

Blockchain: An Emerging Trend in Fintech

Maria Shalini. J, Immaculate Cynthia. A

Research Scholar, Department of Commerce, Loyola College

Research Scholar, Department of Commerce, Loyola College

Abstract The digital revolution has led to a whole new technology known as Blockchain technology. Just like Artificial Intelligence Blockchain is the most sought after technology in the digital era. The invention of this technology has seen a great potential in changing the status quo of the business world. The paper elaborates how the technology works and throws light on major significance changing the landscape of various business sectors. Since this invention is at the inception stage there are potential opportunities and vital strengths in the digital world. But there are concerns for threats and possible weakness in the technology. The whole new technology fills the gap for the existing technology and makes the business at ease even smooth.

1. INTRODUCTION

This millennium belongs to the digital era. Digitalization has transformed the very landscape of the business world. Technological innovations are the foundation on which digitalization and automation are built on. In order to Bridge the gap between the existing technology and demand for swift advancements, Blockchain comes into the picture. Block chain is a network that records its data in a peer to peer network. The data stored in a block chain are highly transparent. Block chain technology is primarily used in the field of crypto currency. However, the increasing attention towards block chain has widened the scope of application. Now the block chain is also used in different spheres of commerce including data storage and supply chain management. The importance of block chain technology has gained momentum as it bridges the gap in the existing technology. The block chain technology was first conceptualized by Satoshi Nakamoto in 2008. It was first implemented by him as a component of digital currency which was termed as Bitcoin. Block chain is a record keeping technology behind Bitcoin. Block chain is a decentralized public ledger. The word block refers to digital information stored in a public database, whereas public database is a chain connecting the blocks. A block generally has three specific parts (i) transaction (ii) who is participating in transaction (iii) "Hash" is a unique code that distinguishes information stored in each block. A single block can store upto 1MB of data. Each block comprises of two sections. One is called time snap which contains the information about the latest updated time and the other contains the link to the previous block. The data stored in a given block cannot be altered without

altering all the subsequent blocks and the collusion of networks.

BLOCKCHAIN AND FINTECH

Blockchain is a core technology in Fintech. The Fintech ecosystem is ever growing. Blockchain technology in Fintech will segregate the winners and losers in the financial services industries as it moves from exploration to application. With the help of Blockchain technology companies can create cost-efficient variety of products and diversifying its services into various sectors. One of the biggest obstacles of Fintech companies is trust, transparency and safety. Blockchain helps in overcoming these burdens by making data transfer safe by validation and creating transparency with centralized authority.

2, SIGNIFICANCE OF BLOCKCHAIN

Banking sector: Banks have slowly started to adopt Blockchain in areas like payment, settlement of currencies, KYC, asset registries, derivative contracts, AML registries.

Media: Micro transactions and low cost transactions can be made without the processing fee that is charged today for small valued transactions. Using Blockchain henceforth, newspaper websites can charge per page or per particles rather than per month.

Retail and E-commerce: Blockchain helps in securing digital products such as music, images and also intellectual properties.

CRM: Blockchain can help in faster processing of loyalty points programme. It helps in real time updation of points secured by the customers.

Public sector undertaking: The government can easily detect frauds or make corrections in legal

activities such as vehicle registration, Digital identities etc for Citizens in order to reduce the burden of maintenance and be more transparent and secured.

Public services registries: With the help of Blockchain public services like voting, registrations, tax and health records can be recorded, stored and be used for verification and authentication purposes.

Supply chain management: Blockchain solutions can permit customers to track and trace their orders the moment when they have purchased their products. The global food chain industries have invested approximately \$40 billion in order to detect food frauds due to increasing out datedness in regulations and government controls.

3. SWOT ANALYSIS

STRENGTH

- ✓ India is the second populous country next to china where information collected is vast so as to ensure vital storage.
- ✓ Blockchain technology poses more convenience of various transactions between various blocks as data is never destroyed.
- ✓ Blockchain uses a secured networking system that helps to protect the identity of the users.
- ✓ Blockchain is a highly integrated network of nodes. Any information stored into it has to go through various nodes to make a change.

WEAKNESS

- ✓ Implementation of Blockchain framework involves complex operation of tech, labor, money and time.
- ✓ India is lacking the vital vision of accessing opportunities.
- ✓ Securing cooperation between various agencies and individuals might cause hindrance in stabilizing framework.
- ✓ Leaking data or information is easy but it cannot be destroyed.

OPPORTUNITIES

- ✓ IIT has launched a new Blockchain based training programme.
- ✓ Information passing through Blockchain is accessible in creating a wide network across the globe.

THREAT

- ✓ Lack of proper IT infrastructure.
- ✓ Legalizing and stable procedure will take long time.
- ✓ Confidentiality is definitely a two sided coin. One it protects information and second it would cover illegal hacking or manipulating or leaking the data or information.

- ✓ Outsourcing of information may lead to national threat.

4. CURRENT SCENARIO OF BLOCKCHAIN IN INDIA

The evolution of Blockchain technology is equivalent to the period when the internet was launched in the world. The favorable outcomes of the Blockchain technology will show up its true colours in this decade. At present Kotak Mahindra Bank the 4th largest private sector lender has qualified for financing one of its clients an end-to-end trade by making use of Blockchain technology, thereby reducing the burden of time taken for the letter of credit. Leading states like Andhra Pradesh, Telangana and some other states have partnered with Blockchain startups officiated abroad for executing Blockchain in various fields like e-governance on pilot project basis. These states are becoming more aware of the concept of Blockchain technology and arranging conferences, seminars for shaping and conducting the execution into the place. The Reserve Bank of India collaborated with MonetaGo a US based jointly associated the Three Trade Receivable Discounting System to reduce the frauds in bills discounting. The programme went live on March 23, 2018 and has been India's first Blockchain solution. Bajaj Electricals Ltd has conducted research on Blockchain and found that the cycle time of Bill Discounting Process for paying its suppliers from five days has considerably reduced to almost real-time basis. The fifth largest private sector bank in India the Yes Bank, has declared that it has enacted a multi-nodal Blockchain transaction to fully digitize vendor financing for Bajaj Electricals. In May 2018, Prime Minister Narendra Modi focused on the usage of Artificial Intelligence and Blockchain technology in agriculture sector. The Prime Minister emphasized one of the key problems as, "the bad quality of seed, fertilizers and medicines" are being supplied to the farmers which have lead to low productions and hindered their income. The cabinet meeting was held in September 2018, presided by the Prime Minister Narendra Modi has signed MoU between Exim Bank and participating member banks under the BRICS Interbank Cooperation Mechanism partnering research on Blockchain technology keeping in mind the development of digital economy. The government and the private sector has welcomed Blockchain technology for its huge opportunities and potential in India but it has limited access and it has to overcome huge challenges faced by it specially the regulatory frameworks for the application of Blockchain. Without that, Blockchain has to face to find its real identity to adopt in India.

5. CONCLUSION

It is inevitable that the digitalization is going to take over the world where Blockchain is the driving technology behind it. Blockchain is still at the initial stage. Global giants are shifting towards Blockchain for the advantage it has over the existing technologies. So it is necessary that developing countries like India will have to adapt to it. Days are not very far to know the unknown face of this technology.

REFERENCES

- [1] An Analysis of Blockchain. (2018, Apr). Retrieved from CruptoDigest. Bauerle, N. (n.d.). Retrieved from CoinDesk
- [2] BlockChain Technology. (2018). Retrieved from Academia
- [3] Blockchain Industry- Global Trade Finance. (2018, Jan). Retrieved from Medium.
- [4] Lima, E. (2018, August). Blockchain: Beyond the Hype. Retrieved from Hackernoon

.
. .
.