

The power of blockchain in building cohesive financial system

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Why do we desire a cashless system? What is the need of an alternate to paper notes? These are some very pertinent questions today, since with cash there is a potential threat of getting cheated, losing money or not have enough in times of distress. We have even seen and experienced debit/credit cards which are plastic money and also possesses the probable threat of misuse.

Then there's net-banking but not everyone has a bank account to use this facility. So, what is the new alternate? A new distributed electronic cash system concept was introduced in 1998 by Wei Dai who published a description of "b-money". This was the inspiration and reference behind the launch of bitcoin – 'a type of digital currency in which encryption techniques are used to regulate the generation of units of currency and verify the transfer of funds, operating independently of a central bank.'

Digital currencies increase transparency and provide more secure payment authentication. This medium allows instantaneous transactions and borderless transfer-of-ownership. Because all digital currency transactions are stored in a tamper-proof ledger system, also commonly known as blockchain, and transactions use a traceable code to authorize transactions, consumers may consider them more secure than other payment methods. Today, there are over 700 digital currencies in existence.

The blockchain is a technology behind bitcoin, where it serves as the public ledger for all transactions. Every transaction happening through bitcoin allows every compatible client to connect to the network, send new transactions to it and verify transactions. The most sustainable crypto

currencies till date are Ethereum are public blockchains and have the largest market share. Both of them currently secure their blockchain by requiring new entries to include a proof of work.

Blockchain applications

Blockchain technology has already created a ripple effect across industries and sectors apart from cryptocurrency and verifying data/transactions. This is useful in facilitating crowd sales or implementing prediction markets and generic governance tools. Blockchain technology is also being used to create a permanent, public, transparent ledger system for compiling data on sales, storing rights data, and tracking digital use and payments to content creators.

Companies like *NASDAQ*, *Openchain* are already using blockchain for creating digital assets such as stocks, bonds and frequent flyer miles.

It's also useful in creating blockchain IDs that can be used to sign into apps, websites, and digitally sign documents.

With blockchain, security issues are best taken care of and hence the use of bitcoin, as a cryptocurrency is gaining momentum. Bigger companies like *Apple*, *Dell*, *Subway*, *Microsoft*, *Reddit*, *Expedia.com* and many other market players have adopted bitcoins.

The value proposition of blockchain is a decentralized technology that is revolutionizing the way people exchange values around the world without worrying about the security issues.