

HOME ([HTTPS://WWW.CRYPTOCOINSNEWS.COM/](https://www.cryptocoinsnews.com/))

/ BANKING ([HTTPS://WWW.CRYPTOCOINSNEWS.COM/BANKING/](https://www.cryptocoinsnews.com/banking/))

Can the Blockchain Deliver Security to Banks Against Cyber Attacks?

🕒 12/09/2016

👤 Rebecca Campbell

(<https://www.cryptocoinsnews.com/author/rebecca-campbell/>)



Banking (<https://www.cryptocoinsnews.com/banking/>),

Bitcoin Technology

(<https://www.cryptocoinsnews.com/bitcoin-technology/>)

,

Blockchain News

(<https://www.cryptocoinsnews.com/blockchain-news/>)

,

News (<https://www.cryptocoinsnews.com/news/>)

Questions have been raised as to whether or not blockchain technology is secure enough to prevent cyber criminals from targeting the financial services.

As bitcoin continues to gain wide acceptance in a number of countries, establishments, and services, companies are turning to its underlying technology, the blockchain, as a way of verifying transactions electronically with no central ledger.

Unfortunately, over the last year, cyber criminals have targeted exchanges and companies by utilizing the blockchain and digital currencies.

Cybercriminals were able to attack the DAO (<https://www.cryptocoinsnews.com/?s=DAO>), draining over \$50 million in June after it announced it had raised over \$150 million in May. The Hong Kong-based digital currency exchange, Bitfinex (<https://www.cryptocoinsnews.com/?s=bitfinex>), was also targeted by cyber criminals after \$65 million was stolen in August. The Bangladesh Central Bank saw cyber thieves steal \$81 million (<https://www.cryptocoinsnews.com/81-million-cyberheist-need-for-blockchain-security/>) from the Swift attack this year.

However, according to Fred Ehrsam, co-founder of San Francisco-based Coinbase, the security of blockchain will increase over time, in a Financial Times (<http://www.ft.com/cms/s/0/05b5efa4-7382-11e6-bf48-b372cdb1043a.html#axzz4K2olkUYD>) report.

He said:

*I think at the beginning you'll have people who screw up with it.
It is true of any new technology, people have to get used to it.*

Furthermore, the Financial Stability Oversight Council stated that flaws would not be evident with the new technology until it had been launched on a massive scale.

Of course, with a lack of specialists examining new code to determine if there are any flaws within it, it is difficult for companies to anticipate what may happen and to put steps in to prevent attacks from taking place.

Stefan Thomas, chief technology officer of San-Francisco-based Ripple said:

There's no history of how to write secure code. It is not surprising that it would be easy to miss typical problems.

Cold Storage vs. Hot Wallets

Another issue is to do with how digital currencies are securely stored.

The general consensus is that cold storage is a far better option than hot wallets because the cold storage is offline, making it much more difficult for a hacker to gain access.

Unlike Bitfinex, which only moved its remaining funds to cold storage after the hack, Coinbase keeps 98 percent of its bitcoin in cold storage with insurance covering the rest.

Can Blockchain Help or Hinder Security?

When it comes to whether or not blockchain will help or hinder security there is a divided community. Thomas believes that a public network that is constantly being tested is better than the current banking system.

Arvind Krishna, senior vice-president of IBM Research agrees by saying that there is added security when more eyes are monitoring the transactions that take place.

He said:

Since everybody has to agree to the transaction it is a lot more secure than what we have today, where all you have to do is get in to one computer.

It may take some time, but it is hoped that with the advancement of blockchain technology it will provide a system that is clearer so that it is easier to see if money has been stolen while providing a foundation to learn from previous mistakes.

Featured image from Shutterstock.

Tags: bitfinex (<https://www.cryptocoinsnews.com/tag/bitfinex/>),
blockchain (<https://www.cryptocoinsnews.com/tag/blockchain/>),
Cybercriminals (<https://www.cryptocoinsnews.com/tag/cybercriminals/>),
DAO (<https://www.cryptocoinsnews.com/tag/dao/>)

Rebecca Campbell
(<https://www.cryptocoinsnews.com/author/rebecca-campbell/>)

🐦 (<https://twitter.com/RebeccaCambel>)



Accenture Executive: Blockchain's Immutability Its Own Worst Enemy
(<https://www.cryptocoinsnews.com/accenture-executive-blockchains-immutability-its-own-worst-enemy/>)

Bitcoin Accepted by Futures Trading Brokerage via BitPay
(<https://www.cryptocoinsnews.com/bitcoin-accepted-futures-trading-brokerage-via-bitpay/>)



ADVERTISEMENT



(https://www.cloudbet.com/en/?utm_source=cryptocoinsnews&utm_medium=banner&utm_campaign=CNN-TopSideBar)

RECEIVE DAILY NEWS



(<http://eepurl.com/OLQl5>)

NEWS

(<https://www.cryptocoinsnews.com/disrupt-air-travel-insurance-flightdelay/>)

Blockchain to Disrupt Air Travel and Insurance with FlightDelay
(<https://www.cryptocoinsnews.com/disrupt-air-travel-insurance-flightdelay/>)

© 12/09/2016

(<https://www.cryptocoinsnews.com/price-outlook-remains-advance/>)

Bitcoin Price Outlook Remains For Advance
(<https://www.cryptocoinsnews.com/price-outlook-remains-advance/>)

© 12/09/2016

(<https://www.cryptocoinsnews.com/accepted-futures-trading-brokerage-via-bitpay/>)

Bitcoin Accepted by Futures Trading Brokerage via BitPay
(<https://www.cryptocoinsnews.com/accepted-futures-trading-brokerage-via-bitpay/>)

© 12/09/2016

(<https://www.cryptocoinsnews.com/blockchain-deliver-security-banks-cyber-attacks/>)

Can the Blockchain Deliver Security to Banks Against Cyber Attacks?

(<https://www.cryptocoinsnews.com/blockchain-deliver-security-banks-cyber-attacks/>)

© 12/09/2016

(<https://www.cryptocoinsnews.com/executive-blockchains-immutability-its-own-worst-enemy/>)

Accenture Executive: Blockchain's Immutability Its Own Worst Enemy

(<https://www.cryptocoinsnews.com/executive-blockchains-immutability-its-own-worst-enemy/>)

© 12/09/2016

RELATED POSTS

(<https://www.cryptocoinsnews.com/blockchain-disrupt-air-travel-insurance-flightdelay/>)

Blockchain to Disrupt Air Travel and Insurance with FlightDelay
(<https://www.cryptocoinsnews.com/blockchain-disrupt-air-travel-insurance-flightdelay/>)

Could Blockchain Reawaken Gold's Role as a Payment?
(<https://www.cryptocoinsnews.com/blockchain-reawaken-golds-role-payment/>)

American Banking Sector Sees Increase in Blockchain Technology Jobs
(<https://www.cryptocoinsnews.com/american-banking-sector-sees-increase-in-blockchain-tech-jobs/>)

(<https://www.cryptocoinsnews.com/blockchains-invention-promises-return-pre-911-optimism/>)

Blockchain's Invention Promises a Return to Pre-9/11 Optimism
(<https://www.cryptocoinsnews.com/blockchains-invention-promises-return-pre-911-optimism/>)

Bank of England Won't Stifle Fintech Innovation Says Senior Central Bank Official
(<https://www.cryptocoinsnews.com/boe-wont-stifle-fintech/>)

China's Social Security to Use Blockchain Tech
(<https://www.cryptocoinsnews.com/chinas-social-security-use-blockchain-tech/>)

(<https://www.cryptocoinsnews.com/swiss-industry-consortium-use-ethereums-blockchain/>)

Swiss Industry Consortium to Use Ethereum's Blockchain

(<https://www.cryptocoinsnews.com/swiss-industry-consortium-use-ethereums-blockchain/>)

Blockchain Music Administrator Revelator Raises \$2.5m

(<https://www.cryptocoinsnews.com/blockchain-music-administrator-revelator-raises-2-5m/>)

A Chinese Online-Only Bank Will Present at the Global Blockchain Summit

(<https://www.cryptocoinsnews.com/chinese-online-bank-will-present-global-blockchain-summit/>)

HACKED.COM

(<https://hacked.com/bitcoin-see-credit-card-companies-sweating-says-bank-report/>)

Bitcoin Could See Credit Card Companies Sweating, Says Bank Report

(<https://hacked.com/bitcoin-see-credit-card-companies-sweating-says-bank-report/>)

(<https://hacked.com/nobel-laureate-economist-thinks-us-govt-shut-bitcoin/>)

Nobel Laureate Economist Thinks the US Govt Has 'Shut Down' Bitcoin

(<https://hacked.com/nobel-laureate-economist-thinks-us-govt-shut-bitcoin/>)

(<https://www.cryptocoinsnews.com/bitcointalk-org-user-data-goes-up-for-sale-on-dark-web/>)

Hacked BitcoinTalk.org User Data Goes Up For Sale On Dark Web

(<https://www.cryptocoinsnews.com/bitcointalk-org-user-data-goes-up-for-sale-on-dark-web/>)