

OECD Blockchain Primer

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This Primer provides an introduction to blockchain technology, outlines some of the potential benefits it can bring, and considers the risks and challenges it poses. While not comprehensive, it is an overview of the key concepts and terms intended to help people better understand this emerging technology and its growing impact.

A technology? A currency? The new internet?

Blockchain has the potential to transform the functioning of a wide range of industries. Its features can increase the transparency and traceability of goods, data and financial assets, facilitate market access and improve the efficiency of transactions. Fulfilling blockchain's potential, however, depends on a policy environment that allows innovation and experimentation, while balancing the risks of misuse. Governments will play a significant role in shaping policy and regulatory frameworks that help address challenges presented by the technology, and foster transparent, fair and stable markets as blockchain develops.

Fundamentally, blockchain is a combination of already existing technologies that together can create networks that secure trust between people or parties who otherwise have no reason to trust one another. Specifically, it utilises distributed ledger technology (DLT) to store information verified by cryptography among a group of users, which is agreed through a pre-defined network protocol, often without the control of a central authority. The marriage of these technologies gives blockchain networks key characteristics that can remove the need for trust, and therefore enable a **secure transfer of value and data directly between parties.**

Due to this unique ability, blockchain technology can diminish the role of intermediaries, who can command market power, collect significant fees, slow economic activity, and are not necessarily trustworthy or altruistic keepers of personal information. Although mostly known for its digital financial asset applications (like Bitcoin), blockchain technology is poised to have an impact on a wide range of sectors. The OECD is exploring the policy implications in a variety of areas including health, transportation, agriculture, environment, and supply chain management.