

# FORTUNE

## The New Blockchain Trend That Could Transform Business

*Countries could get in on the action too.*

By [Denis Baranov](#)  
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In recent months a new hot topic has emerged in the blockchain and financial technology communities: initial coin offerings (ICOs). Regulators from the U.S. to China are taking notice. My general rule for technology is simple: When regulators care about it, so should you.

The regulatory interest is no surprise; billions of dollars in real money have already been used to buy cryptocurrency in the form of ICOs and the total market capitalization of cryptocurrencies has surpassed \$160 billion. An ICO occurs when firms create their own cryptocurrency and issue it for investors, rather than seeking investment directly from the markets or venture capital firms. While most of this money has to date come from within the blockchain community, the potential of this technology is so great that very soon major financial players will launch their own cryptocurrencies and enter the ICO market.

In fact, it's already begun. Just over a month ago Barclays, Credit Suisse, Canadian Imperial Bank of Commerce, HSBC, MUFG, and State Street joined UBS and BNY Mellon in a project to launch a cryptocurrency—the “utility settlement coin”—set for a limited back-end run by 2018. The banks are also in discussion with regulators regarding applications of new cryptocurrencies.

ICOs are more than just crowdfunding. As former UBS chief technology officer and leading blockchain expert Oliver Bussmann recently said, “ICO as a new business model leveraging blockchain technology will sustain as the digital way, combining crowdfunding and [a] new hybrid asset class of equity ownership and currency.”

Whereas traditional investment methods require a firm to list in one country and utilize (at least initially) one exchange, creating and selling its own cryptocurrency allows a firm access to finance from anyone, anywhere, outside the normal constraints imposed by state-issued currencies.

To date, mostly smaller companies and startups have issued ICOs, but major firms have begun to make moves in this area. This year Burger King launched the Whoppercoin in Russia and the \$1 billion-valued messenger app Kik announced the launch of Kin cryptocurrency. These examples illustrate that, at least tentatively, major global companies are gearing up to use ICOs as another means of raising capital and engaging their stakeholders.

This system dramatically lowers the barriers to entry for firms looking to invest. And while the lack of regulation in this area may mean some people are going to lose a lot of money, the potential for major wins is great.

ICOs are not just limited to companies; already this year Estonia is exploring the creation of an Estcoin cryptocurrency to drive more foreign direct investment into its economy. It is no longer beyond the realm of possibility that in a few years time multiple companies and countries will have launched their own cryptocurrencies and created market-like environments in which they are traded. Though the European Central Bank head has rejected Estonia's idea, the country's attempt shows that ICOs are gaining traction worldwide.

While it is likely that companies will launch their own cryptocurrencies for their own goods, the real use case for creating cryptocurrencies will instead be in using them to raise finances. With this method, firms from startups to established industry leaders can bypass intermediaries and perhaps many regulations to access

a truly global source of capital. Regulators have taken note of this technology; it is time everyone else does as well.

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*A previous version of this article incorrectly stated that Disney is involved with the creation of a cryptocurrency.*

*Original article can be found here: <http://fortune.com/2017/10/18/ico-cryptocurrency-coin-market-blockchain/>*