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From centralisation to decentralisation; how blockchain-oriented fintech can benefit the financial sector

From what it seems one of the burgeoning technology blockchain is expected to have an impact across sectors including finance. Insights from a study conducted by Market Research Future, a market analysis company, have shown that blockchain within the fintech market will be valued at $31.4 billion by 2030, thereby clocking a 47.90% compound annual growth rate (CAGR). “Blockchain’s influence on the fintech sector can play a key role in boosting privacy and reduction of risks, while transactions are conducted. With no intermediaries involved, customers can conduct transactions at a reduced cost. As the financial industry starts to use blockchain, the potential to provide reliable and transparent transactions will become prevalent,” Prashant Kumar, founder, and CEO, weTrade, a cryptocurrency startup, told FE Digital Currency.

As stated by experts, blockchain has the capability to digitise the trade ecosystem with increment in security and efficiency, reduction in fraudulent practices and human errors, and overall fall in counterparty risks. A blog by International Business Machines (IBM) Corporation, a technology corporation, mentioned that 54% of banks surveyed said that transformative technologies such as blockchain, digital trade, and online trade platforms are priority areas of development with regard to future growth. “From a productivity standpoint, blockchain’s intervention will allow the banking system to be automated within a given set of variables, to allow them to function 24×7. Moreover, it can enable transparent governance, as transactions will become traceable on blockchain,” Anndy Lian, chief digital advisor, Mongolian Productivity Organisation, a governmental organisation, said.

Currently, market behaviour suggests that blockchain-enabled fintech can benefit the banking and finance sector through a faster procession of digital securities, and help with digitisation of financial instruments to ensure connectivity between products, services, assets, and holdings. Data from Jupiter Research, a digital technology market research company, recommends that blockchain deployments will enable banks to realise savings on cross-border settlement of transactions of up to $27 billion by the end of 2030, through cost reduction of more than 11%. “Blockchain has demonstrated disruptive economics, to create cost advantages against different technologies. I believe financial institutions will acknowledge that use of distributed ledger technology (DLT) protocol will help them save billions of dollars over the years,” Amanjot Malhotra, country head- India, Bitay, a cryptocurrency exchange, noted.