DLT in the Real World 2021

Key Survey Findings
ISSA’s 2020 “DLT in the Real World” survey provided unique, market-wide clarity on the DLT realisation journey.

With the support of Accenture and ASIFMA, ISSA’s 2021 campaign (managed by the ValueExchange) set out to explain the real life steps that people are taking towards live DLT projects today – what the business cases are built on, what resources are needed, what challenges practitioners face and where the technology is being used to deliver benefits.

This document summarises the key statistical findings of our campaign so far. We would love to hear your reactions to these findings and so please reach out if you have any comments or questions (to info@thevalueexchange.co)
## What’s changed in a year?

### Where is DLT delivering?

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>10%</td>
<td>DLT is 10% more important to market participants than in 2020</td>
</tr>
<tr>
<td>300%</td>
<td>x3 more firms are exploring DLT than in 2020</td>
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<tr>
<td>200%</td>
<td>The number of market participants with live DLT usage cases has doubled</td>
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<tr>
<td>4</td>
<td>DLT development is increasingly focused on 4 key usage cases</td>
</tr>
<tr>
<td>3</td>
<td>...and 3 main asset classes</td>
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</table>

### How are we delivering DLT?

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>30%</td>
<td>DLT resourcing is up 30%</td>
</tr>
<tr>
<td>MVE</td>
<td>The “Minimum Viable Ecosystem” has become more important than the technology</td>
</tr>
<tr>
<td>20%</td>
<td>Delivery functions (including Operations and Compliance) are more engaged – by 20%</td>
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<tr>
<td>25%</td>
<td>25% of DLT customers see the business case as a blocking obstacle</td>
</tr>
<tr>
<td>CBDC</td>
<td>CBDC remains the key dependency for DVP and cash funding on DLT</td>
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</table>
DLT in our industry
DLT is more important than ever

The role of DLT today

Not important at all
Extremely critical

2020
2021

Americas
Europe
Asia-Pacific
Africa

2.7
+1
+2

+5

2.0
DLT hubs: 1.8 / 5 (average)
DLT customers: 2.0 / 5 (average)

Fintech / Neobank
Exchange / CSD
Bank / Custodian / iCSD
Broker / Investment Bank
Private Bank / Wealth Manager
Fund manager
Asset owner

0.5
1.9
2.4
2.3
1.2
**DLT in our industry**
DLT is now about practical returns – not market transformation

Question: How do you see the role of DLT and over which time horizon? (All respondents)
DLT in our industry
Momentum and live cases are both growing: leveraging blockchain providers’ solutions

More firms are researching and scoping DLT than ever

Pilots are turning into live deployments: mainly as a productised offering

Question: What stage are you at in your DLT development across your organisation? (Sourced using same respondent group as 2020 in 2021)
Question: Where are your customers pushing you to build a DLT capability? In which areas are you planning to / have you already deployed DLT? (All respondents)
Where is the value in DLT?

Strong alignment on priority asset classes

Question: In which asset classes are you focusing your DLT deployment? (All respondents)

Unlisted securities: outside of institutional investors' mandates

Currencies – pending CBDCs

Physical assets – limited need for continuous market?
Where is DLT delivering?
Consistent levels of ground-work – with twice as many live cases

2020: 16%
26% have DLT projects planned

2020: 27%
8% are live

2020: 4%
16% have pilots planned

8% are live

0% 20% 40% 60% 80% 100%

North / South America
Europe
Asia-Pacific
Africa

Live  Pilot  Planned  No DLT plans

Question: In which areas are you planning to / have you already deployed DLT?
(Sourced using same respondent group as 2020 in 2021)
Where is DLT live today?
Transforming the security-lifecycle and crypto

Question: In which areas are you planning to / have you deployed DLT?
(% of respondents with live DLT deployments in each area)
Where is DLT delivering?

Some areas of transformation – but more improvement than re-imagining

Where is DLT driving a re-imagining of our processes?
- Crypto-asset servicing
- Fund distribution
- Settlements and reconciliations
- Sustainable investing

...and where is it driving an improvement in our processes?
- Securities financing
- Securities-based payments
- Proxy voting
- Collateral management

Question: In areas where you are deploying DLT, would you describe the project as "improvement" or "re-imagining"?
(Sourced using ISSA specialist responses)
How are we delivering DLT today?
The winning business case is based on customer satisfaction and competitive advantage

Question: In areas where you are deploying DLT / have deployed DLT, what benefits was your business case based on? (All respondents)
How are we delivering DLT today?
Accelerating resourcing across suppliers

Question: How much resource do you have allocated to support your DLT work? How have these resources changed in the last year?
(Sourced using same respondent group as 2020 in 2021)
How are we delivering DLT?
From sourcing technology to building a “Minimum Viable Ecosystem”

2020
- Investing in start ups: 57%
- Participating in collaborative projects: 41%

2021
- Buying in technologies as a customer: 27%
- Building technologies in house: 39%
- Building relationships with ecosystem players: 58%

Question: What is your current path to adopting DLT in your firm?
(Sourced using same respondent group as 2020 in 2021)
How are we delivering DLT?
Delivery functions are 20% more engaged on DLT now

Question: Which part of your organization is leading your DLT adoption? (All respondents)
How are we delivering DLT?
People needed to build – but security and the business case matter to users

**DLT hubs: building challenges**

- Lack of skilled blockchain talent (e.g. developers, risk managers, etc.): 23%
- Legal / Regulatory constraints: 19%
- Internal prioritisation of resources (vs other projects): 19%
- Lack of compelling business case / ROI: 19%
- Limited cost efficiencies (vs other technologies): 19%
- Building an ecosystem around our solution: 14%
- No customer demand or pressure: 12%
- Limitations of DLT technology (inc. scalability issues): 12%
- Integration into Legacy IT Systems: 10%
- Privacy / Security concerns: 8%

**DLT customers: deployment challenges**

- Privacy / Security concerns: 28%
- Limited cost efficiencies (vs other technologies): 25%
- Lack of skilled blockchain talent (e.g. developers, risk managers, etc.): 23%
- Lack of compelling business case / ROI: 20%
- Integration into Legacy IT Systems: 19%
- Legal / Regulatory constraints: 17%
- Building an ecosystem around our solution: 16%
- No customer demand or pressure: 15%
- Limitations of DLT technology (inc. scalability issues): 12%
- Internal prioritisation of resources (vs other projects): 9%

**Question:** In deploying DLT technology, what are your key challenges? (All respondents)
What does the future hold for DLT?
Central Banks are key enabler for DVP1

Key Enablers for DLT in wholesale capital markets:

- **#1 Central Bank Digital Currencies**
- **#2 RTGS connectivity**
- **#3 Stablecoin backed by fiat collateral, held at a Central Bank**
- **#4 Stablecoin backed by fiat collateral, issued by a Bank**
- **#5 Stablecoin backed by fiat collateral, issued by a non-Bank**

Question: Which of the following payment funding options do you consider as a key enabler to drive adoption of DLT for wholesale cash and securities? (Sourced using same respondent group as 2020 in 2021)
What does the future hold for DLT? Pilot, live, expand: one step at a time

Question: What do you expect to happen to your DLT projects in the coming year? (All respondents)

- Pilots to scale into live deployment
- Pilots to be completed (no further action)
- Pilots to expand to include more counterparties
- Pilots to expand to include more functional coverage

- Live deployments to expand to include more counterparties
- Live deployments to expand to include more functional coverage
- Live (no change)