**IBM Adopting Bitcoin Technology for Traditional Currencies**

IBM is considering developing a digital cash and payment system for traditional currencies by adopting the Blockchain technology of Bitcoin, as recently reported by Reuters. According to an unidentified source, the objective of this project is to make transactions easier for people without having a bank or central authority involved, and without incurring any transaction costs. These transactions will be carried out in an open ledger of the currency of a country, for example, euro and dollar.

The Bitcoin technology works without a centralized network or a supervisor body. IBMCoin on the other hand, according to the source, will be linked to the bank accounts of users and managed by central banks. Wallet software would help integrate the IBMCoin with the user’s banking system. The idea behind this is to introduce a currency system that requires less maintenance expense, ensures speedy payments and serves to be more convenient for consumer use. For this purpose, IBM has already been in talks with a few central banks, the Federal Reserve being the first and foremost. If the idea is approved and given a go-ahead by the central banks, IBM will look towards starting the development of the project infrastructure, for which it needs to build an optimal pool of resources in terms of personnel and required expertise.

“These coins will be part of the money supply. It’s the same money, just not a dollar bill with a serial number on it, but a token that sits on this blockchain," the source said. “It's sort of a bitcoin but without the bitcoin."

The blockchain technology of bitcoin is considered as a major innovation. It is a list of transactions of the digital currency, precisely called a ledger, which allows users to make instant payments anonymously without any charges or regulations. The ledger is available for all public within the bitcoin network, and maintained by a group of miners with specialized mining hardware. IBM’s proposed currency, IBMCoin, is set to work in a similar manner.

IBM has been working on the blockchain technology for quite some time now. At CES 2015, it disclosed it proof of concept for Autonomous Decentralized Peer-to-Peer Telemetry (ADEPT), a system developed in collaboration with Samsung. ADEPT employs the components of Bitcoin’s technology to develop distributed device network, a decentralized Internet of Things. While this initiative by IBM may seem interesting, it is imperative to discuss how it will persuade central banks to adopt this system. Though the savings and checking accounts may not generate as much revenue for banks as they used to in old times, they still play a major role in interest based profit earning for banks. The introduction of a decentralized digital currency will minimize the role of banks to a great extent. In the world of digital currency, storing 1 billion dollars takes the same amount of space as does storing 1 dollar, and both require the same level of security as well. Moreover, the introduction of digital currency removes the need to keep separate savings and checking accounts, which poses a serious threat to banks. Nonetheless, considering that IBM has taken the initiative and a number of banks are even considering collaborating with IBM for adopting a currency system based on blockchain, presents a positive boost towards bitcoin image and its usage as a currency. It also backs the assertion of bitcoin being a secure way of transaction without involving the risk of money laundering.

Although it seems far in time when we get to see a national or international digital currency introduced in the market, yet some governments are also gradually gearing up to the world of digital currency. There are speculations regarding the introduction of “Fedcoin” in the United States and “Eurocoin” in Europe, particularly in weak economies like Greece. For some radical enthusiasts of bitcoin, the main appeal was its ability to undergo undetectable anonymous transactions. However, these transactions can be traced to the bitcoin address, and are anonymous only if the owner of a bitcoin address is untraceable. In reality, an online user of today knows that every activity we do online is monitored by businesses and governments, and same goes for bitcoin transactions. This is one of the many reasons for which governments are now gearing up to introduce digital currencies. The most appropriate way would be to adopt the positive aspects and disregard the negative ones, to develop a regulated and cost-effective digital economy. If IBM’s initiative is successful, it may become the favored collaborator of governments for a system of state led digital economy in future.