

# BlockBloom - Recruitment Task

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## Task 1

Situations where Centralization has been a problem and how Decentralization will help solve them

### US Dollar In International Markets

#### Problem

The U.S. Dollar's dominance in the international market is one of the major problems of centralization I've noticed. Global trade relies heavily on the American Dollar, and most international transactions are done using it. This makes the United States the biggest global superpower. The dollar's global dominance means that the economic stability of other countries depends on the policies of the U.S. Federal Reserve. Since most dollar transactions go through American banks, other countries have limited control over their own financial systems. Rival nations can be hit with sanctions or trade restrictions by the U.S., making it harder for them to trade freely. This is a big drawback for growing superpowers like India and China. The U.S. has also used its control over the dollar and the global financial system to impose sanctions on countries like Iran and Russia, making it harder for them to trade or access international markets since dollar transactions are managed and monitored by U.S. banks.

#### Solution through Decentralization

Decentralization through the use of alternative currencies for International Trade is a very effective solution to the above problem. Encouraging the use of other currencies for international trade would decentralize the financial power. Countries would no longer be forced to depend solely on the dollar and could reduce their exposure to U.S. policies and sanctions. Rival countries can create decentralized systems for trade settlements, such as blockchain-based financial networks. Nations can also enter into agreements to trade using their national currencies, bypassing the need for dollar conversions. Another alternative is to use decentralized cryptocurrencies. Thus, these nations can reduce their dependencies on the United States and rival them as leaders in the new global order.

### UPI System of India

#### Problem

The UPI System in India works via centralised nodes. It is managed and regulated by the National Payments Corporation of India (NPCI), which acts as the central authority overseeing all UPI transactions. The banks involved in a transaction act as nodes and all transactions from one bank proceed through a single centralized server of the bank. This causes problems many a times when the server of that bank goes down. The users of that bank are unable to use the UPI system which leads to a lot of issues on a day-to-day basis.

#### Solution Through Decentralization

Decentralization of the servers through which UPI transactions take place is a very effective solution for the above problem. This will allow UPI transactions to be carried out smoothly even if a few servers are down at any given time. Users won't face any such issues and can make use of the UPI system anytime.