

How is Blockchain Revolutionizing Banking

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Summary: In this article, the state and prospects of using blockchain technology are analyzed. The experience of foreign companies in relation to the cryptocurrency market and the security problem are considered

Keywords: Blockchain, blockchain technology, banking, online transactions.

Firstly, let us talk about the meaning of Blockchain for people that are not familiar with it. The concept of Blockchain is explained as an online space that is used to store information about transactions such as time, date, and dollar amount of the recent purchase. People that are participating in a deal are stored in the data. Online transactions have been increasing in the last two decades, which means that banks are no longer critical for financial management [1].

Other than the banking industry, there is a lot of organization that saves, invest, and lends in faster ways than such financial giants. Hence, such an organization uses Blockchain since it helps in cost-saving as well as labor. Blockchain seems to be steadily advancing in the world and changing the transaction environment. A lot of organizations have been using this technology to improve their services. One example can be of Walmart that started using the technology to improve their food safety [2].

The company Walmart started working with IBM to implement a Blockchain solution for food safety. To improve security, the company required every supplier that provides vegetables to upload their data to the Blockchain. The manual processes that were used before Blockchain led to time consumption and issues in tracking down the problems such as E. coli diseases [3]. Hence, once the company started to place supply chain information on the Blockchain, the process became transparent, traceable, and fully digital. Every node of Blockchain represented an entity that has handled the food and makes it easier for the company to see if there could be any infected products.

If we talk specifically about the finance and banking industry, there are thousands of funds that are being regularly transferred from one place of the world to another [4]. These online transactions and funding make the global financial system one of the most public sectors that are being benefited by the use of Blockchain. People are still skeptical about using Blockchain in the banking sector [5]. Nevertheless, Blockchain can be as useful for banks as the internet is for media. It has the potential to solve a lot of issues since it is safe, decentralized, transparent, secure, and a lot cheaper to establish, operate, and manage.

Financial institutes that do not use Blockchain have to perform a necessary function to keep people's money safe and secure. This process requires a lot of mediators, which leads to an overall expensive experience for the company. Furthermore, the involvement of a lot of mediators can lead to a lot of errors and fraud. Hence, a better choice for such an organization is Blockchain technology since it aims to do the heavy work by securing the transactions and making the clients feel more satisfied.

One of the banking companies that have placed their faith in the Blockchain technology is JP Morgan Chase. This company implemented a new division which is used explicitly for Blockchain technology. It is called the Quorum division that supports speedy transactions and throughput addressing challenges. Another major US bank called Bank of America has also filed a patent document [6]. The document was published for the implementation of a permissioned Blockchain to secure the records and validating other personal or business data. Now that significant banking industries are using Blockchain, there are a lot of issues that can be solved since the systems will be transparent and easy to access.

In 2018, Deloitte introduced "Global Blockchain Survey" which represented tendencies of Blockchain technologies. Deloitte highlighted that this technology is not something to think about, it is a new tool to implement and apply [7].

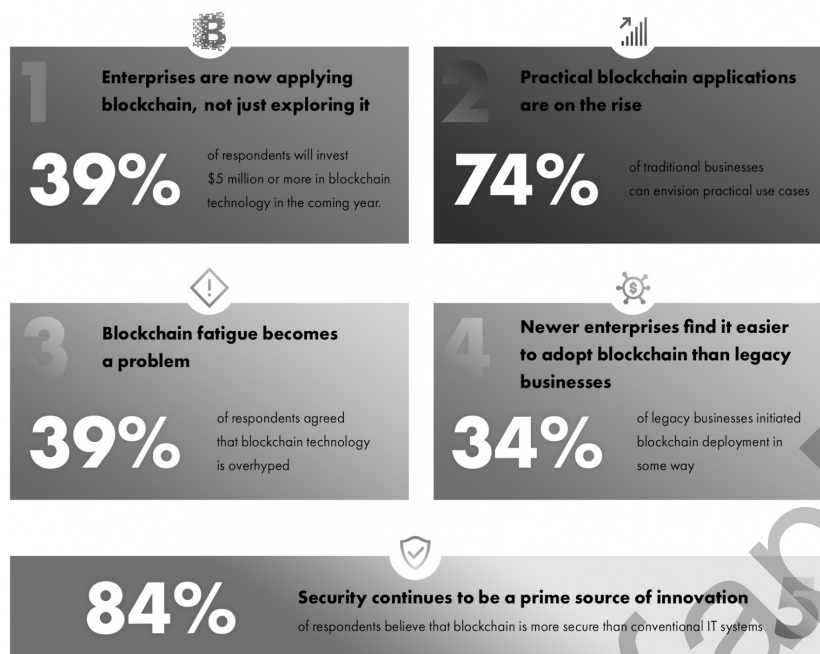


Table 1. 5 Major Blockchain Trends in 2018.

Source: [7]

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Қазақстан Республикасындағы банк жүйесінің инновациялық қызметтері

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Түйіндеме: Бүгінгі күні банктердің көпшілігі өзінің стратегиялық міндеттерінің қатарында, қызметтерді әмбебаптандыру және клиенттік базаны кеңейтуді көздейді. Нарықтың серпінділігі мен бәсекелестіктің күшеюі банктер бизнесті әртараптандыру, жаңа бағыттарды іздеу және көрсетілетін