

# Blockchain Links Grow

By Megan D. Hindmarch

Every day, complex recordkeeping processes involving people and technologies quietly keep the world's wheels spinning, influencing everything from banking to insurance to health care and more. Imagine the time, skills, systems, faxes and emails it takes to trade a complex financial instrument, involving 20 banks, each keeping their own ledger of the transaction, each having to reconcile with the other. But what if there was a shared ledger, where each bank had access to what Anthony Hardy of Franklin Equity Group calls one single source of truth.<sup>1</sup> What if it could reduce all the necessary reconciliation steps?

“What if” is happening now. Blockchain—basically a decentralized distributed ledger, which records transactions in a transparent and secure manner—is disrupting various industries.<sup>2</sup> You'll often hear blockchain linked with cryptocurrencies such as bitcoin and ether. Let's say you use such a currency to complete a transaction. It is represented online as a block and is broadcast to every party on the network. The network approves the transaction and the block is added to the existing blockchain in a transparent and unalterable way. With the approval in place and the block added, the transaction is complete.

Imagine how blockchain can potentially reduce costs and complexity, create instant transactions, help reduce business delays, ensure transparency and sidestep censorship. This innovation is not without its downsides. For instance, companies using a public blockchain could face privacy concerns and potential security breaches.<sup>3</sup>



## How is it Being Used Today?

Financial services, health care and insurance are a few of the various sectors taking serious steps towards introducing blockchain capabilities. A major diamond company is using blockchain to track diamonds, helping to clear their supply chain of imposters and conflict-zone sourced minerals.<sup>4</sup> Blockchain is also credited with supporting positive social change. Here are a few recent examples:

**Reaching people in need:** In 2017, over 10,000 Syrian refugees were able to buy food with cryptocurrency-based vouchers. A blockchain/cryptocurrency platform was integral to the United Nations World Food Programme distributing funds directly to people, bypassing bureaucracy, corruption and international uncertainty.<sup>5</sup>

**Breaking down barriers for development:** The high cost of international money transfers can be a barrier to businesses working in developing regions throughout the world. For instance, Quora.com reports that in 2016, it cost over

\$30 billion to transfer money to Sub-Saharan Africa in that year alone. A blockchain platform is reducing those costs, improving the business environment and helping families support relatives in that region.<sup>6</sup>

*“Blockchain is also credited with supporting positive social change.”*

**Supporting democracy:** Cybersecurity and voter fraud are sensitive topics these days. Blockchain technology can currently provide an “unhackable electronic vote-counting system.” It can also help secure voter registration and ensure tampering is not an issue. These are meaningful features for developed and developing nations.<sup>7</sup>

Is blockchain a fad or truly an integral part of our future? That's up for debate at the moment. But for the record, I'd say its impact is reaching far beyond the world of cryptocurrency where it began.

1. “Taken on Trust: Disrupting Money,” Franklin Templeton Investments, April 28, 2018, <https://www.franklintempleton.com/disruptingmoney>.

2. “Taken on Trust: Disrupting Money.”

3. “Taken on Trust: Disrupting Money.”

4. Bernard, Marr, “How Blockchain Could End The Trade In Blood Diamonds – An Incredible Use Case Everyone Should Read,” *Forbes*, March 14, 2018, <https://www.forbes.com/sites/bernardmarr/2018/03/14/how-blockchain-could-end-the-trade-in-blood-diamonds-an-incredible-use-case-everyone-should-read/#208d18f0387d>.

5. “What is Blockchain Used For Besides Bitcoin?” *Forbes*, November 17, 2017, <https://www.forbes.com/sites/quora/2017/11/17/what-is-blockchain-used-for-besides-bitcoin/#42e766c7446e>.

6. “What is Blockchain Used For Besides Bitcoin?”

7. “What is Blockchain Used For Besides Bitcoin?”