**How fintech’s blockchain financing solutions are filling the gap between emerging traders and developing economies**

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Blockchain is a decentralized ledger [technology](https://www.financialexpress.com/life/technology/) that offers a safe and secure platform for verifying information. It promises to revolutionize operations in diverse industries including banking and financial services. This technology is still in its infancy in developing countries but can yield impressive outcomes once it secures a foothold. To extract the maximum benefit of this technology there is a need to switch to a completely paperless mode.

The latest research report by Spherical Insights & Consulting  indicates that the global [market](https://www.financialexpress.com/market/) for FinTech Blockchain which was estimated at USD 1.1 Billion in 2021 will reach a staggering USD 8.7 Billion by 2030 growing at a  CAGR of 43.8%. The finance [industry](https://www.financialexpress.com/business/industry/) is expected to lead this charge.

In a country like [India](https://www.financialexpress.com/india-news/) where the population is gradually switching from conventional investment avenues like savings and post office FDs to newer habits due to falling interest rates on debt, surging incomes leading to surplus funds and a balanced debt-equity approach due to volatility, the opportunity for blockchain application is tremendous. The digital investment market in India is expected to be a USD 14.3 billion market by 2025 growing at a CAGR of 22.4% driven by the younger generation. Given this background,  blockchain combined with other web based technologies can create enhanced user experiences not only for the younger generation but also for senior citizens who can get more control and convenience in managing their investments.

**What do we mean by Blockchain?**

It is a list of blocks of records of transactions in a decentralised ledger which forms a linked chain in a peer-to-peer network. The participants in the network can verify and validate the blocks without the need for a regulator. The blockchain is tamper-proof and no record can be changed once it is verified by the network. This expedites transactions improving efficiency and reducing overall transaction costs.

Blockchain technology is a perfect fit for the financial markets where data security is of paramount importance. [Stock market](https://www.financialexpress.com/market/stock-market-stats/) management works on the twin concepts of risk minimisation and profit maximisation. Blockchain technology can help optimise the functioning of stock exchanges through automation and decentralisation. It can facilitate tracing securities lending, margin financing and the monitoring of system risk.

Blockchain provides a safe and secure environment for clients as every transaction is verified and validated and no tampering is possible. This technology has the scope to transform the way entire societies and economies operate. The practical use of blockchain in financial services has hitherto been limited to payments and exchange but it can find wider use in other applications.

**How does Blockchain work?**

This technology is made up of three layers and each layer adds a component. The first layer is the protocol layer that forms the base of the blockchain. This is the layer that decides on the computing language that is coded into the blockchain and the rules that will manage the chain. This is followed by the networking layer which helps in applying the rules specified in the previous layer. The final layer is the application layer that builds the applications that users run. This is the framework on which the blockchain forms a chain of blocks that record each transaction. Once the block is completed it fits into the blockchain as a permanent record, Every block is a record of an individual transaction. Blockchain technology uses algorithmic and cryptographic consensus to verify each transaction and encryption is used to store the transaction.

This makes blockchain technology conducive for financial services and stock market applications such as trading in stocks, bonds, derivatives as well as other assets that can be monetized. Suffice it to say that blockchain technology will revolutionize the way markets work and be extremely beneficial to the trading community in developing economies.