

FinTech

Case Study 5. Demystifying blockchain and cryptocurrency

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Learning outcomes

- ▶ Analyze the growth and potential of bitcoin as a form of currency
- ▶ Recommend how bitcoin can be adopted as a formal currency
- ▶ Analyze how blockchain can be used by different industries
- ▶ Predict how uses of blockchain may succeed or fail

Overview

1. **Potential of bitcoin as a digital payment platform**
2. Innovative applications of blockchain technology
3. Takeaway

Case study 1 - Summary

▶ Bitcoin: The Future of Digital Payments

1. Functionality and the possible uses of bitcoin as a method of payment
 - ▶ How traditional payment processes operate
 - ▶ Potential online payment alternatives offered by large tech companies
2. Blockchain ecosystem
 - ▶ Role of distributed consensus in processing financial information
 - ▶ Problems of possible bubbles due to the inbuilt scarcity of bitcoins
3. How bitcoin is operationalized as a currency
 - ▶ How bitcoin is stored and used as exchange for merchants
 - ▶ How it is exchanged for fiat currency
 - ▶ Possible application as a cheaper alternative to international remittances
4. Suggestions for bitcoin's future use
 - ▶ Problems and challenges as an alternative to traditional currency

Case study 1 - Question

- ▶ When reading the case, consider the following:
 - ▶ Is bitcoin the future of digital payments?
 - ▶ What are bitcoin's advantages and disadvantages as a payment platform?
 - ▶ The case also explored the roles of startups in facilitating bitcoin payments, which types of startups do you view as the most promising?
 - ▶ A one-sided provider of merchant payment services (BitPay)
 - ▶ A one-sided provider of digital wallet services (Circle, Xapo)
 - ▶ A two-sided provider of both merchant services and digital wallets (Coinbase)

Overview

1. Potential of bitcoin as a digital payment platform
2. **Innovative applications of blockchain technology**
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Case study 2 - Summary

▶ Bitfury: Blockchain for Government

- ▶ Bitfury: a company that initially specialized in bitcoin mining
- ▶ Bitfury partnered with the country of Georgia's government
 - ▶ Apply the technology to land titling, sales, and transfers
 - ▶ Resolve issues of governance and trust, while decreasing costs
- ▶ Competitors looking to enter the sector and offer similar solutions
 - ▶ Governments also looking to develop their own technologies

Case study 2 - Question

- ▶ When reading the case, consider the following:
 - ▶ What problems has Bitfury had in onboarding potential new clients, particularly governments?
 - ▶ Can Bitfury use the successful case to attract new clients?
 - ▶ How can Bitfury differentiate themselves from their competitors?

Overview

1. Potential of bitcoin as a digital payment platform
2. Innovative applications of blockchain technology
3. **Takeaway**

Takeaway

- ▶ Demystifying blockchain technology and cryptocurrency
 - ▶ Video 5-2