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It's the Fomo: ecommerce, banks now enter the metaverse

**Synopsis**

Dedicated metaverses for industries such as ecommerce and banking, too, are coming to life as companies look at virtual environments for engagement and lead generation channels.

Mumbai: Metaverse – futuristic virtual spaces that combine aspects of digital and physical worlds – is increasingly attracting **traditional businesses**, partly driven by **FOMO (fear of missing out)** on the next big medium to engage with audience.

Many companies and platforms are creating their own versions of metaverses.

Dedicated metaverses for industries such as **ecommerce** and **banking**, too, are coming to life as companies look at virtual environments for engagement and lead generation channels.

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They are driven by increasing popularity of metaverse, especially after **Facebook** changed its name to Meta and announced its ambitious pivot for what it sees as the next frontier of online engagement – a Google search for the word throws up close to 190 million results.

While metaverse, as conceived by tech CEOs and experts – as a fully realised virtual world that is pitted to eventually replace today's internet – is far from being manifested, many rudimentary versions of it have come up, led by virtual reality (VR) gaming.

In April, leading ecommerce platform Flipkart launched Flipkart Labs to test Web3 and metaverse use-cases.

Kiya.ai, a digital solution provider for financial institutions, last week launched a banking metaverse where it will build secure 3D virtual environments for banks to create life-like experiences for their customers.

Nftically, a white label solution for nonfungible token (NFT) marketplaces, has launched an ecommerce metaverse ecosystem, Comearth.

FMCG brands like McCain, Tata Tea, **ITC** and Mondelez's Cadbury are doubling down on their investments in the metaverse to up their customer acquisition and brand engagement, as ET reported on April 2.

According to an analysis by Bloomberg Intelligence, metaverse could approach \$800-billion market size by tackling live events and advertisements.

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Etail, banks join the metaverse

The metaverse could approach \$800 billion market size, according to Bloomberg Intelligence

Flipkart Labs is testing for Web3 and metaverse use cases

Kiya.ai plans to merge real world banking with virtual banking

FMCG BRANDS LIKE MCCAIN, TATA TEA, ITC ARE DOUBLING DOWN ON INVESTMENTS

Nftically will sell parcels of land as NFTs on Comearth

CHALLENGES AND CONCERNS

- Technological constraints around handling scale
- High cost of AR/VR headsets
- Data security risk
- IP and ownership issues

Source: ET Research

Nftically will sell parcels of land as NFTs on Comearth, a polygon blockchain. The price for these virtual land plots will range from \$200 for a 1x1 (30 square metres) plot to \$180,000 for a 32x32 piece of land. The company will take a 5% platform fee for every transaction. It will also take lead generation fees for big-ticket items such as car sales.

“A lot of brands have been struggling to come up with a metaverse strategy. Companies have questions about how to go about buying land and building on top of the land. We are trying to solve this,” said Toshendra Sharma, founder and CEO of Nftically.

“The ultimate purpose is to create a social ecommerce experience in a Web3 space so that people feel more connected while buying and selling things and having multiple options to engage without any geographical restrictions,” he added.

Nftically has several partnerships going with individuals and brands for its ecommerce metaverses like **Ceat**, Metro Brands, and Zee Studios.

Senior executives told ET that given the current constraints around availability and high prices of virtual reality (VR) headsets, metaverse solution providers are building

these experiences in a way that users would not need virtual reality headsets to experience these environments.

Kiya.ai plans to merge real world baking with virtual banking through avatars on its banking metaverse, Kiyaverse.

Rajesh Mirjankar, MD and CEO of Kiya.ai, said the company, which has clients across 56 countries, is in touch with multiple financial institutions in India and overseas to launch them in Kiyaverse.

He said in India, he sees the demand for a banking metaverse play out for enhanced user experience as well as banks' internal usage.

Creating an individual 3D experience can be an expensive undertaking. The cost would be similar to creating a mobile application development platform, industry insiders said. "Depending on the number of digital assets created for a client, the cost can go up to \$1 million," said one expert familiar with the pricing of such platforms.

Challenges ahead

Vineeta Singh, cofounder of Sugar Cosmetics, said the pandemic increasingly accelerated the transition to virtual environments and contributed to a drastic growth in mobile usage, increased consumption of digital content, and ease in completing virtual purchases.

All these factors bode well for virtual reality innovations and metaverse in the ecommerce world, but there are some challenges around scaling the channel, she said.

"While Gen Z and millennials have been easy adopters of ecommerce shopping and new technology, breaking this habit for the masses is a huge challenge to scale the metaverse," Singh told ET. "Another challenge could be creating more seamless, engaging experiences that remove friction from the shopping

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journey and boost customer loyalty. It is a lot easier said than done; trying to cater to every conceivable shopping journey requires an advanced tech stack and the total unification of data across every touchpoint,” she said.

Mirjankar of Kiya.ai said when it comes to setting up virtual environments for banks, financial institutions often have questions about crypto even though they may not have a direct relationship with cryptos.

“A typical aspect is how to deal with security, and we make sure that we address those. The other aspect is about how data secrecy will be maintained during the session,” he said when asked about concerns about banking institutions building virtual setups for customers.

Huzefa Tavawalla, an international lawyer heading disruptive technologies practice at Nishith Desai Associates, said creating locations that represent the mirror image of reality poses challenges around intellectual property (IP) infringement.

“The laws in the context of banking largely get triggered when you transact on the metaverse platform.” Besides, even IP and ownership issues may get triggered, he said. “But there are also concerns around data security and what sort of guardrails need to be built when data has been collected, because ultimately everything your platform is doing could be linked user data,” Tavawalla said.

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