### ppt

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With the increasing pace of globalization, international trade has become very common. We can also feel the complexity of traditional international trade processes from this image. There are many middle links between the importer and the exporter.The Insurers company draw up a contract with importers and exporters and they need the document couriers to communicate with each other. The cargos have to pass Pre-ship Inspectors, Terminal, shippers, Customs, and other transportation links.

On the other side, the settlement involves not only the banks of both sides but also need the corresponding bank. Recent research by the Boston Consulting Group finds that more than 20 players are a party to a single trade finance transaction throughout the process, and creating approximately 5,000 data field interactions. While the entire process is cumbersome obviously, there are also many security risks, such as misoperation and financial fraud.

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There are 4 pain points of traditional international trade as follows:

**The first is data silo.** There are several participants and complex processes resulted in fragmented data sources. Furthermore, the data is high commercially confidential. So, considering information security, the participants do not want share data with any third party. It leads to the data silos. Due to regional and cultural differences, it is hard to unify structured data in international trade, such as orders, invoices, and declarations. It gains the process a higher risk of financial fraud.

**The next is lack of** **trust.** There are many traditional paper documents, handwritten signatures, third-party custody, not only increase the risk of fraud, but also affect the efficiency of international trade processing. And the data sources are distributed in different countries. It is hard to confirm the identity of the participants in the other business links to avoid the risk of trade fraud. In the current international trade, the business chain is quite long. The credibility of data passed through layer by layer is bound to be significantly compromised. As a result, information verification requires a lot of time and labor costs~~.~~

**The next is** **inefficient process collaboration and long settlement cycle.** Most of participants from different countries, and even cooperation between organization in different countries. Due to the business particularity of international trade, the absence or problem of any link in logistics, capital flow, and information flow may lead to an inefficient collaboration of the whole business process, directly affecting the security and synergy. Syn ner gy.

**The last one is bottleneck of centralized platform**. Most international trade uses centralized services or platforms today. Centralized platforms have extremely unequal rights and obligations. And there are also the problems of low transparency and strong dependence on centralized platforms. Once the centralized platform breaches, or loses connection, the entire system's security will suffer huge damage.

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Blockchain can be optimized the pain points mentioned above.

**The first is trust enhancement**. The feature of immutability and traceability of information records make it impossible for all data to be modified by single participant. Even if the information is transmitted layer by layer, trade participants or customs will be able to verify the data's authenticity through the Blockchain system efficiently. Furthermore, it could replace the traditional paper documents, handwritten signatures as well. It makes international trade process more secure and efficient.

**The second is data connectivity**. Blockchain can integrate scattered data and ensure data consistency on the chain. The data validated by a consensus mechanism and recorded in the "ledger" shared by everyone in the system. It improves the efficiency of the consolidation of fragmented data aggregation. The blockchain system can facilitate supervision and make the information received in each link is true and effective. Ensure the safety of the entire transaction process.

**The next is optimized process collaboration**. The blockchain introduces the application of smart contracts while improving the degree of automation and increasing efficiency, and avoiding the risk of credit fraud and operational risks.

**The last one is Weakly centralized network**. Weakly centralized network will no longer rely on certification and credit endorsements from authoritative institutions and simplify transaction processes and shorten the cycles.

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We can see the complex process of traditional international trade can be optimized through blockchain. At the same time, the security of the entire process can be improved.

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So when we talk about blockchain, we always think of Bitcoin. However, blockchain has a wild range of application scenarios. Many traditional industries can be optimized by blockchain.

The core concept of blockchain is decentralization. It is an innovation. However, not blindly using decentralization is the optimal solution. Each scenario needs to find an appropriate balance of centralization.

Proof of work consumes a lot of energy. The generation of blocks requires countless and meaningless calculations by miners. In some scenarios, proof of work is not the best choice. It is better to use proof of stack in some specific scenarios. Such as international trade.