view, the following:

## Applicable regulation by type of establishment in the metaverse

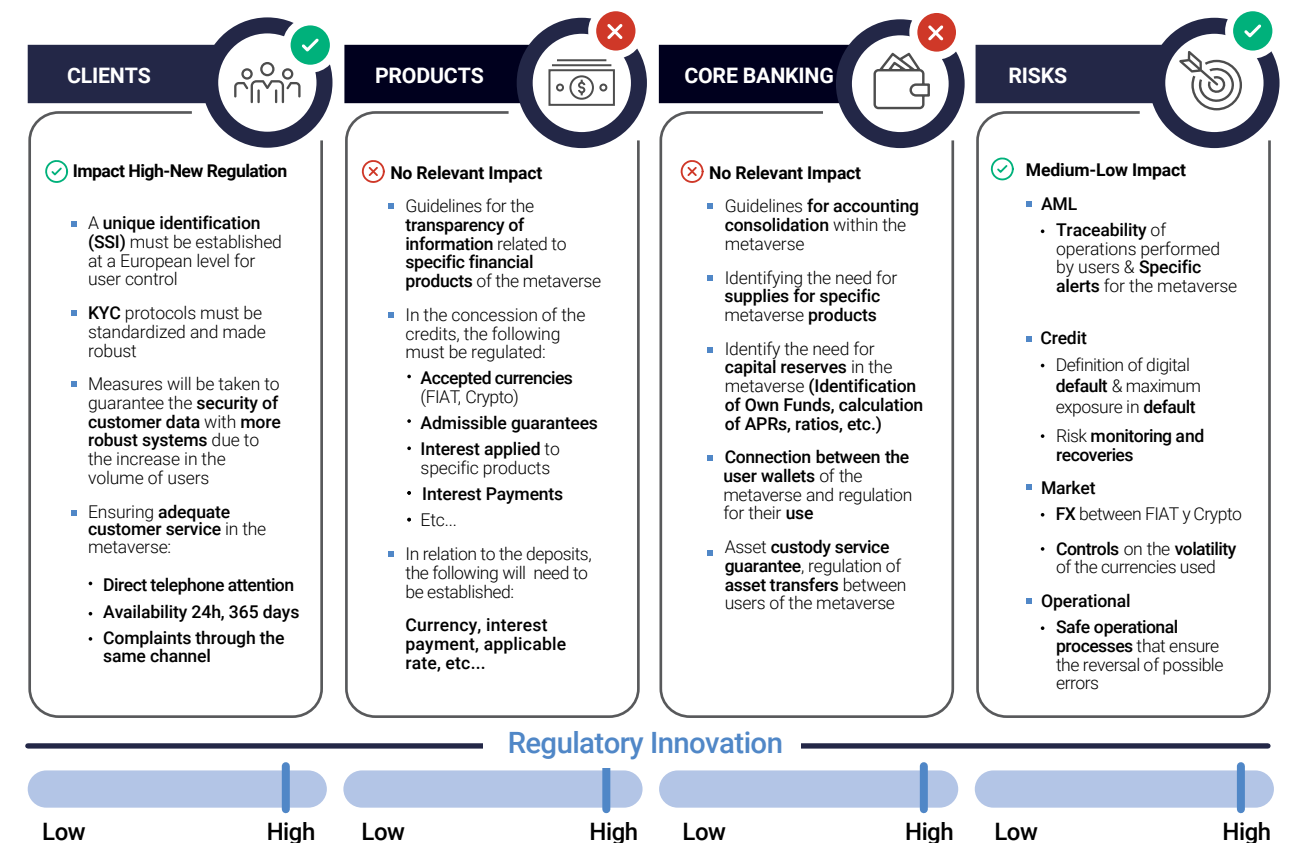
### Establishment as a channel:



### Establishment as a branch:



### Establishment as a subsidiary or a new bank:





## CHAPTER 6

# The future of the banking industry: possible use cases

Having analyzed the fundamental issues that center the main part of the current debate, and taking into account the incipient state and maturity of the metaverse, we will now talk about some of the possible lines of action and use cases that banks could implement in the short-medium term.

To draw up a first classification of these use cases, we will divide the target audience of the experience into external customers (customers as such and users) and internal customers (employees and potential candidates to be). Today, there are already examples in the industry of the first initiatives aimed at both.

### EXTERNAL CUSTOMER

From attracting and acquiring new customers to developing strategies to increase awareness, offer visibility, marketing and growth, the metaverse can offer opportunities that are interesting to explore. It is on this customer profile that the main initiatives that have emerged in the market to date are focusing.

We identify four possible lines of work:



**Attracting and acquiring a new customer:** The metaverse can be a useful tool when it comes to helping companies increase target user traffic, especially if the younger audience is one of the objectives of our entity. They are the ones who move best among technological innovations, so offering experiences according to their habits and interests can be an excellent way to attract our brand and capture future leads.



**Improving financial education:** The diversity and sometimes complexity of a financial institution's portfolio of products and services means that few customers are really aware of everything their bank can offer them. Traditionally, the guidance provided by professionals through the branch network or remote assistance services has been key.

- In the current context, with a diminished agency network, support in channels such as the metaverse can help reduce the gap in financial education.
- In this way, and especially for the younger generations, the use of immersive scenarios that simulate real situations in which the financial industry can provide solutions, can be an important line of work that facilitates vital information about the products and services.



**Reinforcement of brand positioning and awareness among the bank's main target customer segments:** We live in a 24-hour-a-day connected society in which the constant receipt of stimuli through different communication channels makes it difficult to divert the attention of customers towards a specific product and service offering.

- As we have previously commented, the metaverse is generating interest, it is generating conversations in companies from all sectors, and information about its news and possibilities is massively consumed. For this reason, focusing on awareness initiatives around the metaverse is a smart way to attract the attention of our target audience above other stimuli. In this sense, it is satisfactory for various entities at a global level to see the repercussions that the innovations and initiatives that are being launched in this new space are having. From a notoriety perspective, the return on the investments made will most likely be high.



**Commercial development / growth strategies:** As we already mentioned, the average financial culture of a company limits the commercialization potential of certain products in most geographies, especially the most complex ones, which are often among the most profitable for companies entities. Through the metaverse, it would be possible to disclose how these products work and the value they provide us, in a different way, facilitating the understanding of their risks and benefits, which also represents an opportunity for banks. Also leaning on an axis such as sustainability could even add greater value to the message and make it more attractive to certain customer profiles.



**Learning on an axis such as sustainability could even add greater value to the message and make it more attractive to certain customer profiles.**

## INTERNAL CLIENT

Questions around the possible evolution of the metaverse influences entities which prefer to mature the concept internally before venturing into the real market. This strategy also allows you to avoid having to take sides with one of the main platforms (Decentraland, The Sandbox, Horizon Worlds, etc.), being able to opt for your own platforms with less risk and cost. In this scenario, we identified 4 potential lines of work:



**Employee training / awareness:** Encouraging self-learning of certain processes in which traditional channels are not entirely effective or in which the training costs necessary to reproduce certain situations are high, can be a simple way to gain efficiency through metaverse. For example, certain aspects associated with the office system could be reproduced without the need for a physical presence.



**Approach to the talent market:** Attracting talent is an absolute priority at a time like the present in which there is a shortage and a lot of competition. Using technologies such as the metaverse, we can reach broader markets, both through our own means and in association with universities or business schools, which in some cases are also beginning to take steps in this new channel.



**Improvement of process efficiency:** Sometimes, employees are faced with processes that, for decision-making purposes, require complex information analysis, spatial vision or simulations. Immersive environments such as those provided by the metaverse can simplify some of these processes, allowing the relocation of certain actions and reducing significantly some cost items. In addition, some of these processes are incompatible with teleworking models, so the use of this new medium could help reconcile and improve working conditions.



**Socialization between employees:** Remote work is already a reality in the corporate field. The metaverse can be a perfect complement for the organization of events, talks, workshops, work groups and meetings of geographically dispersed teams with very low costs.





## CHAPTER 7

# Challenges and use cases for insurance companies

Historically, one of the big problems insurers face is that their clients perceive them as companies they don't need to interact with on a regular basis. On many occasions, the points of contact occur only at the time the policy is bought and, if the claim occurs, during the specific procedures to manage it.

**On many occasions, the points of contact occur only at the time the policy is bought and, if the claim occurs, during the specific procedures to manage it.**

According to data from a survey carried out by the Lightico company in the United States in September 2021, only 11.5% of the policies marketed by intermediary insurers (brokers and agents) are completed using the mobile application. This data is significant, since it indicates that not even insurers are capable of selling their insurance on this type of digital channel. In the case of claims management, this same survey reveals that only 10% of claims are sent through the app. This suggests that more innovative and abstract spaces such as the metaverse will surely face significant barriers if they become an insurance sales channel.

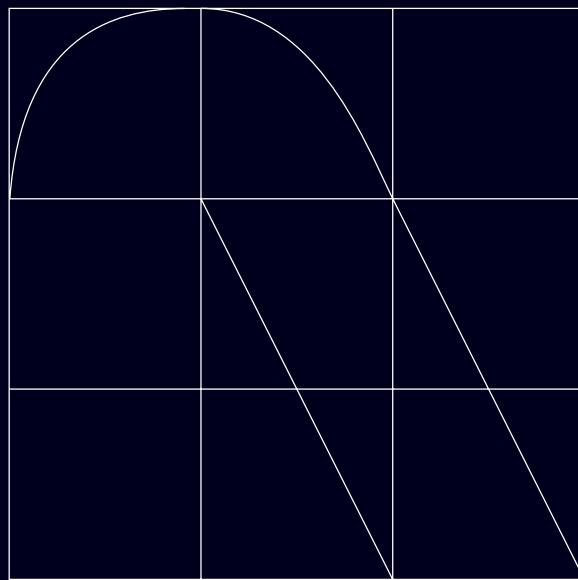
Therefore, in the insurance industry the metaverse will face problems very similar to those now affecting mobile applications where users have to demonstrate their digital identity at different points in the process (passwords, double authentication factor, facial biometrics, fingerprint access, digital signature... to comply with security standards and with the legislation that regulates the operations of the industry. Carrying out insurance-related operations in the metaverse will come with similar requirements that could make the experience less smooth.

One of the challenges for insurers in the metaverse will be to answer the following question: why would a user decide to enter the metaverse to interact with their insurer? The answer is complicated, even more so when we know that insurance customers still prefer more traditional channels to buy a policy. However, insurance companies are beginning to take small steps in that direction so that their youngest clients can connect with

them in a way that is closer to their consumption habits.

The path to the metaverse is not unique or linear, but is made up of different accesses and phases. Many companies are already beginning to develop initiatives in the fields of augmented reality or virtual reality or have taken steps in artificial intelligence and machine learning initiatives. We must not forget the proof of concept (PoC) or real initiatives around the blockchain.

Access to the metaverse, therefore, will not be something binary. The consumer will not be outside or inside the metaverse when it becomes a complete reality, but they will have gone through different scenarios beforehand. The insurers' strategy must contemplate the journey of their clients towards these new spaces. Only insurance companies that take the necessary steps in the next few years will reach the metaverse with an advantage.



On the other hand, there is another question that insurers must answer: do they need to develop their own metaverses or do they have to integrate with one of a third party? To answer this, they need to define how these platforms will be accessed. It's necessary to understand how people will access the services that operate in the metaverse, for example, if they do so through the big technological players (MAGMA: Meta, Apple, Google, Microsoft, Amazon) or if they do so through other channels such as a platform created by the insurer itself.

This is vital, since, depending on their choice, the service providers in the metaverse (including banks and insurers) will have to adapt to the ecosystems created by these large companies or, if they decide to create their own metaverses, open the door to other providers. We are talking once again about one of the great challenges of the metaverse: interoperability. In other words, that the data produced in the insurer's metaverse environment is easily shareable and actionable with other players in order to produce new interactions in real time within the same space.

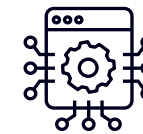


## CHAPTER 8

# Turning weaknesses into strengths

In addition to some critical factors such as those mentioned above (uncertainty about the short-term possibilities of this technology, limited investments, approximation through proofs of concept rather than through real exercises), other obstacles must be added, such as the high cost of devices (glasses, headsets, powerful equipment...) or regulation.

All of these elements make the metaverse a reality that is still a long-term plan, not just for insurers or financial services companies, but for almost every other industry. However, insurance companies have the ability to work on other aspects to ensure that, when the time comes, they will be ready to offer their products and services in the metaverse.



**Interoperability:** As mentioned before, interoperability will be one of the key drivers of the metaverse. It is a concept that is closely linked to our approach to Insurance Liquid Ecosystems, in which we believe that only companies that open their systems to third parties and connect with those of others, will occupy a relevant place in these spaces.

The metaverse will be one more element within the ecosystems. For this reason, all the steps that insurers are currently taking to build the foundations of "their metaverse", will be essential for when the new reality arrives, something that will probably happen, as experts point out, in no less than ten years.



**Security:** As in any other virtual environment, users demand security in their operations and transactions. It will be key for insurance companies to be able to offer security to their customers throughout the entire spectrum of actions they carry out in the metaverse (virtual identity, protection of personal data, protection when making payments or renewals, etc.).

The other side of the coin is how insurers can create new products and services to protect their customers from those risks. In this sense, in this document we review a series of specific use cases in which insurers could create new products associated with the development of the metaverse.





**Ethics and data use:** With the arrival of the metaverse and all the technologies associated with it, insurance companies will have more ability to collect user data. Thus, many data that users currently do not want to share with insurers can be obtained in the metaverse thanks to the generation of experiences that are different from the current ones.

As a consequence, insurers will have to reflect on how they use that data. For example, companies will have to understand what to do with the information coming from gamification actions or those actions that monitor the constant activity of a user. Responsible and transparent use of that data will be critical in creating new immersive experiences in the metaverse.



**Connection with users:** One of the great assets that the metaverse has is the emotional base that exists behind the technology. Since the emergence of social networks, it has become clear that users are moved by parameters related to group membership, recognition from others or the need to show others what is done or what is achieved.

The metaverse, as we have explained in this document, is the conjunction of different technologies, some of them based on senses such as sight (what the user sees). But the emotions that the person shows when they are presented with something (an advertisement, an experience, a service...) are also fundamental. With technologies such as machine learning or facial recognition, it is possible that companies can interpret, almost in real time, the reactions of users to adapt what they are offering.



**Regulation:** Of course, all the aforementioned matters must be regulated by the different governments and public institutions. As the metaverse is a set of technologies and processes, the regulation is probably not unique. Some elements are already being regulated or are in the process of being regulated, such as intellectual property or data processing. However, there are many other aspects that have not yet been regulated, such as cryptocurrencies.

In parallel, the European Union (through the European Commission is already working on two proposals that may influence what the metaverse will ultimately look like. Specifically, it is the DSA (Digital Services Act) and the DMA (Digital Market Act), both joint regulatory proposals of the European Parliament and the European Commission. These try to regulate the way in which the companies that create and offer metaverses and the companies or users that carry out their activity in them are related, among other issues.



**How can the insurance industry begin to explore the metaverse?:** In the box below, we summarize some of the ideas that, from our interviews with experts and customers, we think it makes the most sense for insurers to start exploring. We have identified different actions for each of the areas of the insurance industry value chain:

PRODUCT DEVELOPMENT	SALES AND DISTRIBUTION	INSURANCE UNDERWRITING	POLICY MANAGEMENT	COMPLAINTS MANAGEMENT
<ul style="list-style-type: none"><li>Insurance companies will be able to create products that cover, among other things:</li><li>The responsibility of companies operating in the metaverse</li><li>Digital assets, covering NFTs, virtual currencies and currencies, and blockchain - based assets and currencies</li><li>The mental health of people who interact in the metaverse</li></ul>	<ul style="list-style-type: none"><li>In the offices and also on the web or digital channels:</li><li>Through avatars<ul style="list-style-type: none"><li>They will be able to create new experiences on site to explain their products. For example, home coverage</li><li>They will be able to inform the client of the risks of a certain context so that they understand the benefits of getting an insurance policy. For example, when a user wants to know the coverage of their home insurance policy, they generally do not read the entire contract</li></ul></li></ul>	<ul style="list-style-type: none"><li>Insurance quote with real examples. Auto and home coverage</li><li>Premium discounts for doing certain activities</li><li>Paying premiums through virtual currencies or through activities</li><li>Creation of NFT policies and smart policies, and smart contracts based on rules predefined by all parties</li></ul>	<ul style="list-style-type: none"><li>Call Center and virtual Q&amp;A</li><li>Sell - service and inquiries from the insured about their policies and conditions</li></ul> <div>+ Employees</div> <div>+ Talent</div>	<ul style="list-style-type: none"><li>Expertise through the metaverse</li><li>After and accident or fire (more for training)</li><li>Make compensation payments through digital assets</li><li>Receive an extra replacement car if you do any activity</li></ul>



## CHAPTER 9

# Relevant use cases in insurance and insurance banking

### STATE FARM

The North American insurance company has recently developed a proof of concept (PoC) so that its actuaries can quote policies for small companies in an immersive environment. The objective of this PoC is that the insurer's employees do not have to travel to their client's facilities to quote the insurance, but can do so virtually through the metaverse.

The idea is that, using virtual reality glasses, the insurer can analyze all the details of the company (square meters of the premises, security measures, vulnerabilities...).

Beyond the proof of concept, and as we will see that CaixaBank also does, State Farm is exploring the metaverse as a way to reach younger customers.

To do this, they have linked up with the music sector and developed (together with iHeartMedia and Intel) iHeartLand, an interactive music-themed space on Roblox. Specifically, State Farm has created State Farm Neighborhood, an initiative that offers users a set of experiences around the world of music: live virtual concerts, brand actions for fans...

These types of actions allow State Farm to reach its audiences in a different way. In addition, they make it easier for you to obtain data from your potential clients and interact with them through virtual experiences, among which the rewards offered to users for carrying out certain activities on the platform can be highlighted.

State Farm is exploring the metaverse as a way to reach younger customers.





## AXA

The French multinational company announced in February that it had purchased a digital "land" in the Sandbox territory, a video game based on the Ethereum cryptocurrency that allows players or users to acquire a piece of the world in the form of NFTs (non-fungible tokens). In this space, users and brands can, in turn, develop custom games and places to offer personalized products, services and experiences.

This initiative allows the insurer to position itself as an innovative company that seeks digital and technological talent through the metaverse. Just as it is about connecting with customers in a different way, this connection with new talent is also sought through virtual experiences.

In addition, it is also important for the company to reach another key group: the employees. Thus, Axa invited more than 1,500 company professionals to a space called Gather Town, a SaaS (Software as a Service) software platform in which employees can connect to different services such as Microsoft Teams, Zoom or Google Meet to maintain separate conversations in parallel, entering and leaving those conversations in an easy and agile way, regardless of the videoconference platform that each person uses.

## CAIXABANK AND VIDACAIXA, AN EXAMPLE OF BANKING-INSURANCE

The example of the financial group CaixaBank (banking-insurance) is quite paradigmatic, since it has been exploring different initiatives within the metaverse for several months now.

The first, aimed at its community of young users, is called Imagin. Through ImaginLAND, a virtual world available on the **play.decentraland.org** platform, users can access different content and spaces. For example, for the launch, a concert was recorded in a 360° multi-camera format, which was later made accessible in this metaverse. The company has also reproduced its physical Imagin Café space in a virtual format within ImaginLAND, so that imaginers can visit this place through their devices. Finally, this new world opens up endless possibilities for the financial services company, which is capable of offering different services in its metaverse thanks to the different agreements it has signed with companies in sectors such as travel or retail, among others.

This organization's push into the metaverse doesn't stop with its "youth bench". In June 2022, they announced their strategic partnership with Microsoft to create experiences in the metaverse and other immersive virtual environments for both employees and customers, based on technologies such as artificial intelligence. In addition, the bank collaborated with Microsoft to launch an AI and metaverse innovation lab.

The last exercise around the metaverse has been the creation of audiovisual branded content to connect with its clients. Through a series of stories with well-known women from the world of cinema, television and social networks, the company wants to convey the importance of issues such as planning in life, family or the future. The connection with the world of the metaverse occurs because the company will make the filming sets available to users in an immersive format. Through the Altspace platform, the audience will be able to access the filming set, exclusive content and different games through the use of virtual reality glasses.



## CHAPTER 10

# Conclusions

Although it is presented to us as a new concept, many of the technologies that underlie the metaverse have been with us for years. The video game industry, for example, has made great strides in recent years to the point that the new generations have been accustomed to navigating open and almost infinite virtual worlds for years.

Even more, the advantages of this technology are not limited only to the entertainment sector. For financial institutions such as banks or insurance companies, where the customer perception is that it is not necessary to interact regularly with their agent, investing in the development of a metaverse can bring benefits for both customers and employees.

Attracting and acquiring new clients, improving the understanding of the portfolio of products and services,

positioning the brand and attracting public attention in a society saturated with stimuli, are some of the advantages for the consumer.

Internally, the metaverse can foster self-learning, attract talent, improve process efficiencies, and socialize among employees.

Although there are many advantages and the metaverse is still in its infancy in terms of technological development or application possibilities, incorporating it into the commercial strategy of a financial institution entails several challenges with data control or regularization issues. However, the metaverse is not going to go away. On the contrary, from our point of view, its use will only increase.

