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Crypto-powered Philippines discussed in Japan forum

Global experts in the field of cryptocurrency, blockchain technology and financial technology believe that the Philippines is at the cusp of being crypto-powered and could soon be the next fintech hub in Southeast Asia.

The first Philippines-Japan Forum on Investments and Cryptocurrency, held recently in Tokyo and organized by the Noah Foundation, brought together thought leaders from the Philippines, Australia, the United States and Japan in an effort to make more people understand cryptocurrency, blockchain technology and financial technology (fintech).

Noah Foundation Director Josef Werker said the forum has become necessary in light of heightened excitement surrounding these new technologies and the need to educate the public about them.



Noah Foundation Director Josef Werker

“We felt that this was the perfect opportunity to bring together experts to become our knowledge partners, so they could best share how cryptocurrency, blockchain technology and fintech impact the way people live right now and, more importantly, how they could affect the way we do things in the future,” Werker said.

Cryptocurrency and blockchain technology expert Miguel Antonio Cuneta, co-founder and chief community officer of Satoshi Citadel Industries (SCI), called bitcoin and blockchain technology “the internet of money,” citing they were going to do for finance, governance and banking

what the internet did for telecommunications, media and publishing.

“Bitcoin is a technology platform and more than just a currency. It is not an investment scheme and definitely not a get-rich-quick scheme. It’s a new kind of technology and when technology becomes successful, it becomes a utility that you just use. So, technology happens when people have a problem and they want to solve it,” Cuneta said.

Explaining further, Cuneta outlined the problems that bitcoins address.

“The double spending problem was a long-standing computer science problem that arose when we started using digital technology and wanted to transact with each other. When you send something digitally, you could generate an unlimited number of identical digital copies of that object without anybody being able to distinguish one copy from another. In sending digital money, how will you know that this money isn’t fake? So, the solution was the creation of a centralized third-party to verify transactions,” he said.

Cuneta said that SCI has developed remittance platforms, mobile money, exchange platforms and payment platforms that use technologies that are not limited to making money, or trading and regulating them.

Meanwhile, Coins.ph Founder and CEO Ron Hose said banks are able to take advantage of this new technology simply by innovating.

“The future of banking is really moving toward connecting consumers directly with financial services. We are not displacing the existing financial institutions. We are working with them to increase their reach to more consumers. We have done quite well (as) we now have more than 3 million registered customers. We have partnered with many other prominent players,” he added.

Hose stressed that convenience and inclusion, and that every person deserves to have the same quality of service, is driving innovation in the field.

Banking on future tech

In banking, Justo A. Ortiz, chairman of UnionBank, widely regarded

a leader in digital banking in the Philippines, said there was still a huge gap to be addressed. With non-digital transactions in the country currently amounting to 99 percent, Ortiz said the banking industry is aiming to raise that ratio to 20 percent by 2020.

Despite that very wide breach between over-the-counter business and digital mainstream e-commerce, Ortiz expects the shift to happen faster than expected. He also praised Philippine central bank authorities for being proactive in adapting to the changing landscape in banking.

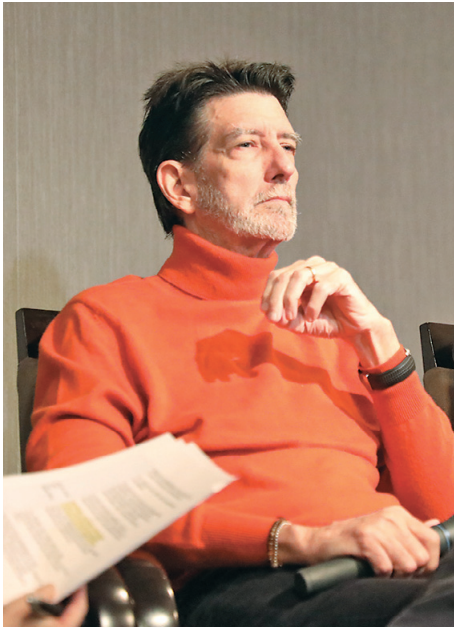
According to Ortiz, the Philippine central bank is working on a three-year timeline with regards to blockchain technology, aware that developments are happening quickly.

“It is important for people and organizations that are in mainstream activities like ourselves to get on board even if it is just a learning experience because if you don’t and, to quote UnionBank President Edwin Bautista, wait for ‘the perfect environment to appear,’ you are going to meet perfect competition. So, we can’t wait. We need to keep going,” Ortiz said.

Ramon Vicente V. De Vera, head of UnionBank’s Fintech Business Group, said a pressing issue was that the legacy systems of banking kept a lot of companies unattended and were designed toward financial exclusion,



Coins.ph Founder and CEO Ron Hose



UnionBank Chairman Justo A. Ortiz

which is the great injustice.

“We are building a blockchain-based network. We are going to bring on board our rural bank into a blockchain network and after that, we will be able to send funds to each other in real time. With that network, rural banks and their customers will now have access to universal banking products and services. At the same time, rural banks in far-flung areas will be able to offer their counters to banks and non-banks. That is the vision we are trying to build,” De Vera explained.

“More importantly, blockchain will not only connect rural banks, but also make their processes more efficient,” said De Vera, who added that the technology may be the answer to the survival of the rural banks, whose numbers have dwindled from 3,000 to 480.

“It’s good to know that blockchain technology is moving toward Asia. So, now we are at the heart of innovation and opportunity,” he added.

Future of financial technology

Lito Villanueva, the managing director of FINTQ and chairman of FinTechAlliance.ph, recalled a time when financial technology was branded a “disruptor” to the banking industry during several meetings with bank executives to discuss the burgeoning financial technology (fintech).

Over the past three years, Villanueva has witnessed the growing acceptance of fintech and his company has formed relationships with more than 100 bank and non-bank

partners.

FINTQ is aware that the story of financial inclusion would not be complete without enlisting the Muslim community in the Philippines.

“This is the reason we are advocating a Shariah-compliant digital microfinance framework too for our unbanked Muslim brothers,” said Villanueva, who pointed out that the issue of being unbanked also affects the poor, as well as low and medium-income class Filipinos. In fact, around 36 percent of local government units in the country do not even have a bank presence.

Well-being in mind

Blockchain technology and cryptocurrency are also being used in compensation and benefits, according to Judah Hirsch, founder and CEO of start-up Salarium.

“Blockchain technology allows us to really engage our employees. It enables companies such as ours to compensate the employees the way they want, including through traditional cash payments. We also have rewards programs that allow companies to give their employees digital gift certificates and Sal-Pay tokens,” Hirsch explained.

“We have just completed our initial coin offering. This enables some of our companies to now pay our employees through blockchain and pay them in cryptocurrency,” he added.

Taking Sal-Pay further, Hirsch explained that his employees’ salaries are now paid through e-banking services, allowing them to also digitally organize their finances.

On the wellness front, Ildar Fazulyanov, founder and CEO of WELL, said blockchain technology could actually save lives.

“In the U.S. alone, there are 250,000 deaths caused by medical errors. Globally, that number goes up to around 5 million deaths every year. If you add cases of misdiagnosis or non-treatment, it is arguable that between 40 and 50 percent of the world’s population are not (properly) medically treated,” Fazulyanov said.

Blockchain technology could help the health care industry significantly, primarily by scaling trust.

“Blockchain is based on trust. In health care, one of the biggest problems is that doctors hide their mistakes. That leads to potentially fatal situations. With blockchain, you can start working and solving these

things,” Fazulyanov said.

Rep. Seth Frederick P. Jalosjos of the first district of Zamboanga del Norte has welcomed blockchain technology, cryptocurrency and the Noah Foundation’s interest in his constituency in Mindanao, the location of the luxury Dakak Beach Resort in the city of Dapitan.

“Mindanao is the perfect platform for this. We are like a sponge. We are very open to new ideas, new technology and new projects. Any talk about the progress of Mindanao is very much taken in,” Jalosjos said.

This is the why he is advocating such developments in Mindanao instead of relying on so-called Imperial Manila.

“We are very hungry and very thirsty for something like this to come out of the most neglected islands of the Philippines. This will be a game changer in our country,” Jalosjos said.



Rep. Seth Frederick P. Jalosjos of the 1st district of Zamboanga del Norte

The Noah Foundation’s Werker pointed out that Dakak Beach Resort was selected as the initial pipeline for Japanese cryptocurrency NOAH Coin.

“When Japanese tourists visit Dakak, they won’t need to worry about having yen or pesos as long as they have their NOAH Coin. They can use this to pay for everything or get discounts, freebies and special experiences they couldn’t get unless they pay in cash,” Werker said.

He explained that the NOAH Coin was inspired by the Hong Kong Octopus Card that allows tourists to use their points in shops, public transportation and entertainment venues.

“We applied this idea to an area with far less infrastructure,” he stressed.

Werker said that Dakak Beach Resort is just the first phase in the Noah pipeline. It is also set to build Noah City in the sprawling Horizon Manila project.

While only Japanese tourists currently benefit from having NOAH Coins, Werker said they are working hard so that people from many other countries can buy and use the cryptocurrency.

“Our efforts are firmly planted in a forward-facing vision of the Philippines, where traditionally overlooked regions are suddenly tapped into the world economy and where the perennially impoverished can finally taste prosperity without having to leave their homeland and families behind,” he said.

“As we begin to create those opportunities with an economy augmented by cryptocurrency, more than ever, we must commit to dispelling misinformation and create consensus so that knowledge and not fear maps our future,” said Werker, who believes that NOAH Coin is building a solid case for cryptocurrencies as a tool to help neglected communities. ■

Cryptocurrencies are here to stay

By Rafael Reyes, Director of Noah Ark Technologies Inc.

Over the last three years, there has been much talk and hype surrounding cryptocurrency and blockchain technology. The recent Philippine-Japan Investments and Cryptocurrency Forum, sponsored by the Japan Cashless Association, was a very timely and opportune event for members of the media, both local and foreign, as well as the general public to gain an appreciation for the “new normal” in the digital exchange of financial transactions globally.

The forum featured a distinguished lineup of speakers, all of whom laid out different situations and presented clear and convincing arguments on how blockchain technology could be used in their respective industries, from banking, remittance service, health care, travel and tourism, retirement planning, marketing services and retail and wholesale distribution to business-to-business and business-to-consumer activities.

Around the world, there are many companies, both financial and non-financial, which have long been fascinated by this new technology, that simply ask, “What is blockchain technology?”

The forum provided an insightful definition. Blockchains are ledgers of transactions created by a global network of computers. Each of these transactions has a digital signature that cannot be forged. This growing technology has created a new way of making and recording financial transactions without any central authority.

Blockchain technology has become increasingly attractive because its ledger system is tamper-proof and decentralized. By making intermediaries obsolete, this technology has resulted in instantaneous payments and lower transaction costs.

Many central banks around the world are looking at the emergence of blockchain technology favorably, stating that it may help a country’s banking sector reach unbanked sectors and fuel economic growth. It is this technology from which platforms are built to exchange digital currencies.



NOAH ARK TECHNOLOGIES

“Many central banks around the world are looking at the emergence of blockchain technology favorably, stating that it may help a country’s banking sector reach unbanked sectors and fuel economic growth. It is this technology from which platforms are built to exchange digital currencies.”

Meanwhile, the creation of more layers in the distributed blockchain technology will make financial transactions even more secure. Amid some reservations regarding cryptocurrencies, we have learned that increased layers around blockchain technology will eventually create the same level of trust that we see in today’s physical cash.

The fact that the business community, in the financial and non-financial sectors, is exploring the potential utility of blockchains is a clear sign that this technology is here to stay. In the near-term, we can expect cryptocurrencies to be the new normal in financial transactions worldwide ■

Filipino migrant workers get fairer deal from cryptocurrency platforms

Did you know that more than 10 percent of the Philippine population are overseas workers? More than 10 million overseas Filipino workers (OFWs), sent home nearly \$28 billion back to their loved ones in 2017 alone, and this number increases every year. That money goes to supporting families, mostly for their children's education and household expenses.

"Dollars wrapped with love" was how economist Dilip Ratha described the remittances of migrant workers during a TED talk in 2014.

"There are millions of people who migrate each year. With the help of family, they cross oceans, they cross deserts, they cross rivers and they cross mountains. They risk their lives to realize a dream, and that dream is as simple as having a decent job somewhere so they can send money home and help the family, which has helped them before," Ratha said in the same talk.

In a desire to sustain their families, these OFWs end up supporting an entire nation as well. The Philippines ranks third in total remittances received annually, only beaten by China and India, countries that have 10 times the population. Their contribution is a vital part of the economy, contributing about 10 percent of the nation's gross domestic product.

Without these remittances, the entire economy will suffer. The huge inflow stimulates commerce and economic growth. Needless to say, sending money has become a big business, but sadly, the world's biggest remittance companies are also the ones making the biggest profits from the hard-earned wages of these migrant workers.

High-profit transfer agents

Where exactly is this money coming from? The United States accounts for almost 30 percent of it, or close to \$10 billion annually. The Middle East comes in second with a total of about \$8 billion, while Japan, among the top 10 sources of overseas remittances, accounts for around \$1 billion sent home by Filipino workers. With the transfer charges averaging about 5 percent, according to a World Bank report, the total fees levied on OFWs in Japan is around \$50 million.

While Chinese and Koreans are the two largest groups of foreigners



Satoshi Citadel Industries (SCI) Co-founder and Chief Community Officer Miguel Antonio Cuneta

in Japan, Filipinos are the third-largest group, with more than 240,000 OFWs in a country with 2.31 million expatriates, according to a report in The Japan Times.

As of last year, the annual global remittance market comprises more than 200 million people who send back around \$500 billion home to their families, primarily using services such as Western Union, Moneygram and other similar platforms. Combined, these remittance giants control over 1 million locations and process more than 25 percent of the world's remittance transactions every year.

With transaction fees sometimes nearing 8 percent, money remittance is big business. But the largest players will not allow their profit margins to shrink. They have invested heavily in opening tens of thousands of branches and outlets all over the world. They also have huge overhead costs to maintain their businesses at peak profitability. But it is difficult to justify charging poor migrant workers 10 percent of their salary so that they can feed their families back home. The hard truth is these OFWs have no choice in the matter. Most of them can't afford to have bank accounts and are excluded from the world of digital finance.

Blockchain as a solution

In the last few years, new technol-

ogy has provided a better alternative to sending money through giant remittance companies or banks that charge high fees. Bitcoin, invented in 2008 and released as an open-source software globally in 2009, allows money to be transferred digitally in a decentralized manner without the need for intermediaries like banks or other financial services companies.

Bitcoin uses blockchain technology, basically a network of computers that verify transactions on a global and transparent ledger, which makes it impossible to cheat and inexpensive to use.

Think of how the internet eliminated the middlemen of communication; today, hardly anybody does cross-border phone calls or sends letters via snail mail anymore. Everyone now uses technology such as email, messaging apps, and Skype. The transfer of information became free flowing because of the technology behind the internet.

Blockchain technology will do the same thing for transferring money. New forms of cryptocurrency are constantly being developed, using Bitcoin as a template, to tackle specific use cases in the world of finance. In fact, nine years after Bitcoin was invented, more than 1,000 new cryptocurrencies have entered the market.

Cryptocurrencies that fill the gap

The Philippines has had a thriving Bitcoin-remittance industry since it started in 2014, with startups like Rebit.ph and Coins.ph gaining traction and establishing a viable alternative in remittance destinations such as South Korea, where the cost of sending money is very high.

More recently, Japan has seen the emergence of new players that want a slice of a \$28 billion pie. In a recent news report, Philippine media giant ABS-CBN featured a Filipino-Japanese partnership that cut remittance costs for Filipinos in Japan as part of an ambitious project based on a cryptocurrency called NOAH Coin.

The project will soon allow Filipinos in Japan to remit money back home using an electronic wallet provided by SCI, a Filipino blockchain service provider, and their Japanese partners. According to the NOAH Coin website, the new platform can



Filipino domestic helpers in Hong Kong. Hailed locally as the *bagong bayani* (modern day heroes), millions of overseas Filipino workers or OFWs have been huge contributors to the development of the Philippine economy. Remittances to their families account for around 10 percent of the country's gross domestic product. Cryptocurrencies as a medium for remittances is seen as a huge help because they will eliminate high transaction costs to send money to their cash-strapped families.

cut remittance costs for a 10,000 Philippine peso money transfer from between 8 and 10 percent to between 2 and 3 percent.

"NOAH Coin can simplify the process. I think that is something to be supported," Japanese cryptocurrency advocate Tadashi Izumi said in a recent exclusive interview on ANC's "The Boss."

Besides all these developments, challenges remain. New technology is normally intimidating to most people, who are slow to adopt it. Technologically, blockchain still has to find a firm footing in the global market.

Japan is known for leading the world in technology, but only time will tell if its blockchain-based remittance platform will become a standard of financial exchange. In the meantime, NOAH Coin and its counterparts are blazing a trail that others are sure to follow. ■



Japanese cryptocurrency advocate Tadashi Izumi gave an exclusive interview to Cathy Yang, the presenter of ANC's The Boss, during the Philippines-Japan Forum on Investments and Cryptocurrency

NOAH Coin holds ICO; Mindanao to be first beneficiary of the token services

Within minutes of its initial coin offering (ICO) on Feb. 13, Japanese cryptocurrency NOAH Coin hit its fundraising target, with Japanese residents as the primary buyers of the new token. As outlined in its white paper, the Noah Foundation has ensured that the NOAH Coin will be useable in a wide range of apps and sites in the Philippines.

The Noah Project's eventual goal is to create an entire ecosystem — from apps to resorts and even entire cities — that will make NOAH Coin the preferred option for currency exchange.

The first step of that road map is to encourage more cross-border transactions and promote the Philippines as a destination among Japanese travelers. By doing so, NOAH Coin users bring foreign capital with them to the country.

With its local development partner Ark Systems Technologies, the Noah Foundation has already entered into several agreements to expand the use of NOAH Coin, the first of which was with the Dakak Beach Resort, a five-star resort in Zamboanga del Norte.

The Noah Foundation chose the

area, unlike popular and overdeveloped tourist destinations in the country, as it is one of the safest and undeveloped parts of Mindanao and has yet to reach its full potential.

Dakak Beach Resort and the Noah Foundation will work together to turn an undeveloped area within the property into the Noah Resort, where, starting in June 2018, guests can use NOAH Coins to settle their bills, avail themselves of any of the amenities and use any of the facilities, including those in the existing Dakak Beach Resort.

"When NOAH Coin users visit Dakak, they won't need to worry about yen or pesos. They can do everything using NOAH Coin. They can get discounts, freebies, and special experiences that they wouldn't get unless they pay cash. Because every price is on a central menu, there is no guesswork. So, they can have a fantastic time and the people of Zamboanga earn more tourism money with nobody having to pay currency exchange rates," Noah Foundation Director Josef Werker said.

Because of the wide variety of discounts offered to guests of

Dakak Beach Resort, NOAH Coin users are incentivized to visit the Philippines and use their tokens.

Rep. Seth Frederick P. Jalosjos of Zamboanga del Norte, whose family owns Dakak Beach Resort, said, "Even though Mindanao is a really safe, peaceful and beautiful island, so many foreigners think the area is dangerous because of its proximity to Marawi. I anticipate that this stigma will break down and a lot of tourists will visit Mindanao, thanks to this collaboration with Noah, Ark Systems and Dakak."

"I also hope that the increased investments by foreigners that President Rodrigo Duterte is trying to encourage will lead to accelerated development in the region. In particular, I want a lot of Japanese people to visit Mindanao through NOAH Coin, which we are viewing as a bridge connecting Japan and the Philippines," Jalosjos added.

"In the future, we intend to establish Japanese language schools to educate Filipinos to speak Japanese and prepare a system to welcome Japanese people. A lot of Japanese people contributed to the development of Mindanao in the first place, after all," he also said.



An aerial view of Dakak Beach Resort in Zamboanga del Norte on the southern Philippine island of Mindanao



Dakak Beach Resort features a golf course designed by golfing great Greg Norman