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Russia's Richest Man Launches Metals Blockchain

Central Bank gives green light to Vladimir Potanin’s crypto token, Atomyze.

By Yuliya Fedorinova for Bloomberg

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Vladimir Potanin, Russia's richest man. **Kremlin.ru**

Russians may soon be able to use digital tokens to buy metals, book air tickets and transfer ski passes from Vladimir Potanin’s businesses after the billionaire got the go-ahead for his blockchain platform.

Potanin has long signaled plans to start crypto tokens for metals, but can now expand the project to the consumer side of his empire after getting central bank approval last week. The aim of the platform is to speed up transactions and reduce paperwork and interaction between customers and companies.

“To some extent Russia appears ahead of many other jurisdictions in terms of digitalization,” Potanin, Russia’s richest man, said in an interview near Moscow. “The central bank gave us a very wide mandate.”

The commodities industry is looking to digital trading systems using ledger technology to cut costs and administration and track materials through the supply chain. The tech and digital currencies are also being used more widely for things like renting cars or voting on soccer-club decisions, although blockchain is yet to take off on a large scale.

The platform, called Atomyze, will also be available in the U.S. and Switzerland, but limited to companies and not individuals. It’s expected to start by year-end once a Russian law on digital financial assets comes into force and after further approvals abroad.

For Potanin, the biggest impact could be on metals. He said last year that crypto tokens may eventually account for a fifth of sales at Norilsk Nickel, the world’s biggest palladium and refined nickel producer.

Norilsk Nickel will initially test tokens backed by palladium, cobalt and copper and plans to eventually expand to other metals, Atomyze said in a statement on Tuesday. Companies testing the platform include Trafigura Group, Traxys and Umicore.

How will the platform work?

- Tokens backed by metals can be swapped for physical supplies. Customers who don’t need all of their contracted amount from Norilsk Nickel can use tokens to sell spare volumes to someone else.
- Consumers can use tokens for the Nordstar airline or ski passes at the Rosa Khutor resort in Sochi, and can transfer spare ski days to other customers.
- Companies supplying materials or products to Norilsk Nickel will also be able to use the platform to access cash from the company.

Atomyze will need approval from Russia’s central bank if it wants to expand the number of companies offering services and is restricted from issuing tokens denominated in any currencies, Potanin said. It will use Russian lender Sberbank to process individuals’ money transactions.

The platform may lead to other large Russian companies applying for approval for similar projects, Potanin said. It took about four months for the central bank to test Atomyze, he said. The tycoon also invested directly in the platform.

“Our project is of great importance for the economy because the easier new products are offered, the faster they are produced,” he said.

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