Blockchain in Banking & Finance

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Preface

As we believe, blockchain technology is poised to bring significant changes in the banking and finance industry. Considering the properties of blockchain being distributed and immutable, the technology has the capabilities to disrupt the current banking processes. Be it an exchange of values, cross-border payments, customer identification, or securing the financial data of the users; blockchain can bring several positive upgrades for the users.

So, what problems can blockchain solve in the current scenario of the banking and finance industry?

There are several challenges that the banking and finance industry is currently facing. Blockchain holds the potential to solve those challenges by reducing the overall cost and making things more secure. Here are some of the roadblocks that blockchain as technology can solve:

1. Slow transaction speed
2. Risk of Frauds and Hacks
3. Expensive KYC Process
4. Reliance on Intermediaries

Contemplating the impact of blockchain on the banking and finance industry, numerous banks and financial organizations are trying to adopt the technology to stay head-to-head with the growing market.

Over the past years, blockchain has emerged as a viable technology for replacing the current processes with new and advanced ones. In this context, blockchain enables the development of new business opportunities and eliminate existing inefficiencies. While the technology is picking up its pace, it is yet to be seen how organizations change their business models and reap its benefits.

Thinking of adopting blockchain in your business?

Just like any other technology that has emerged, blockchain comes with advantages as well as disadvantages. If you are looking for ways to adopt blockchain to your current business model, it is important to consider both the advantages it offers, as well as be aware of the disadvantages it has.

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Akeo AS is a Norwegian concept and development company specializing in emerging technology. With multiple blockchain projects in the portfolio, the team at Akeo has built up an in-depth understanding of what blockchain is, how it works and how to build tailored applications to meet your business requirements.

Contact us if you are interested in learning how to leverage the benefits of the technology.

Blockchain in Banking and Finance

Blockchain technology has the potential to completely revolutionize the global financial industry by presenting numerous opportunities to transform how people transact with money and values.

Payments

The world is striving towards faster online payments and are exploring new dimensions of exchanging money. There are, however, certain barriers that the finance industry is yet to solve. Some of the core challenges that the banking and finance industry is facing are frauds, slow & expensive cross-border transactions, and data vulnerability.

Blockchain technology has the potential to eliminate the major hurdles faced by banking and finance industry regarding payments. The decentralized technology can assist the current system in numerous ways through its capabilities of high-speed payments, immutable ledger technology, and high transparency. Such implementation could also lead to operational efficiencies and tremendous cost savings for banks.

Blockchain Application in Payment System

Taipei Fubon Commercial Bank in Taiwan is the first bank to implement blockchain technology in the payment system for restaurants and merchants.

Reduction of Fraud

Banks and financial institutions use a centralized database that is more prone to hacks and cyberattacks. Blockchain, on the other hand, is a completely decentralized platform that could solve the problem by offering complete transparency in payments and reducing frauds in the banking and finance industry.

Blockchain Application in Reduction of Fraud

Guardtime is a blockchain backed company that has provided numerous solutions in financial industry such as detecting data poisoning and reducing fraudulence.

Know Your Customer (KYC)

It typically takes around 30 to 50 days to complete the KYC process to a satisfactory level. Inconsistent and slow KYC systems across the globe is causing a great deal of financial burden on banks and government institutions. Apart from delays, current KYC processes also suffers from high costs and duplication of efforts.

Blockchain technology can effortlessly solve the issues through its attributes. Storing KYC documents on a blockchain will reduce the delays and save money involved in the entire process. Other banks can also use the KYC statements stored on a blockchain without the need to ask customers for the KYC process all over again.

Blockchain Application in KYC

Mastercard has recently filed a patent where it describes a system of using a private or semi-private blockchain to store customer data such as name, address, and tax identification number.

Trading Platforms

Online trading platforms are a great place for investors to trade and monitor stocks and commodities. However, the platforms are always under the radar because of issues such as the risk of frauds, double spending and lack of transparency. Additionally, the industry has not been able to come up with a permanent solution until now.

Blockchain offers a potential medium to exchange assets eliminating the need for intermediaries. This way it could easily enhance the traceability and authenticity of the assets by storing their value on the permanent ledger.

Blockchain Application in Trading Platforms

Everledger is a global startup that uses blockchain in view of reducing frauds. The organization has adopted Bitcoin as a mark of authenticity for diamonds to maintain a digital and permanent record of the diamond trade.

ChainTrade is a blockchain based platform for physical trading of commodities. The platform is going to move commodities and raw materials trade to permissioned blockchains to promote fairness of transactions and simplified trade process.

Benefits of Blockchain Technology in Banking and Finance

Blockchain caters to the needs of the Banking and Finance sector by eliminating the need for intermediaries, enabling a significant amount of time and money being saved.

Blockchain helps in:

- Cheaper operational cost and enhanced capital optimization.
- Traceability of settlements with the help of smart contracts.
- Enhanced transparency within financial institutions.
- Eliminating chances of human error in accounting.
- Reduced transaction delay.

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Glossary

Bitcoin – A type of cryptocurrency

Blockchain – Blockchain is an immutable digital ledger that is programmed to record transactions and anything that has a value.

Data Poisoning – Data Poisoning is an attack method in which corrupt data is inserted into the database.

Data Vulnerability – The flaw or weakness of the system that makes the data prone to hacks and cyber-attacks.

Decentralized - To transfer the control of an organization or government from a single entity to several smaller ones.

Immutable – Unable to be changed

Inspiring change through technology

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