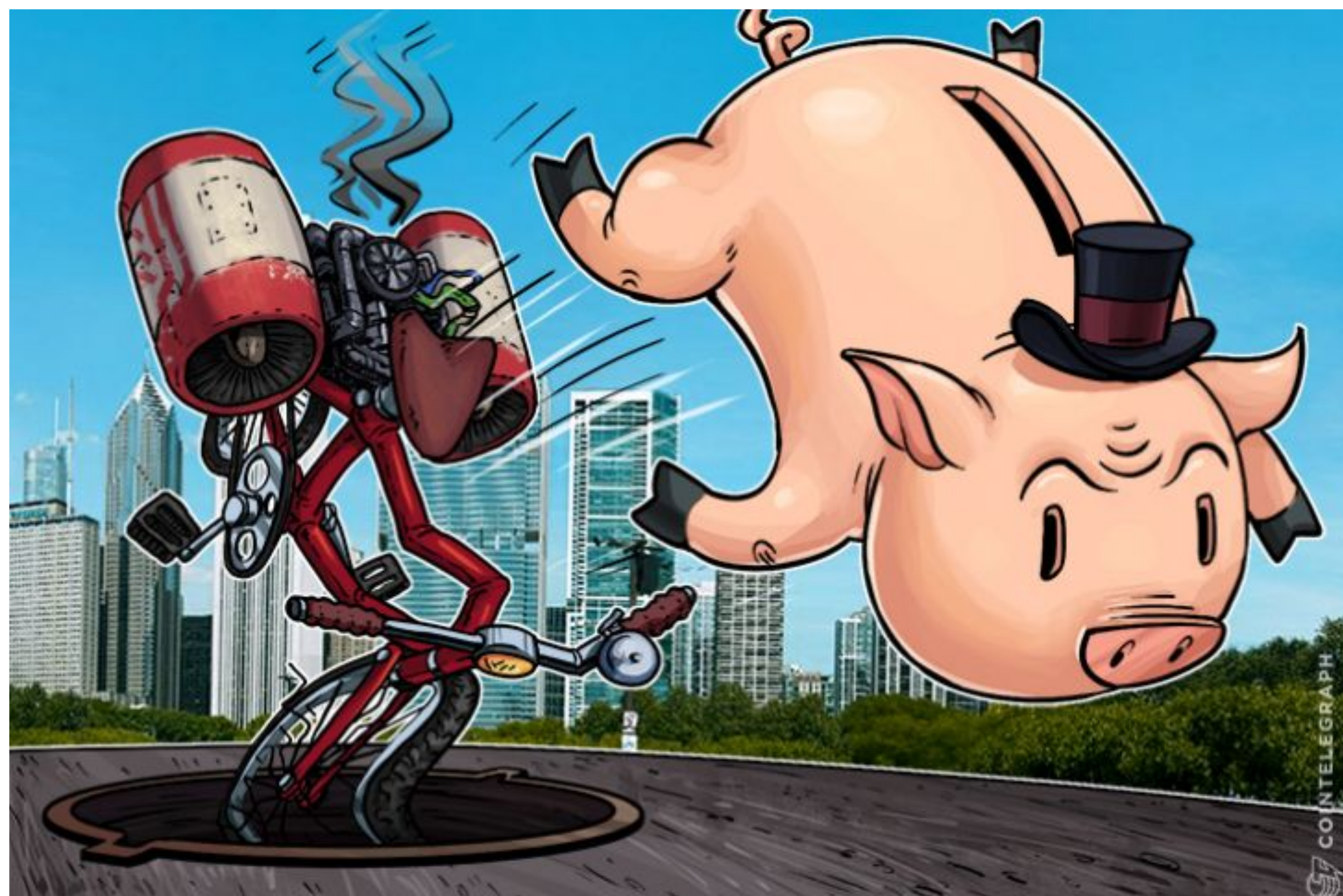


Bicycle With Jet Engine: Why Banks Fail to Implement Blockchain



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The key factor behind the failure of finance and insurance companies' attempts to implement the Blockchain is their lack of understanding decentralization.

The Blockchain technology is being promoted as the greatest remedy for any data-reliant industries such as finance, real estate and insurance. However, the technology is yet to be implemented efficiently. Multi-billion dollar corporations who are eager to work with emerging technologies and popular trends in their industries believe in the wonders of Blockchain, but they often lack the understanding of basics which results in failure.

Challenge to banks

Ever since Bitcoin started to gain serious momentum and challenge the market dominance of major banking service providers around the world, the banks immediately attempted to neutralize the perceived loss by creating their own digital currencies or Blockchain networks.

Banks and major financial institutions were willing to create a replica of Bitcoin which would help them benefit from the same advantages that Bitcoin users have gained from using the digital currency. Banks quickly turned to reputable firms to research the technology and develop some kind of a killer platform which could optimize banking.

Decentralization missing

However, there was one major issue with this approach. They left out (https://docs.erisindustries.com/explainers/permissioned_blockchains/) the most important aspect of the Blockchain technology which led to the success of Bitcoin: decentralization. Banks, insurance companies, and real estate firms started to utilize the Blockchain technology to handle their existing operations using the new technology. While doing so, they were also exploring the aspects of their systems which could be optimized by using the Blockchain technology.

Adding jet engine to a bicycle

But essentially it was somewhat like adding a jet engine to a bicycle expecting it to travel faster. That’s why the approach of the banks lacking logic failed and still fails to work. Even worse, not a single working demonstration of the technology has been released to the public.



Wayne Vaughan
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Bloomberg: "the term “blockchain” has been so misappropriated that no one knows what it means anymore." buff.ly/2bIO9DM

6:37 AM - 2 Sep 2016



Maybe Blockchain Really Does Have Magical Powers

Fear of disruption may be motivating financial institutions to solve some long-running problems.

bloomberg.com



 31

 44

If the banks had recognized that decentralization was the key factor behind the reduced costs and efficiency of the Bitcoin network, they could have had success in implementing the technology. However, this would mean that banks are ready to embrace and adopt Bitcoin.

They aren’t ready to admit their defeat just yet.

-  Banks (/tags/banks)
-  Blockchain (/tags/blockchain)



(<https://www.btcnewsdaily.com/news/rothschild-dumps-us-dollar-for-gold-other-currencies-bitcoin/>)

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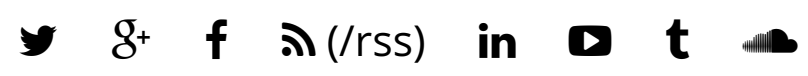
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