

Football industry embraces crypto as Messi helps 'fan tokens' take off

November 18 2021, by Andy Scott



Lionel Messi is understood to have received payment in fan tokens on signing for PSG.

When Paris Saint-Germain signed Lionel Messi, the salary package included something previously unheard of for a player—a one-off

payment, understood to be worth around one million euros (\$1.15m), made in PSG 'fan tokens'.

It was the result of a partnership signed by the French giants in 2018 with Socios.com which sees fans use a cryptocurrency called 'chiliz' to buy tokens allowing them to vote on issues related to the club.

These issues have tended to be rather mundane, for example Juventus asking what music they should play in their stadium, but the concept has caught on.

The company has grown quickly since signing its first partnerships with PSG and Juventus to being involved with 56 football clubs and around 100 [sports teams](#) worldwide, says CEO Alexandre Dreyfus.

Messi has brought more publicity, and Dreyfus believes the Argentinian will "set a trend".

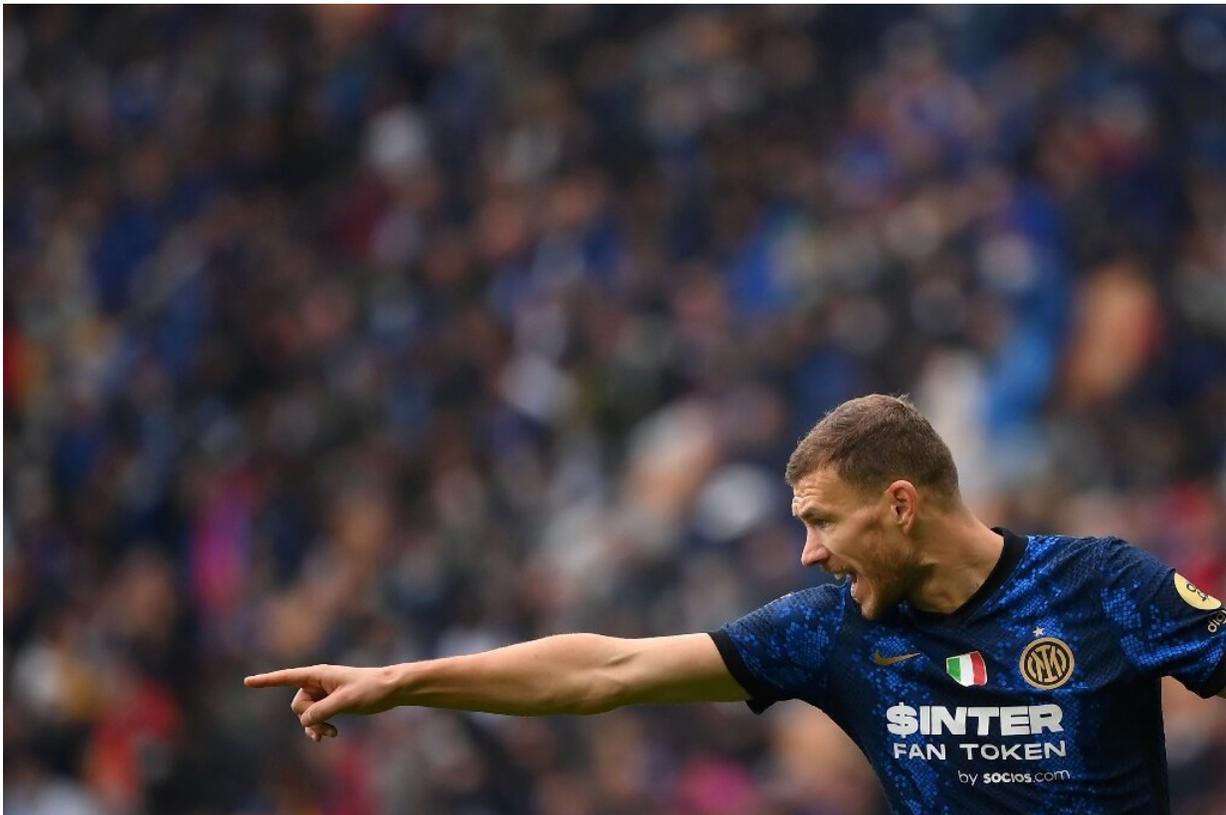
"This is more a top-up that is never going to replace any compensation. It is more like a [bonus](#), but it is a bonus that at some point players will start to ask for," Dreyfus tells AFP from his office in Malta.

"We hope that in two years, during the 'mercato' (transfer window), a player will say: 'Yes I am going to that team but they had better give me a million dollars of fan tokens'."

Dreyfus admits the pandemic and resulting economic crisis has benefited his company, allowing them to multiply their partnerships.

"The fact is that clubs suddenly lost 50 or 70 or 80 percent of their revenue, and they realised: 'Hey, we have fans all over the world, what can we sell them?'"

They now have shirt sponsorship deals with Inter Milan and Valencia, promoting their fan tokens.



Inter Milan signed a sponsorship deal with Socios.com which sees Inter Fan Tokens emblazoned on the team's jersey.

Sponsorship bonanza

New analysis by KPMG Football Benchmark shows that over 40 shirt sponsorship deals have been signed in Europe's five biggest leagues since the pandemic's onset.

It says Inter doubled income by switching from Pirelli to Socios.com and

a deal worth \$23.57 million.

There is a mini-revolution happening as businesses related to cryptocurrency have started appearing on shirts.

In July, Roma announced a three-year deal worth \$14 million annually that sees their shirts carry the name of DigitalBits, "an easy-to-use open-source blockchain used to power consumer digital assets".

"Not only can fans witness history, but they can now own part of it," boasted Roma. "Get ready to trade and collect. Join us as we step into the future of football."

The emergence of crypto-related businesses in football comes as countries are introducing regulation to clamp down on gambling sponsorship -- a ban is in place in Spain, for example, while the UK government is considering one.

"The door is ajar for new companies to stick their foot in," say KPMG.

"Something has to fill the void and fan tokens, or something which is not defined as gambling but is gambling, are likely to be the big ticket in town," Kieran Maguire, a lecturer in football finance at Liverpool University, tells AFP.



French entrepreneur Alex Dreyfus is the CEO of Socios.com.

Concerns

There are concerns about curious punters being drawn into using crypto-related products without having a proper understanding.

To highlight their volatility, the value of 'chiliz'—a less well-known cryptocurrency than, say, Bitcoin—shot up 58 percent in the four weeks after Messi's arrival.

"Ultimately these are speculative products. Someone described them to me as gambling with a small G," says Maguire.

Meanwhile, some supporter groups have criticised their clubs for embracing fan tokens.

Aston Villa Supporters Trust told Joe.co.uk their club's agreement with Socios.com was "wholly inappropriate" and questioned why fan engagement should be monetised.

Maguire says: "The clubs are targeting the 'non-legacy fans' and asking: 'Can we make some money out of these new fans?'"

"If we take Manchester United, they claim to have 1.1 billion fans and in a normal year they will make around 600 million pounds (\$805m) in revenue. So that works out as about 55 pence per fan per year. That's pretty bad."

For the clubs, this is where Dreyfus—a founder of French online gambling and poker company Winamax—comes in.

"We are talking about two different generations that are not fighting against each other, they just don't see the same things," he insists.

"I always joke saying we are not targeting a guy who has a tattoo and lives next to the stadium.

"Our market is really more about the digital fans, casual fans all over the world that consume sports differently to you and me historically."

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