Presentation on the Research on Blockchain and it’s Disruptive Potential
(Registry – Management of Assets)

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What is expected from this research topic presentation

-- what is the problem?
-- what have you found as your research results?
-- what are the challenge / Pros / Cons?
-- what are the concluding remarks?

There is a growing concern that distributed ledger technology known as blockchain will bring a radical shift in the way we think about physical and financial assets and how asset management companies would operate in the future.
WHAT’S THE PROBLEM?

The ability of blockchain distributed ledgers to replace intermediary centralised systems of record has attracted real interest given the potential to cut cost, reduce delays, provide more timely & accurate data and enhance reporting accuracy.

Already, a report by Roubini ThoughtLab reported that 225 out of 500 asset managers have already started utilizing this technology which help in authenticating transactions electronically without the use of an intermediary.
Intermediaries have been fully involved in:

• Real Estate
• Luxury Market
• Funds Management
• Pharmaceutical Products supply chain
We analysed the following organizations using the blockchain technology:

- Everledger
- Provenance
- Ubitquity
- VeChain
- BlockVerify

WHAT WE FOUND IN OUR RESEARCH
Everledger

- Diamond industry
- $50,000,000,000
- Verify the policyholder vs the goods
- Diamond DNA in the blockchain
Provenance

- Transparency of supply chains
- Information gap
- Smart tags
- „The tuna story“ from Indonesia
WHAT WE FOUND IN OUR RESEARCH

Ubitquity

• Real estate world
• Want to avoid fraud
• Focus on new properties
• Need better identification
WHAT WE FOUND IN OUR RESEARCH

There are others...

VeChain – Verify origin of products

BlockVerify – Tracking pharmaceutical products and luxury items.
Middlemen / Intermediaries

WHAT WE FOUND IN OUR RESEARCH

Figure 2: Impact of the Blockchain on the value chain of asset servicing

Impact of the Blockchain on fund distribution by Deloitte June 2016
What would the implementation of Blockchain Do?

- Elimination of Middle Men / Intermediaries
- Better management of Product full Lifecycle
- Trust and openness of business

Blockchain would ensure

- Reduction in transaction time
- Reduction in corruption and create more trust
- Reduction in transaction costs
- More transparency
- More reliability
Need for Blockchain Implementation in Registry - Asset Management

- Consumers wants more transparency
- The UK Modern Slavery Act 2015
  (March, 2015)
- The Transparency in Supply Chain Provisions
  (October 2015)

Under the provisions, companies must submit an annual statement that confirm the steps taken to ensure that slavery and human trafficking are not taking place in the company or its supply chain.
Challenges of Blockchain Implementation

• Concerns over Data security
  - Mt. Gox in Tokyo went bankrupt and lost about 850,000 bitcoin in 2014
  - Cyber attacks on DAO (Decentralised Autonomous Organisation) in June 2016 with about 3.6 million Ether (approximate $53 million) stolen
  - Bitfinex in Hong Kong lost US$72 million worth of bitcoin in August 2016

• Public nature of blockchain and potential risk exposure in some sectors e.g Healthcare
Challenges / Pros / Cons

• Lack of full Support from Regulatory bodies

  - The Financial Stability Oversight Council, a group of US regulators, warned that since blockchain is a distributed ledgers, security flaws might not become clear until they were “deployed at scale”
  - Recent warning from the Central Bank of China on the risk of bitcoin and that it can’t be used as money
  - Warning from Kaspersky Labs that might allow the distribution of malware
Blockchain technology is established on trust (not by powerful intermediaries like banks, governments and technology companies), mass collaboration and clever code.

The growing concern about its disruptive nature calls for more involvement from the government and organizations.
Conclusion

Quote from Bill Gates:

“We always overestimate the change that will occur in the next two years and underestimate the change that will occur in the next ten. Don't let yourself be lulled into inaction”
Thank You

ANY QUESTIONS?

Image taken from www.haikudeck.com