

# [Bnp paribas – bitcoin disruptive potential](https://assignbuster.com/bnp-paribas-bitcoin-disruptive-potential/)

BNP Paribas, French bank and financial services company with global headquarters in Paris, has made a statement that the technology that supports bitcoin has the ability to make the existing companies “ redundant”.

This is a huge admission from one of the world’s biggest banks.

Of all the transactions that take place, blockchain is an online ledger that is expanded across thousands of computers and servers globally.

Johann Palychata, an Analyst states two scenarios for blockchain- based securities market in Quintessence, the company’s magazine.

He declared “ The first scenario creates a total disruption. In its purest form, a distributed blockchain system allows all market participants direct access to the DSD (Decentralized Securities Depository), to the exchange and to the post trade infrastructure. If this setup develops then existing industry players might be redundant.”

Many banks believe that new technology infers opportunities instead of threats, as they are very interested to deemphasize the competitions from financial technology of fintech startups.

Palychata continues,

“ The second scenario is an integration within the post- trade ecosystem. The distributed ledger might only be the next generation of IT infrastructure.

In this scenario custodians or settlement infrastructures might use the blockchain to record the ownership and trades between themselves; however, end investors will still need to use a custodian to have access to the market.

The ledger will only be accessible to authorized market participants Existing actors will remain in charge in this scenario.

However, their level of service could change and they may deploy new services that they could not in the past because the investments required were a huge barrier to entry.”

It seems to be that Palychata’s second scenario, is becoming quite closer to the recent initiatives of the companies like Nasdaq and Overstock.

Nasdaq which is partnered with Chain, a bitcoin API startup situated in San Francisco, will implement the blockchain technology in its Nasdaq Private Market.

Overstock is planning to pay its employees in bitcoin and issue stock through bitcoin technologies.

The company that adopted bitcoin in December 2014, and became the largest retailer in United States to accept BTC payments since it was overshadowed by both DISH network and Dell Computers.

Nasdaq that at the moment experimenting with the blockchain, confirms the second scenario of Palychata.

All being said, it is quite astonishing that a representative of one of the world’s biggest bank considers that it is the worst possible nightmare if the existing companies might become “ redundant.”