

Lack of Trust in Current System of Records - Automobile Industry

We will look at the issue of trustworthiness in the automobile industry and how blockchain can solve this problem.

WE'LL COVER THE FOLLOWING



- Trust Issues in the Automobile Industry
- Resolving trust issues using Blockchain

Trust Issues in the Automobile Industry

I recently imported a used car from another country. If you have bought a used car at some point in your life, you know the trouble and the confusion you must have gone through in order to be able to ‘trust’ the condition of the car (mileage, service history, accident reports, etc.).

There are billions of dollars lost every year due to odometer tampering. In some cases, people have bought a used car and later found there to be a major accident on the car.

On the other hand, as a seller of a used car, if my car is extremely well kept I am not able to fully convince the buyer to get the right value for my well-kept car.

In countries like the US, there are also entities like Carfax, a middleman, which people ‘trust’ to some extent as a keeper of their data. This trust is put into Carfax because there are legal processes in place to hold them accountable if they were to alter the data for any car.

For car service records, we have paper-based car service books, which can, of course, very easily be faked. If one was to take a paper based service record and reconcile it with 10 different service providers to ensure validity of the data, it would be very time-consuming, since all service providers have their

own system of records.

Resolving trust issues using Blockchain

Now imagine the following scenario, all the service providers are pushing their service records to a blockchain and the mileage readings of car is being pushed on the blockchain by service providers & IoT devices in car. Moreover, insurance companies are pushing accident details of the car on blockchain. All the timestamped records function to reliably record what happened to the car and by whom. It would be a huge peace of mind for a customer, buying a car with such 'trustable' record. Insurance companies would benefit immensely as well, when looking at that data and deciding insurance premiums for a car. And if we were to maintain a mapping of cars to their owners on blockchain, insurance companies benefit further by studying driver behavior.

Test Yourself

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What feature of blockchain technology is best illustrated by the used car example?

COMPLETED 0%

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In the next lesson, we will discuss the cost of trust in the financial industry.

