

COMMERCE

VULT leverages "FinTech" to offer transparency, confidence for diamond sales

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Computer-generated rendering of a VULT unit and case

By JEN KING

Financial technology firm VULT is aiming to alter the way investors view the diamond industry by turning the precious stones into a genuine asset.

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The buying and selling of diamonds often coincides with an emotional trigger, such as purchasing an engagement ring or auctioning off a treasured family heirloom. While a secure investment, it has proved difficult to determine and assess the true value of loose diamonds because the stones are subjective and lack transparency, but through VULT investors will have a more tangible asset that financial institutions will recognize.

"VULT is not designed for the diamond industry, rather for the consumer," said Joseph Lipton, CEO of VULT, New York. "VULT is a consumer-centric product designed to allow the consumer to access the dense, portable store of wealth that diamonds have been for industry insiders. Think of VULT as a new way to buy, sell and trade diamond assets.

"The VULT product is a beautifully disruptive innovation that is transforming the world's most concentrated form of wealth: diamonds," he said. "For the first time ever, technology has turned diamonds into a genuine asset, capturing and securing their true value as an investment.

"It is designed to preserve, protect, secure and gift wealth. Each precision-made VULT acts as a portable diamond vault that conveniently fits in the palm of your hand. Inside each VULT, you will find only GIA-certified, investment-grade diamonds."

Diamonds are forever investments

With data security and the constant threat of hacking looming over affluent consumers' heads, the need to protect consumer and corporate financial data has increased. Due to this, affluent investors are turning to commodities that are physical, lessening the threat of a breach at the hands of cyber hackers.

For the diamond industry in particular, financial technology, or "FinTech," offers the stock exchange a way to regulate diamonds as a more valuable asset.

Mr. Lipton, who is also a part owner of the [International Gem Tower](#), a commercial space for the diamond, gem and jewelry trade in New York's Diamond District, saw the potential in FinTech to better regulate the buying and selling of diamonds. As a result, he co-founded VULT to produce a product that will be determined by the true global

diamond market, and will allow investors to bring something recognizable to financial institutions.



Polished diamonds

The transporting and storing of loose diamonds can be tricky, and nerve wracking for the investor, with Hollywood images of velvet drawstring bags coming to mind for most consumers. Through VULT, investors can preserve, protect, secure and easily gift diamond-based wealth.

Essentially, each portable VULT unit is a precision-made vault that conveniently fits into the investor's palm. The diamonds found in VULT units are investment-grade and GIA certified, ensuring the quality of the investment for the buying and selling parties.

This also levels the value field, as now, with VULT, a diamond of one grade is equal in value to another diamond of the same grade. The VULT technology thus transforms diamonds into a fungible asset that can be traded effortlessly on the global stage.

In addition, VULT has opened a marketplace that will directly connect buyers and sellers. The marketplace will offer parties on both ends liquidity and transparency in an industry traditionally seen as opaque.



Computer-generated rendering of a VULT unit

"VULT is beyond an investment," Mr. Lipton said. "It's for a birth, a wedding, an anniversary, a career achievement, a thank you.

"Life has milestones. VULT makes these personal moments with grandeur, sophistication and innovation," he said.

As of press time, VULT has yet to officially be launched, but has sold two units and has received approximately \$10 million in investments from those who feel that product will disrupt the industry.

Where to place your bet

Diamonds are synonymous with love and beauty, but the stones now offer affluent consumers a tangible option of wealth on par with gold, real estate, commodities and paper investments.

Despite a slowing demand in China, the diamond industry's revenue value chain grew by 4 percent in 2014 and the first half of 2015, according to a new report by Bain & Company.

"The Global Diamond Industry 2015: Growth perspectives amid short-term challenges" report examines major developments in the diamond industry's value chain with a focus on the reasons behind a drop in rough and polished diamond prices and slowing economic growth. By comparing 2014 results to the 2015 market, those in the diamond industry most notably high-end jewelers can gauge expectations for recovery in a climate that has seen uncertain demand and price cuts ([see story](#)).

While commodities such as the S&P and assets such as gold are fruitful investments for many, Hermes' Birkin handbag may be the best option for investors looking for a high yielding return.

Over the last 35 years, French leather goods brand Herms' iconic Birkin handbag has increased in value by more than 500 percent, according to a recent study by Baghunter.



Hermes' Birkin handbag

For its study, the online handbag consignment marketplace compared three different types of popular investments: the S&P 500, gold and Hermes Birkin Handbags. The Birkin bag, named for actress and It-girl Jane Birkin in 1984, and based on an Hermes design from 1981, is a status symbol for the fashion elite, and as it turns out, a sound investment.

In the time period evaluated, the S&P 500 has returned an average of 11.66 percent, or 8.65 percent in real returns. Gold prices have offered a return of 1.9 percent, or a real return average of -1.5 percent.

But, Baghunter found that Hermes Birkin handbags have increased in value year over year. The handbag has offered an average annual value increase of 14.2 percent ([see story](#)).

Furthermore, just as Birkin bags, diamonds are a viable investment for today's wealthy.

"Diamonds are one of the smallest, lightest and most concentrated forms of wealth in the world," Mr. Lipton said.

"VULT technologies have transformed diamonds into a new asset class that offers another tool for individuals looking to protect and control their wealth," he said. "It's a gift to continue your legacy, diversify your portfolio and to have more security in your wealth."