

What are Smart Contracts?

Smart Contracts are electronic contracts based on a computer program.

Smart contracts automate and improve processes and are an important part of digitization, which can change a lot in our business- and everyday life

Smart contracts use blockchain technology and work according to the “if-then principle”. This allows the contracts to be executed automatically.

Benefits of Smart Contracts:

- Secure with blockchain technology
- Immutable
- Transparent
- Inexpensive (no third parties involved)

Examples of where Smart Contracts can be used:

- Rental contracts (automatic payment without banks)
- sales contracts
- authorities
- Energy sector (electricity, water, gas contracts)
- insurance contracts etc

What can a smart contract look like?

Example rental agreement

A concludes a rental agreement with B via Ethereum blockchain via smart contract.
Provisions according to the contract:

A pays B rent of EUR 500 in ETH on the 1st of each month.

Due to the “if/then principle”, 500 EUR is automatically paid from person A to B whenever the 1st of a month is (regardless of the day of the week / bank working days are no longer relevant).