News   Guides & Analytics   Events   Podcast (/blockchain-bitcoin-podcast)

By **Joseph Young**   FEB 23, 2017

IBM Deploys 400 Blockchain Projects, But Perspectives Are Unclear

4425 Total views   **319** Total shares

IBM (https://cointelegraph.com/news/ibm-in-2017-blockchain-will-be-used-by-15-of-big-banks) President and CEO Ginni Rometty believes Blockchain technology is far more important than Artificial Intelligence (https://cointelegraph.com/news/war-for-artificial-intelligence-ibms-blockchain-push-may-anticipate-googles-ambush) (AI) and Deep Learning.

At the NASSCOM India Leadership Forum (http://www.nasscom.in/Indialeadershipforum-2016) (NILF) held earlier this month, an annual event wherein businesses and industry leaders come together to discuss the potential of transformative and disruptive technologies, Rometty stated that Blockchain technology will transform the financial industry as the Internet did for information.

Rometty further emphasized that cognition is much more important and larger than AI, as cognitive technologies like the Blockchain enable individuals to augment and evaluate data within a more efficient and practical ecosystem.

Essentially, Rometty believes AI allows individuals to make better decisions and machine learning helps decipher patterns. However, Blockchain and the IBM Blockchain technology (https://cointelegraph.com/news/us-federal-reserve-

explores-the-potential-of-blockchain-lacks-vision) offers more than that she notes.

Rometty stated (http://www.dealstreetasia.com/stories/ibm-chief-ginni-rometty-is-betting-on-a-cognitive-world-65263/):

> "Cognitive is much more than AI. If I were to look at a cardiogram and see the blood vessels moving while trying to look for a blockage, I would view that more as AI. But if were to take all your electronic medical records, images and all data from Fitbit, etc.—every test that you have done—that is really cognitive because I'm reasoning over that data and dealing with a gray area. I'm making judgments and decisions."

Ambiguous but confusing business model

Based on the talk Rometty provided at NILF, it is more difficult to analyze the efficiency and practicality of the IBM Blockchain project particularly if the vision of Rometty is considered.

Throughout her presentation, Rometty continued to establish an emphasis on utilizing Blockchain technology to manage millions of records and disrupting data-centric industries like health care. However, Blockchain technology isn't designed and structured to facilitate such large sequences of data.

In fact, technologically, Blockchain technology is an inefficient data processing platform. It is expensive and challenging to maintain, specifically because it runs on sophisticated cryptographic systems. Miners have to contribute computing power in order to run a decentralized and immutable Blockchain network.

The cognitive technology Rometty described at NILF is definitely necessary and there exist many multi-trillion dollar industries that are in urgent need of cloud-based data processing platforms, applications and networks.

However, Blockchain technology shouldn't be the core technology and base protocol of such cloud-based data processing networks. The largest Blockchain consortium in the world, R3CEV (https://cointelegraph.com/tags/r3), has already moved on from the technology after admitting (https://cointelegraph.com/news/we-dont-need-blockchain-r3-consortium-after-59-million-research) that Blockchain technology isn't needed for what they are trying to achieve.

The immutable and decentralized nature of the Bitcoin Blockchain can be utilized to the benefit of many use cases and business models. One of these models is the verification of identities within an immutable and transparent Blockchain network. However, these platforms can't be deployed on the Bitcoin Blockchain as of current. There needs to be alternative solutions such as side chains or other methods to connect Bitcoin Blockchain to off-chain networks.

"In some countries, the cost of healthcare is very high. In others, the reach is not there. The timing is so right to improve it. Watson for health is oversubscribed in the world. I don't believe we will own every area around cognitive. But we have made health an open platform... Next, we bought data. I think we have more data with secondary use rights than anyone in the world other than governments — 300 mln records. It is the foundation to change an industry," Rometty said.

Looking back at the failed attempts of R3CEV and other consortia, it seems as if Blockchain technology shouldn't be the base technology IBM should be focusing on considering the vision the company has of processing millions of data sets. IBM should attempt to discover more realistic use cases of Blockchain technology if they intend to take it to a new commercially successful level.

🏷**Blockchain News (/tags/blockchain)**   🏷**IBM (/tags/ibm)**

Comments

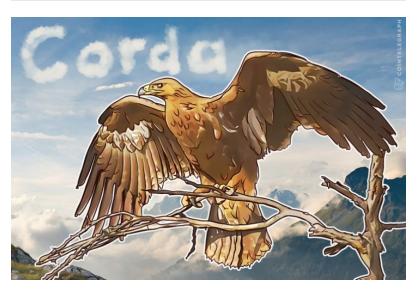By **William Suberg**   FEB 22, 2017

We Don't Need Blockchain: R3 Consortium After $59 Million Research

9494 Total views   **1185** Total shares

R3 Consortium's decision to seemingly abandon Blockchain technology altogether has garnered ridicule from cryptocurrency circles.

In a presentation on its Corda platform, the distributed database technology startup, which features some of the world's largest corporations and banks, said it "didn't need" a Blockchain.

This lack of need R3 described as a "pertinent feature" of Corda.

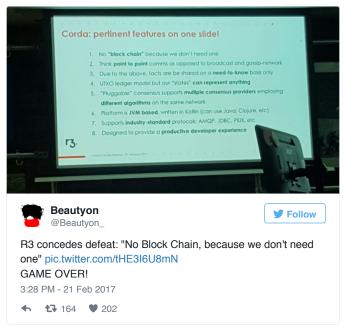R3 has been moving away from involvement (https://cointelegraph.com/news/r3-finally-open-sources-blockchain-project-admits-budget-difficulty) with Blockchain for some time. Its language has more recently changed from being a "Blockchain startup" to a "Blockchain-inspired startup," as director Clemens Wan described it at the Construct conference in January.

"We found that we didn't want a Blockchain, we wanted to be Blockchain inspired," he said.

Commentators reacted to the startup's latest tone with thinly-veiled criticism. The Blockchain research process R3 undertook is reported to have cost $59 mln, money which resulted in no Blockchain being necessary.

Bitcoin Think editor Beautyon described (https://twitter.com/Beautyon_/status/834152812405735425) the findings on Twitter as R3 "conceding defeat."

Beautyon
@Beautyon_

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R3 concedes defeat: "No Block Chain, because we don't need one" pic.twitter.com/tHE3I6U8mN
GAME OVER!
3:28 PM - 21 Feb 2017

↩   ⟲ 164   ♥ 202

Elsewhere, Vaultoro exchange co-founder Joshua Scigala said (https://twitter.com/Vaultoro/status/834269726557732865) the private Blockchains R3 was originally championing as "idiotic and inefficient."

The presentation creators' inability to even spell the word 'Blockchain' correctly is perhaps a telling sign that the startup's journey with the technology has come to faded end.

R3 was originally designed to investigate and roll out distributed ledger technology to global banking, leveraging Blockchain technology in a private, centralized environment to harmonize and add efficiency to a range of internal and external processes.

Vaultoro J.Scigala
@Vaultoro

Follow

I'm not a super genius but it didn't take me $59mil to know that private blockchains are idiotic & inefficient. Open, public blockchains win twitter.com/Beautyon_/stat…
11:12 PM - 21 Feb 2017 · Berlin, Germany

↩   ⟲ 36   ♥ 48

Nonetheless, the consortium remains buoyant about the future of so-called distributed ledger technology - or private, centralized Blockchains - saying that 2017 would be the year such technology sees its mainstream pilot.

🏷Blockchain News (/tags/blockchain)   🏷R3 (/tags/r3)

🏷Joshua Scigala (/tags/joshua-scigala)

Comments

By **Olusegun Ogundeji**   FEB 22, 2017

From CEF to Matchmaking: New ICOs For Ethereum-Backed Projects

6392 Total views   **139** Total shares

Take a look at some Ethereum-based projects that are going for the ICO (https://cointelegraph.com/news/ico-roundup-2017-by-cointelegraph-cashing-in-on-blockchain-apps-mainstream-year) soon.

TaaS

The first ever tokenized closed-end fund (CEF) will start its month-long Initial Coin Offering (https://cointelegraph.com/news/ico-roundup-2017-by-cointelegraph-cashing-in-on-blockchain-apps-mainstream-year) on March 27. Token-as-a-Service (TaaS) (http://taas.fund/) is dedicated to Blockchain assets utilizing the Ethereum Blockchain (https://cointelegraph.com/tags/ethereum) and its pioneering Cryptographic Audit technology.

Co-founder of TaaS, Konstantin Pysarenko, calls potential investors to tap into the exponential rise of the Blockchain technology and cryptocurrencies over the last 12 months, with little doubt as to its ability to disrupt and revolutionize major industries over the coming years. According to Pysarenko, the fund will provide full auditing transparency to investors.

He explains: "With so many barriers to entry, TaaS aims to reduce risks and technical barriers associated with investing in the Blockchain space and trading cryptocurrencies. Unlike traditional closed-end funds, TaaS will issue tokens built on a profit-sharing smart contract where token owners collect 50 percent of quarterly profits. To grow the fund's capital pool without attracting additional investment, 25 percent of profits will be reinvested back into the fund. The premise is, as the Net Asset Value of a token increases over time, TaaS tokens will have its value explicitly tied to the performance of its parent project, thus introducing a Token-as-a-Service (TaaS) business model."

Cryptographic Audit

Pysarenko adds that an in-house technology - a set of autonomous auditing techniques that track, record and timestamp trading activity - was built to solve the problem of transparency of investing in non-Ethereum tokens since smart contracts can only guarantee payout distribution.

TaaS tokens are intended to be traded on all major exchanges including Kraken, Poloniex and Bittrex.

Kepler

TaaS is also building Kepler, a Bloomberg-like cryptocurrency portfolio management and analytics platform that aims at covering the entire spectrum of the investment process, providing market research, due diligence and order management as well as risk exposure and performance forecasting.

SuperDAO

Also starting its crowdfunding at the end of March is SuperDAO (https://cointelegraph.com/tags/superdao), the tiered and reputation-based Ethereum decentralized autonomous organizations (https://cointelegraph.com/tags/dao) governance system for incentivized global collaborative management of disruptive DApp ventures.

It is a collection of various entities, individuals and autonomous agents cooperating virtually without any geographical limitations to achieve a common goal that would be enabled by open source, democratic software, built on Ethereum Blockchain.

Pokereum

One of its first DApps is Pokereum, the first decentralized poker (https://cointelegraph.com/press-releases/superdao-completes-audits-and-adjusts-timeline-for-its-crowdfunding-pokereum-poker-and-dappsery-advertising-dapps-alpha)project that uses an EVM based smart contract, decentralized Blockchain and real-time communication (RTC) peer to peer framework to solve the mental poker problem.

Matchpool and Edgeless

Among other Ethereum-related ICOs there is Matchpool (https://cointelegraph.com/news/forget-tinder-airbnb-for-dating-is-already-here-powered-by-cryptocurrency), a platform for matchmakers that allows anyone to create their own community "pool" for free; and Decentralised Edgeless Casino (https://cointelegraph.com/news/gaming-meets-ethereum-to-deliver-zero-house-edge-trust-to-online-casinos)with its Etherium-based online casino which offers zero edge for its players and full transparency.

🏷**Ethereum News (/tags/ethereum)**   🏷**ICO (/tags/ico)**

🏷**Applications (/tags/applications)**   🏷**Matchpool (/tags/matchpool)**

🏷**SuperDAO (/tags/superdao)**

Comments

By **Alicia Naumoff**   FEB 21, 2017

Facebook, IBM, Microsoft, Others To Help Use Blockchain for Public Good

4331 Total views   **427** Total shares

While trying to leverage technology for a public good (https://cointelegraph.com/news/power-to-the-people-blockchain-replaces-government-in-europe), Citigroup is reaching out to some of the most prominent fintech players as it believes that technology innovation can only be accelerated through partnerships. Citi has recently announced the Cities Tech for Integrity Challenge (T4I) (https://cointelegraph.com/news/citi-introduces-global-digital-wallet-first-launch-in-singapore-australia-and-mexico) inspired by the goal to encourage technology innovators from around the world to create cutting-edge solutions to promote integrity, accountability and transparency in the public sector and beyond.

The history of the public-private distinction is perhaps as old as the history of sharing responsibilities between the two sectors. Public and private sectors in any given industry have been developing simultaneously largely influencing one another. While improving mechanisms for more efficient cooperation (https://cointelegraph.com/news/tech-giants-and-blockchain-startups-unite-to-make-iot-apps-more-secure) is still a long way to go, the solution may be laying right in front of us - just grab it.

As David Craig, President of Financial and Risk commented during the panel discussion at the World Economic Forum in Davos:

> "Not a single player can solve problems in the industry on their own, actors actually have to work together. And we see the increase in discussions and partnership projects between different industry players, which is a good thing already."

What is Cities Tech for Integrity Challenge exactly?

The T4I challenge is designed to improve an access of public sector entities to tech innovators and their ideas on how to increase transparency and efficiency (https://cointelegraph.com/news/5-fintech-companies-to-shape-the-future-of-money). In turn, innovators get support and an infrastructure to move their ideas to the implementation stage to build a better and a more transparent world.

Government transactions and procurement, culture, ethics and citizen engagement, information security and identity are the key areas where challenge designers are seeking to facilitate progress through technology.

The program is believed to change the integrity paradigm and demonstrate the power of scaled public-private partnerships.

Julie Monaco, Global Head of the Public Sector Group, says:

> *"By supporting open innovation and providing innovators with the tools they need to develop ideas, we hope to solve some of the biggest challenges that the public sector faces."*

Support and mentoring from tech giants

Some of the high profile companies have already expressed their interest in being a part of T4I challenge, including Clifford Chance, Facebook, IBM (https://cointelegraph.com/news/ibms-first-connect-a-thon-to-build-ecosystem-on-its-blockchain), Let's Talk Payments, Mastercard, Microsoft and PwC.

Mary Tafuri, Director at IBM Developer Technology and Advocacy (https://cointelegraph.com/news/ibm-in-2017-blockchain-will-be-used-by-15-of-big-banks), notes that the company is excited to help the public sector use cognitive, cloud and Blockchain technologies (https://cointelegraph.com/news/ibm-to-launch-one-of-the-largest-blockchain-implementations-in-the-world) to drive innovation and increase efficiencies and transparency.

Some participants of the challenge will get a chance to be a part of a virtual accelerator program, which will provide mentoring, curriculum and infrastructure support to help innovators develop their proposals.

Finalists of the challenge will showcase their projects at one of the demo days in cities around the world, including Buenos Aires, Dublin, Hyderabad, Mexico City and Singapore.

A need for a strong public-private partnership

Everything related to verification – licenses, permits, various types of transactions, processes, events – could easily be backed up with Blockchain, as it enables managing and monitoring those in a simple and secure way. But this leads us to where we started from - the need for cooperation (https://cointelegraph.com/news/d10e-conference-in-romania-how-blockchain-helps-fight-corruption-more).

Technology giants and startups along with the public sector all have something valuable - inside knowledge and experience. So why not to put it all on the table and design a product for the citizens, while also saving time, energy and money for themselves?

A study done by Procivis and coordinated by Professor Dr. Alexander Trechsel of the Zurich-based consulting firm Xupery has demonstrated that successful delivery of digital public services (https://cointelegraph.com/news/uk-government-grants-permission-to-issue-blockchain-based-currency) begins with full political support. It requires a clear strategy and timeline, which can only be developed within a strong public-private partnership.

🏷Blockchain News (/tags/blockchain)   🏷Facebook (/tags/facebook)

🏷IBM (/tags/ibm)   🏷Citi (/tags/citi)

Comments

By **Joël Valenzuela**   FEB 18, 2017

Bitcoin Fork Soon? Bitcoin Unlimited Surges Past SegWit, Core Blocks Drop Below 75%

13210 Total views   **814** Total shares

Bitcoin Unlimited (https://cointelegraph.com/news/ready-steady-fork-bitcoin-core-to-release-segwit-in-november) blocks mined have reached a new high (https://coin.dance/blocks), passing SegWit and indicating that a hard fork may be just around the corner.

Of the last 144 blocks over the last 24 hours, blocks mined by the Bitcoin Unlimited client have reached 28.5 percent of the network total. This is the second time Unlimited has passed (http://xtnodes.com/#bitcoin_classic_blocks) SegWit adoption this month and the first time Bitcoin Core blocks (https://cointelegraph.com/news/complete-review-on-segwit-vs-bitcoin-unlimited-arguments-and-clarity) mined have dropped below 75 percent of the network total.

Bitcoin's network load and resulting scaling issues have been the source of debate (https://cointelegraph.com/news/scaling-in-2017-coinbases-brian-armstrong-lends-support-to-segwit) and controversy in the community. In particular, the impetus to hard fork Bitcoin to raise the block size limit beyond one megabyte has been a central issue to this debate.

A new high in Bitcoin Unlimited's adoption, which would allow miners to mine blocks larger than one megabyte, may indicate that the block size limit (https://cointelegraph.com/news/13-of-nodes-support-segwit-release-bitgo-runs-core-0131) may be raised soon with the goal of alleviating Bitcoin's network congestion problems.

Bitcoin's scaling problems have taken their toll

The Bitcoin network's activity has increasingly pushed the limits of its capacity recently. Over the last year, average block size (https://blockchain.info/charts/avg-block-size), median confirmation time (https://blockchain.info/charts/median-confirmation-time) and mempool transaction count (https://blockchain.info/charts/mempool-count?timespan=1year) have all risen significantly. BitcoinFees.info (https://bitcoinfees.info/) has charted transaction fees over the last six months, which have seen a steady increase, especially this year.

Now, the average fee to have a transaction included in the next six blocks or roughly one hour is $0.37, higher than many card processors' fees.

For reference, the popular point-of-sale system Square charges 2.75 percent (https://squareup.com/help/us/en/article/5068-what-are-square-s-fees) on swiped transactions, or roughly 28 cents on a ten-dollar transaction- a couple of pints of beer, for example. That same transaction with Bitcoin would cost 37 cents and take over an hour to confirm.

User emsiak recently posted on Reddit (https://www.reddit.com/r/Bitcoin/comments/5urqwe/fee_larger_than_transacti on/) in /r/Bitcoin about his troubles attempting to move a total of 0.05BTC that had accumulated from micropayments from web advertising revenue, but was unable to as the suggested fee was larger than the transaction amount.

User coinspace encouraged Bitcoin users to concentrate all micropayments (https://www.reddit.com/r/Bitcoin/comments/5tbpuh/warning_dont_lose_your_ coins_due_to_fees_any/), noting that "[d]ue to fees, any output worth about $0.1/0.1mBTC or less is worthless."

More companies and users switching to other coins

As a consequence of Bitcoin's scaling issues (https://cointelegraph.com/news/segwit-great-for-bitcoin-says-btcc-coo-as-major-exchange-supports-the-solution), more and more companies are exploring alternatives for payment methods of both reduced cost and faster transaction times.

Erik Voorhees of streamlined cryptocurrency exchange ShapeShift.io has publicly mused (https://twitter.com/ErikVoorhees/status/831160508992589824) about the challenges presented by Bitcoin's fees, stating that "the higher it gets, the less useful the system becomes."

He has also admitted to holding Ethereum to use for payments because of Bitcoin's issues:

Erik Voorhees
@ErikVoorhees

🐦 Follow

I'm finding myself holding some extra ETH to use as payments, since Bitcoin is becoming too expensive/delayed :(

5:32 PM - 10 Feb 2017

↩   🔁 105   ❤ 201

Cryptocurrency exchange Nocks, primarily used as an accompaniment facilitating the use of Dutch-based coin Gulden, recently dropped Bitcoin support altogether (https://cointelegraph.com/news/nocks-gulden-drop-bitcoin-support-cite-bad-reputation-and-slow-transactions).

This was partially because of issues surrounding Bitcoin's purported reputation as a darknet market currency but also because of its untenable transaction fees and times, which stand in stark contrast to Gulden, which has attempted to make a name for itself as an everyday payment method.

🏷Bitcoin News (/tags/bitcoin)   🏷SegWit (/tags/segwit)

🏷Bitcoin Block Size (/tags/bitcoin-block-size)

🏷Erik Voorhees (/tags/erik-voorhees)

Comments

By **Alicia
Naumoff**

FEB 18, 2017

JAAK Announces META, Decentralized Network Backed by Ethereum and Swarm

7358 Total views   **237** Total shares

The use of Blockchain technology within the media and entertainment industry has been a hot topic. It has snowballed from a vague concept into full legitimacy over the past months. Use cases for Blockchain have captured the attention (https://cointelegraph.com/news/blockchain-to-disrupt-balance-of-power-in-tv-music-and-film-industry) of industry players, sometimes, however, meeting with skepticism and scrutiny over practicality or necessity.

Take for example the recorded music industry, which is almost 100 years old. Having started with the invention of Thomas Edison's phonograph and seeing a rise as a result of the emergence of radio broadcasting in the 1920s, the logic of the industry hasn't changed that much.

Back in the early days artists had to make deals with dozens of intermediaries to make their music heard. Time flies, but nothing changes - musicians still have to go through this archaic system of middlemen which results in significant losses of the proceeds from their music. Blockchain innovators and enthusiasts believe that this is where technology can come in knocking down inefficient intermediaries (https://cointelegraph.com/news/managed-chaos-why-the-music-industry-needs-blockchain) standing on the way enabling musicians to develop direct connections with their audience. Adding to this problems of licensing, monetizing and storing the content.

Blockchain is a redistributed ledger that can validate and register transactions without the need for a central authority. No one owns the ledger, it is completely decentralized, it is publicly available to anyone and the information stored there is virtually irreversible and tamper proof. How does it benefit the parties? Well, it basically implies ensuring the highest level of security for peer-to-peer exchanges of data, money or anything else of value.

What Blockchain brings to the table

First of all, any industry that is encumbered by inefficient intermediaries is a potential battlefield for Blockchain where the music, media and entertainment industries are no exception.

As technology allows a more direct relationship between the parties, for example, for the music industry it would mean connecting artists directly with communities of their fans. The former would no longer need to communicate with purchasing platforms or financial brokers, as they will be directly compensated every time their music is played.

Elaborating further, Blockchain technology is set to revolutionize the monetization of content creation. Deploying smart contracts infrastructure has a huge potential to move on-demand music services to the next level. In this way, users are free to select the content of their choice and reward the creator immediately upon playing it through cryptocurrency.

Finally, Blockchain can help in solving the problem of licensing of content (https://cointelegraph.com/news/how-to-monetize-content-using-blockchain-platforms). As it is published on the ledger with a unique ID and timestamp, it ensures its inalterability. Each record stores metadata including ownership and rights information in the most transparent way. In addition to that everyone can access and verify this data, it ensures that the right people are paid for their content.

JAAK´s vision of the problem

The implementation of Blockchain is being researched and tested by various startups at the moment. JAAK, the London-based tech company, founded by Vaughn McKenzie, Freddie Tibbles and Viktor Tron, is cutting through much of the hype and skepticism surrounding the relationship of music and Blockchain and offers a solution to real industry problems.

At the recent European Ethereum Development Conference (https://cointelegraph.com/news/vitalik-buterin-other-experts-to-talk-ethereum-dao-social-goods-on-edcon-2017) which took place in Paris, Vaughn McKenzie has announced META project, a decentralized open network, backed by Ethereum and Swarm, which enables organizations to capture, store, verify and communicate commercial metadata.

JAAK has worked alongside the UK's performing rights organizations. Matt Brinkworth, Campaign Manager at JAAK told Cointelegraph:

"There are a variety of initiatives driving the conversation and they each have their own ideas on how and where Blockchain fits. At JAAK, our current focus is on solving the issues around the sharing and verifying of data within those industries and that's very much as a result of the guidance and insight we've received from PRS, PPL and Viacom."

Communicating commercial data

As a result of this partnership, organizations have observed that the diversity of revenue streams associated with the rapid transition to digital have increased the number of organizations capturing, managing, exchanging and using digital rights and metadata. Discrepancies found in the completeness, accuracy and management of this information cause severe difficulties or obstacles when licensing content or remunerating the appropriate parties. Brinkworth explains:

"The META network is as the name suggests, a network that connects organizations within the music and media industries and allows them to capture, store, verify and communicate commercial metadata, drawing upon the decentralized technologies of Ethereum and Swarm."

One of the founders of META network, Viktor Trón, is the Project Lead of the Swarm Project for the Ethereum Foundation. JAAK Team sees Ethereum as not only the most developed Blockchain but also as the most supportive and

extensive community.

To implement the META network, JAAK is planning to partner with major music and media organizations through the Guardian Initiative. Over the coming months, they will be testing, experimenting and exploring the opportunities presented by the Blockchain technology.
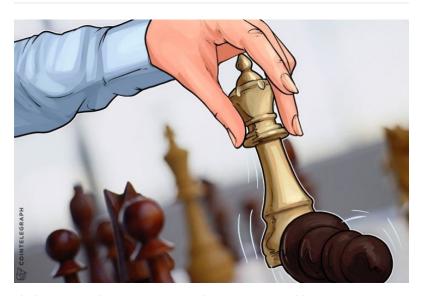
🏷**Ethereum News (/tags/ethereum)**   🏷**London (/tags/london)**

🏷**Media (/tags/media)**   🏷**Music (/tags/music)**

Comments

By **William Suberg**   FEB 17, 2017

World Government Not Ready For Blockchain: Deloitte Report

8708 Total views   **218** Total shares

The latest report by accounts giant Deloitte suggests world governments are underprepared for disruptive technologies including Blockchain.

In "Tech Trends 2017: The kinetic enterprise A government perspective (https://www2.deloitte.com/us/en/pages/public-sector/articles/government-tech-trends.html)," the firm gives an overview of seven emerging technologies, rating their relevance to government and government's' "readiness" to embrace them.

Out of all technologies, governmental organizations are least ready to accept Blockchain, Deloitte finds, scoring them just one out of five.
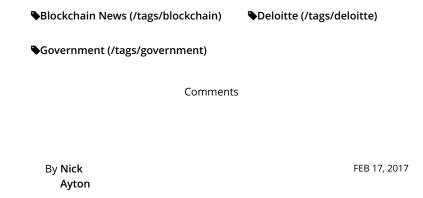
Relevance and Readiness Scale:

We looked at each trend and assigned a value from one (low) to five (high) based on the trend's relevance and readiness of government adoption.

Relevance: How impactful would it be if the government adopted the trend?
Readiness: How ready is the government to adopt the trend?

Relevance 1 → 5   Readiness 1 → 5

"Keep up. Even if you are not using Blockchain, the parties you monitor and work with may soon be," the report addresses its target audience.

Delaware is cited as an example of a state jurisdiction looking to communicate with Blockchain technology and incorporate it directly.

"The State of Delaware is exploring Blockchain to ease the registration of new companies. The state may soon move that process, as well as the tracking of share movements and the management of shareholder communications, into a shared public digital environment," Deloitte states.
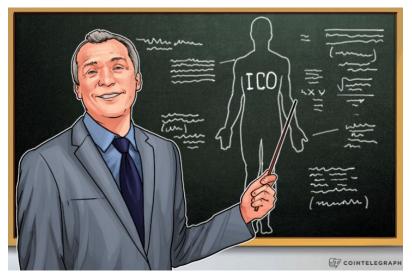
The firm's position on Blockchain is no surprise given its several years of heavy involvement (https://cointelegraph.com/news/ernst-young-is-going-bitcoin-while-pwc-deloitte-and-kpmg-push-permissioned-blockchains) researching and collaborating on potential use cases.

Just this week, it said (https://cointelegraph.com/news/deloitte-pro-audit-standards-benefit-blockchain-principles) that Blockchain principles could "benefit" from having globally accepted auditing standards incorporated in them.

🏷**Blockchain News (/tags/blockchain)**   🏷**Deloitte (/tags/deloitte)**

🏷**Government (/tags/government)**

Comments

By **Nick Ayton**   FEB 17, 2017

Anatomy of ICO For Blockchain Investors and Entrepreneurs

4149 Total views   **332** Total shares

Our London Correspondent Nick Ayton (https://cointelegraph.com/authors/nick_ayton) explores the structure and process of a successful Initial Coin Offering (https://cointelegraph.com/tags/ico) (ICO), its pitfalls, traps and the essential things you need to know as both investors and entrepreneurs.

Laying the foundation for next generation Capital Markets

An Initial Coin Offering is now part of the Blockchain ecosystem used successfully by entrepreneurs and investors who want to be part of the Blockchain Revolution as in Don Tapscott's words we are moving to the Internet of Value or what others refer to as Web 3.0.

With ICOs proving increasingly popular mechanism (https://cointelegraph.com/news/ico-roundup-2017-by-cointelegraph-cashing-in-on-blockchain-apps-mainstream-year) for crypto-entrepreneurs to raise capital they are not for everyone as this form of finance is not by any means mature and it is becoming harder as investors get smarter and competition for ICO airtime increases.

> "At first, ICOs were abused by entrepreneurs (https://cointelegraph.com/news/initial-coin-offerings-how-to-distinguish-between-good-bad-and-ugly) who got away with lots of things, raising money on the back of incomplete, poorly thought through propositions without having to show anything of substance, such was the demand from investors to literally take a blind punt."

But these days now are over.

Several ICOs have failed to reach their ICO targets and some have been withdrawn. Examples include Inchain (Insurance), Ark.io (Linking Blockchains), KiboLottery (https://cointelegraph.com/news/powered-by-blockchain-ethereum-smart-contracts-kibo-to-revolutionize-lottery-business), Decent (content distribution), Arcade City (https://cointelegraph.com/tags/arcade-city) (Ride share). The reasons are summarized below.

- Unproven Management Team come across as geeks
- Business Plan not clear as to the market problems or business challenges the proposition overcomes
- No Proof of Concept available
- Badly structured ICO where investor terms are not adequately explained

- Poor PR Planning (timing)
- Due diligence on Kibo management revealed links to previous scams
- Decent (https://cointelegraph.com/tags/decent) did reach lower ICO targets but didn't explain the bonus structure raising only $4m of the $10m+ potential
- Arcade experienced investor pushback by changing members of the management team (https://cointelegraph.com/news/arcade-city-parts-ways-with-controversial-founder-raises-almost-620000) just before ICO

ICO Bandwagon pushes on

Overall ICO activity is increasing.

> *"The quality is improving as investors are taking a tougher stance insisting on seeing something substantive and an experienced management team in place."*

Many Blockchain entrepreneurs lack general business experience hoping their technical prowess and skills will compensate, forgetting that investors want to know how the funds will be used, how the management team will protect investors interests and deliver returns.

What is inside an ICO

To improve the odds of getting to a successful ICO as we have seen from the examples above there are several essential elements that must support the process of attracting investor interest and activity.

> *"But how long does it take to get an ICO ready to have everything in place?"*

There are many views on timing. Some ICO advisors suggest at least a 12-16 week runway, while others simply say you are good to go when you have the fundamentals in place. I say you go when you think you can create the right level of market PULL and deliver on three investor fundamentals:

1. Management team, Governance and Compliance structure
2. A clear articulation of the Business Plan and business problem being solved
3. How Investor interests are represented, coins bought and sold and their value maintained and dividends (benefits) paid.

Creating the Momentum, Hype and Excitement

The examples of successful ICOs are SingularDTV (https://cointelegraph.com/tags/singulardtv) (Content DRM platform), Blockpay (https://cointelegraph.com/tags/blockpay), FirstBlood (Sports platform) or ICONOMI (https://cointelegraph.com/tags/iconomi) (Open fund management platform). At the center of each there is an essential lesson to be learned.

> *"Attracting investors is about creating interest and excitement, a sense of urgency and a business as usual feel. A strong concept, depth of management experience, a focus on creating value for investors rather than describing how you will be using their cash to build something focusing on how you will get paying customers using what you have."*

Many of the most successful ICOs I have come across have a strong PR campaign that can reach a wide audience working across all channels and networks and hitting everything at once.

Creating the buzz and noise to get the ICO noticed as competition for investor attention is now something of a premium.

Crypto-economics: how to tokenise value

At the center of the ICO is the coin as a Token of value.

The core of the ICO proposal is to answer the question: How you intend to tokenize value and how will investors benefit?

What is the amount to be raised and what value will the coin represent lies at the center of the opportunity?

The liquidity of the coin and opportunity for investors to buy and sell is the focus of crypto-economics. What options will investors be offered, what level of information will be available to support any research and due diligence.

> *"The management team has to be very clear and have a crypto-economic plan in mind. The number of coins and their purpose has to be defined - as a mechanism for ownership and distribution of value. What does the token represent, ownership of underlying assets, IP, license, copyright or something else. What is it the investor is entitled to..."*

Many management teams just want the funds and don't consider the value of the underlying coins after the initial ICO raise, and why so many coins have the hike in value at first and then the coin devalues to close or near zero. Successful ICOs like ICONOMI where performance has been consistent and the value of the coin and level of trading activity has increased over time as confidence in the underlying proposition increases.

ICOs that focus on increasing the underlying value of the asset invested intends to do much better, than those that want to spend the money on building cool tech without consideration for how to monetize what they have created.

You have to give clear answers to the following questions:

> *"What will be the initial value of the coin, the starting point and how will this be worked out?*
>
> *How many coins are going to be issued? How they are going to be distributed?*
>
> *How investors interact with your proposition, get access and be kept informed?*
>
> *What currencies will be accepted as payment for Coins, both crypto and fiat and ill something like ShapeShift be required for conversion?*
>
> *What level of KYC if any will be done?"*

ICO Fundamentals

What do you need in place to improve the odds of making your ICO a success...

- A concise **Business Plan** explaining how your coin works, use of funds, the compliance and governance approaches and how investors are treated (protected) and the outcome and returns managed
- **White Paper** giving the background to the concept, the current market issues and how your approach is different, what challenges are you solving and why customers will buy
- An **ICO website** – that is focused on the event – the ICO itself. It is a nontraditional website and can be closed after the event, or converted to an investor portal. With all the essential information to hand, the timing of the ICO and How to Invest

- A **promo video** where management discuss the concepts, a series of sound bites as Podcasts that will draw new investors and communities
- The **Management Team** with their track record to support a Blockchain world – expertise in Crypto, Computer Science, Encryption and Software development is not enough, investors want to see business acumen and experience.
- A strong **Advisory Team** – ideally know industry professional is becoming a must have
- **All Channels** – Twitter, YouTube, LinkedIn and Facebook company pages with useful content to support the story for the investor pushing traffic to the ICO site or Apps download
- A list of **Partners, PR partners and Supporters** and who else is involved in the journey.

A new fabric for commerce

ICO is a layer in the new crypto Capital Markets structures that are emerging and play an essential role in laying down the core infrastructure for new commerce. ICOs are on the critical path to the arrival of Web 3.0, a long overdue and much-needed upgrade to the Internet.

The ICOs are an essential process to finance the crypto-economy as government, banks and traditional capital markets make their minds up how and where to play in a Blockchain game, and entrepreneurs turn their back on tradition sources of funding – as slow, expensive, puts their IP at risk and the experience is commercially intrusive.

With each iteration of the original open source code creates an altcoin as a token, to be used for a new purpose that gives investors confidence, ownership and entitlements to dividends and benefit from success. They are in fact new hybrid instruments that can have both features of equity and bond. And they will emerge to support new asset classes and tradable instruments.

Crypto-Capital Market is here

In a few years time, there will be 10,000+ cryptocurrencies and platforms supporting all kinds of industries with the bulk of coins be used to Tokenize things, assets, different forms of value in new and exciting ways.

An entire Blockchain ecosystem is being built at a speed that will eventually take over from today's commerce. With many of the key components already in place Capital Markets 2.0., Web 3.0, Bank 4.0 will herald the arrival of Commerce 2.0.

The core elements are here. We have smart wallets that allow the buy and sell, make payments and transfer cryptocurrencies in and out of fiat currencies. There is a new financial rail called Bitcoin for payments and remittance. We are numerous cryptocurrency exchanges (Bittrex, Polonex, Kraken) that create liquidity for the coins from crypto funding and the coins. New asset classes are arriving with a second generation coin that is asset-backed, offering the option to create exchange traded instruments (ETI) to be listed on convention stock exchanges. Fund managers are looking to add a strip of cryptocurrency to investment portfolios.

New industry platforms are emerging for Gaming (vDice, DaoCasino), Music (UjoMusic (https://cointelegraph.com/news/managed-chaos-why-the-music-industry-needs-blockchain)) , Insurance (ChainThat (https://www.chainthat.com/updates/2017/1/4/cointelegraph-chainthat-one-to-watch)), Supply Chain (SkuChain, Waves), IoT (GE's Predix), with supporting Compliance as a Service models (Coinfirm.io) delivering assurance and a key part of the infrastructure for an entirely new capital market. And a new generation of Blockchain organizations will link chains together and deliver new ways for exchanging coins and transaction information from one Blockchain to another, one might add is the final piece that will deliver Blockchain Capital Markets.

There is more to come with several ICOs of considerable note and interest.

Melon Project (https://cointelegraph.com/news/ico-roundup-2017-by-cointelegraph-cashing-in-on-blockchain-apps-mainstream-year), an open source for asset management, starting 14th Feb., Contingency, a trusted gambling platform, Cosmos, a DLT play, SuperDAO, Qtum, Internet of Coins, Gnosis, Rootstock (https://cointelegraph.com/tags/rootstock), Bitsquare, EtherEx, Filecoin. The list goes on…

🏷**Blockchain News (/tags/blockchain)**   🏷**ICO (/tags/ico)**

🏷**Markets (/tags/markets)**

Comments

By **William Suberg**   FEB 17, 2017

Russia to Deploy Blockchain By End of 2019: Sberbank Chief

3897 Total views   **283** Total shares

Sberbank Chief Herman Gref has said industrial-scale Blockchain deployment in Russia will be possible before the end of 2019.

Speaking (http://forklog.com/german-gref-utochnil-sroki-nachala-massovogo-ispolzovaniya-blokchejna-v-rossii/) at the Real Estate Market Innovation Conference, Gref said that although the timeframe was "perhaps a little optimistic," it was nonetheless workable.

"Two to two-and-a-half years is the timeframe in which we could be talking about seeing Blockchain technology commercially operating," he announced.

Gref also said that prime minister Dmitry Medvedev had given the go-ahead for a working group to be created for the purposes of studying (https://cointelegraph.com/news/russian-government-considers-blockchain-for-improving-national-payment-system) Blockchain applications.

"The prime minister of the Russian Federation has signed off on the creation of a special working group, headed by First Deputy Prime Minister Igor Shuvalov, focusing on ways to assimilate Blockchain technology," he stated.

Speaking about the technology itself, Gref added that he assumed it would affect "literally all industries."

Gref's words curiously run in contrast to Sberbank's own deputy chairman Vadim Kulik. As local cryptocurrency resource Forklog notes (http://forklog.com/sberbank-rossii-prognoziruet-massovoe-ispolzovanie-blokchejna-s-2018-goda/), in January Kulik went on record to state that Blockchain could be in use as early as next year.

🏷**Blockchain News (/tags/blockchain)**   🏷**Russia (/tags/russia)**

🏷**Sberbank (/tags/sberbank)**

Comments

By **Joseph Young**   FEB 16, 2017

Hong Kong FinTech, Bitcoin Market is Lagging Behind Competitors Due to Unclear Policies

3727 Total views   **275** Total shares

Hong Kong (https://cointelegraph.com/news/hong-kong-looking-seriously-at-blockchain-for-mortgage-solutions), which many consider as the Asian center of financial and technological development, is struggling to see consistent growth in its Fintech and Bitcoin markets.

Other Asian countries such as China, Japan, South Korea and Singapore have outcompeted Hong Kong (https://cointelegraph.com/news/bitcoin-boom-in-japan-merchant-adoption-grows-four-fold-in-one-year) by creating a practical

and efficient ecosystem for startups and financial service providers to operate in.

Clear policies

China and South Korea (https://cointelegraph.com/tags/south-korea) in specific have laid out sound regulations and policies within their Fintech and Bitcoin markets, allowing startups and mature corporations to follow a clear regulatory framework to remain compliant with industry-wide policies and local financial regulations.

Such clarity in established regulatory frameworks for the Bitcoin industry in South Korea has allowed startups, including leading Bitcoin exchange Korbit (https://cointelegraph.com/news/bitcoin-price-surpasses-1000-in-china-and-south-korea-again), to raise multi-million dollar investment rounds from key players of the South Korean financial and technology industries. To date, Korbit has amassed funding from multi-billion dollar South Korean companies including SK Planet and SoftBank Ventures Korea.

While startups in South Korea, China, Japan and Singapore are successfully securing reliable investment partners to form a long-term vision and financial stability, Bitcoin companies in Hong Kong are failing to obtain investment primarily due to the uncertainty in local regulations.

Uncertainty

In an interview with South China Morning Post, Bitcoin entrepreneur James Bang stated (http://www.scmp.com/news/hong-kong/economy/article/2070088/dwindling-support-bitcoin-businesses-hong-kong):

> *"The uncertainty is why [Bitcoin companies] could not get investment. Investors don't like uncertainty."*

Leo Weese, president of the Bitcoin Association of Hong Kong, further stated that the initiation of Bitcoin operations and trading within Hong Kong shouldn't be a concern for regulators and that the government should allow the general population to trade and utilize Bitcoin at their own risk, similar to the approach of the central bank of China.

In the past, the People's Bank of China consistently emphasized that the government nor the central bank will take any responsibility for risks involved in trading Bitcoin. Upon the issuance of the initial warning, the central bank of China allowed active Bitcoin trading and other activities involving the digital currency within the region.

"I think regulators should be less risk averse, it is not their obligation to shield the Hong Kong economy from people losing money or other negative things," said Weese.

In spite of the lack of regulatory framework within the Hong Kong Bitcoin industry, government officials, including information technology legislator Charles Mok, are continuously claiming that it is the limited applicability and practicality of Bitcoin that is preventing the Bitcoin industry in Hong Kong from growing at a similar pace to other countries.

However, the logic behind Mok's claim is evidently flawed as the applicability and practicality are being demonstrated in leading markets such as Japan, South Korea, Singapore and China, all of which have laid out clear regulatory frameworks for both Bitcoin operators and users.

Cointelegraph reported (https://cointelegraph.com/news/we-shouldnt-kill-bitcoin-but-regulate-former-bank-of-china-governor-to-cctv) that former Bank of China Governor L H Li believes China should regulate Bitcoin instead of

trying to slow down the growth of Bitcoin as it is virtually impossible to stop a decentralized and peer to peer network secured by miners and hash power spread across the world.

A regulated Bitcoin market is important not necessarily for the people but for the government because if Bitcoin moves to underground or over-the-counter markets, it becomes increasingly difficult for the government to oversee its use.

🏷**Bitcoin News (/tags/bitcoin)**   🏷**FinTech (/tags/fintech)**

🏷**Hong Kong (/tags/hong-kong)**   🏷**Markets (/tags/markets)**

Comments

By **William Suberg**   FEB 15, 2017

Blockchain Can Save World From Nuclear Holocaust: Russian Expert

5528 Total views   **211** Total shares

A Russian industry expert has claimed Blockchain is the world's solid future defense against nuclear armageddon.

In an article on local publication Ekspert (http://expert.ru/expert/2017/07/ob_edinennyij-kosmicheskij-schit/), Sergey Chernyshev of the Institutional Projective Engineering Laboratory writes that smart contracts used to provide joint protection against future threats could save humanity.

Chernysev was discussing a Cold War era scheme where the US and the Soviet Union planned to create space-based lasers to shoot down nuclear rockets.

"[The] Russians quickly recognized (and mathematically proved) that if Russia and [the] US would build such systems separately - those systems would inevitably destroy the [world]," an English summary

(https://www.reddit.com/r/Bitcoin/comments/5u3mmv/blockchain_based_anti
missile_space_shield_formula/) of the article uploaded to Reddit states.

However, in future the scheme may yet be revived and a treaty created to
protect member states.

Chernysev himself writes on the topic of Blockchain defence:

> *"In order to control the performance of the space shield at all stages of
> its development, the members of the treaty will use the technology of
> distributed open ledgers - i.e. the Blockchain."*

He added that a lot of "empty noise" was being created around Blockchain by
so-called "IT fans," but that they "were not interested in who needs it or why."

It is not the first time Blockchain has got involved in the nuclear defense
debate. In October, the Pentagon announced
(https://cointelegraph.com/news/us-pentagon-may-use-blockchain-tech-for-
nuclear-warhead-defense) it was considering the technology for nuclear
weapon defense and message encryption.

🏷**Blockchain News (/tags/blockchain)**   🏷**Russia (/tags/russia)**

Comments

By **William
Suberg**

FEB 14, 2017

Deloitte: Pro Audit Standards "Benefit Blockchain Principles"

3592 Total views   **208** Total shares

Global consultants Deloitte have announced the successful completion of their
latest test project which brings "professional audit standards to Blockchain
transactions."

In a release earlier on Tuesday, the firm stated (https://www.finextra.com/pressarticle/68014/deloitte-applies-professional-audit-standards-to-blockchain-transactions) that it wanted to "enhance the utility and trust of a permissioned Blockchain system" through the application of existing industry standards.

"For the purposes of this project, we selected an internally-developed loyalty points Blockchain application built by our Rubix by Deloitte team on a permissioned Ethereum network as a test case," Iliana Oris Valiente of Deloitte Canada commented.

The outcome of the project could "benefit Blockchain principals," Deloitte said, as well as preparers and users of financial instruments and auditors.

Deloitte & Touche Principal Tim Davis added that market participants would still need to understand the "potential risks" involved in the new technology. "Given the early stages of Blockchain maturity, we recognize that many clients are in the development phases rather than in production," he said.

Deloitte has been an important mover (https://cointelegraph.com/news/ernst-young-is-going-bitcoin-while-pwc-deloitte-and-kpmg-push-permissioned-blockchains) in Blockchain over the past few years, initiating and participating in a raft of standalone and collaborative projects aimed at enhancing the use and application of the nascent technology.

In its end-of-year report in December, the company concluded (https://cointelegraph.com/news/deloitte-banks-need-to-form-consortiums-for-blockchain-to-work) that banks and other financial institutions must form consortia in order to successfully pursue Blockchain implementation.

🏷Blockchain News (/tags/blockchain)   🏷Startups (/tags/startups)

🏷Deloitte (/tags/deloitte)

Comments

By **Olusegun Ogundeji**

FEB 13, 2017

90 Percent Of Top Executives Expect Blockchain To Transform Markets In Five Years

11590 Total views   **1927** Total shares

Most financial firms expect to see the transformative impact of Blockchain technology and its adoption in the next three to five years, according to a study conducted by the management consulting firm, Bain & Company.

It says that more than 89 percent of financial markets executives interviewed expect distributed ledgers (https://cointelegraph.com/news/the-17-trillion-reason-banks-prefer-blockchain-or-distributed-ledger-over-bitcoin) to be adopted by financial institutions by 2020 and its impact on clearing and settlement would be "transformative."

One of the marked changes that would be expected of the technology is its ability to ensure an estimated $15-30 bln total cost and capital savings to global financial market ecosystems. Much of these savings will come from the ability of firms to replace manual, redundant and error-prone processing methods.

Firms will also be able to quickly and less expensively harness reference data that is both richer in detail and more fully reconciled, the report (http://www.bain.com/Images/BAIN_BRIEF_Blockchain_in_Financial_Markets.pdf) says, adding that it is hard to predict exactly when and where the technology's applications will reach scale and what kind of impact it will have across markets.

Deloitte study

Though there have been several studies into the importance of the technology, this study shows that the level of its knowledge among top executives has improved.

According to Deloitte, in its "Blockchain Enigma. Paradox. Opportunity (https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/Innovation/deloitte-uk-blockchain-full-report.pdf)" study, the principal challenge associated with Blockchain is a lack of awareness of the technology, especially in sectors other than banking, and a widespread lack of understanding of how it works which has been hampering investment and the exploration of ideas.

In its other report, "Building up Blockchain (https://www2.deloitte.com/content/dam/Deloitte/us/Documents/about-deloitte/us-innovation-blockchain-infographic.PDF)," Deloitte notes that nearly 40 percent of executives surveyed know little or nothing about Blockchain. When juxtaposed with the Bain and TABB report, the outcome could be considered as very encouraging.

Conducted among 200 financial executives worldwide, 70 percent of the business leaders polled believe that the industry is suffering from a serious shortage of talent "versed in both the vagaries of the Blockchain and the complex plumbing of the financial services ecosystem."

Some of these executives say they are under pressure to show near-term results and they must gain the attention, understanding and commitment of top management. They are now struggling with business cases and where to apply their efforts.

It says:

"It's unclear how the regulatory environment will evolve in different jurisdictions. Getting ready for DLT requires substantial investment at a time when many firms are facing financial constraints, and it can involve working through tricky and expensive issues with legacy IT systems and processes."

However, while 38 percent of firms still take a wait and see approach, the report finds that firms can identify "no regret" DLT readiness preparations to navigate uncertainty and to gain a competitive edge. Nonetheless, it established that the biggest impact from the technology will be achieved only when a critical mass of the ecosystem participates.

Blockchain News (/tags/blockchain)   **FinTech (/tags/fintech)**

Comments

By **William Suberg**   FEB 13, 2017

ConsenSys Reveals Blockchain Future at Dubai Government Summit

3298 Total views   **301** Total shares

The Ethereum development startup ConsenSys (https://consensys.net/) has released a new white paper for its projects in Dubai at the city's World Government Summit.

The paper, titled "Blockchain, Hyperconnectivity and the City of the Future," details new plans for innovation focusing on smart cities and the Internet of Things.

"We are thrilled to see Dubai emerge as a home for fast forward, broad focus Blockchain innovation and are looking forward to ongoing opportunities to work with Dubai government and corporates toward accomplishing many ambitious goals," ConsenSys founder Joseph Lubin told (http://www.ibtimes.co.uk/ethereum-studio-consensys-build-blockchains-dubai-1606062) the International Business Times.

The startup has an established history in Dubai and the United Arab Emirates, having previously participated (https://media.consensys.net/consensys-in-dubai-disrupting-industries-across-the-world-b65ea95157f#.j28ycpi5e) in the Dubai Future Accelerator scheme. Microsoft and IBM are also active in the space.

Further details about the new Blockchain projects are expected in the coming weeks but local government services are likely to lie at the heart of the proposals as Dubai becomes an increasingly active Blockchain hub (https://cointelegraph.com/news/korea-dubai-move-to-regulate-bitcoin).

What do you think about ConsenSys' plans for Dubai? Let us know in the comments section below.

🏷**Blockchain News (/tags/blockchain)**

🏷**ConsenSys (/tags/consensys)**   🏷**Dubai (/tags/dubai)**

Comments

By **Joseph Young**   FEB 12, 2017

Complete Review on SegWit vs. Bitcoin Unlimited: Arguments and Clarity

5913 Total views   **312** Total shares

Over the past month, many Bitcoin exchanges, startups and experts weighed in on the debate (https://cointelegraph.com/news/ready-steady-fork-bitcoin-core-to-release-segwit-in-november) between Segregated Witness (SegWit) and Bitcoin Unlimited (BU) supporters.

The main claim of SegWit supports (https://cointelegraph.com/news/segwit-great-for-bitcoin-says-btcc-coo-as-major-exchange-supports-the-solution) is that nearly 60 percent of nodes within the Bitcoin network are supporting the activation of SegWit. According to 21 Inc's Bitnodes, approximately 56 percent (https://bitnodes.21.co/dashboard/) of all Bitcoin nodes are in support of Bitcoin Core 0.13.0 and the other two minor updates of Bitcoin Core which includes SegWit support on testnet.

What is the debate about exactly?

In comparison, BU supporters and developers, including prominent angel investor and Bitcoin.com CEO Roger Ver (https://cointelegraph.com/news/roger-ver-on-bitcoin-scalability-two-bitcoins-are-better-than-one), claimed that Bitcoin miners are showing increasing support of SegWit (https://cointelegraph.com/news/roger-ver-2017-will-be-the-best-year-for-bitcoin). A chart called "Mining Pool Support by Proposal" provided by Coin Dance and shared by Ver, demonstrated that 17.3 percent of miners support BU while the other 16.67 percent supported the activation of SegWit (https://cointelegraph.com/news/most-major-bitcoin-wallets-plan-segwit-support).

Samson Mow, COO of the world's longest running Bitcoin exchange BTCC, and Alistair Milne, Bitcoin investor at Atlanta Digital Currency Fund, expressed their support for SegWit stating that SegWit's transaction malleability solution opens the door for Lightning, a micropayment solution, that is ultimately beneficial for the long-term growth of Bitcoin (https://cointelegraph.com/news/scaling-in-2017-coinbases-brian-armstrong-lends-support-to-segwit).

Milne further emphasized the majority support of Bitcoin nodes for SegWit, requesting Bitcoin miners to start listening to its users.

"Betrayal" to the mining community?

In response, Gang Wu, HaoBTC CEO, offered his strong stance against SegWit (https://cointelegraph.com/news/13-of-nodes-support-segwit-release-bitgo-runs-core-0131), describing the Bitcoin Core development team's efforts in pushing SegWit development instead of a 2MB hardfork which they previously agreed on at the Hong Kong consensus conference as a "betrayal" to the mining community.

Although HaoBTC later published a follow-up statement to explain their neutral attitude towards BU and SegWit, the exchange firmly reaffirmed that it intends to support the Hong Kong agreement that the organization signed.

Opportunities for two-layer solutions

In mid last month, Bitcoin and security expert Andreas Antonopoulos (https://cointelegraph.com/news/antonopoulos-bitcoin-will-have-hard-fork-eventually) published a blog post in response to Tuur Demeester's article entitled "Bitcoin: digital gold or digital cash? Both." In it, Antonopoulos stated that organizations or people that are objecting to Lightning are pushing for off-chain trusted third party custodial or centralized platforms based on trust (https://cointelegraph.com/news/bitcoin-begins-segregated-witness-era-what-happens-now).

Antonopoulos later acknowledged that he supports SegWit, not necessarily because of its scaling solution but because it provides opportunities for two-layer solutions like Lightning or TumbleBit to enter.

"I'm for SegWit, not because of scaling, but because it offers solutions to many technical issues in Bitcoin," said (https://twitter.com/aantonop/status/821016551075639297) Antonopoulos.

Efficient scaling solution

Still, Bitcoin developers like Lightning (https://cointelegraph.com/news/lightnings-elizabeth-stark-2017-will-be-the-year-of-smart-contracts) co-author Thaddeus Dryja firmly believe SegWit can be described as an efficient scaling solution, as it increases Bitcoin block size to at least 2.1MB. On testest, Dryja was able to find 3.7MB blocks, a size 3.7x larger than the current block size.

"I have a script that will spam testnet and make 3.7MB blocks. It's not an 800KB regular block with txids and output scripts, and a 2.9MB witness block with just a bunch of signatures. It's a single block, that looks pretty much the same as old blocks with a few extra requirements, that's 3.7MB," said (https://www.reddit.com/r/Bitcoin/comments/5pb8vs/misinformation_is_working_54_incorrectly_believe/) Dryja.

Necessary for the long-term growth of Bitcoin

While BU supporters including Ver and Justus Ranvier, lead architect at Stash Crypto, all believe that the elimination of transaction malleability and the entrance of two-layer solutions are necessary for the long-term growth of Bitcoin, they don't believe SegWit is the best method of doing so.

Ver told Cointelegraph:

> "I think ending transaction malleability is great for Bitcoin. The current SegWit soft fork is just one of many many ways that transaction malleability can be ended, but there are many other proposals on the table that may work as well as, or even better than SegWit."

"BU is not even remotely an option"

In response to Ver's preference of other solutions, Alex Bergeron from Blockstream stated that other solutions like Tom Zander's "Flexible Transactions" aren't viable alternatives, as they aren't backward compatible, received little to no peer review and aren't technically sound.

BTCC COO Samson Mow gave Cointelegraph a similar statement:

> *"The Bitcoin Core contributors, the entire technical community, wallet developers, many mining pools and major exchanges all believe a SegWit soft-fork is the path forward to end transaction malleability and for a safe yet quick way to increase the block size. Flexible Transactions from BU is not even remotely an option as the concept has already been dismissed by the technical community, and more importantly, there is no functioning code available - it's vaporware."*

The lack of peer review has also proven to be an issue for Bitcoin Unlimited, as the Bitcoin Unlimited team recently found buggy codes within the software. The lack of peer review ultimately caused the loss of 13 BTC for Bitcoin unlimited miners.

SegWit - the best alternative so far

At this stage of Bitcoin development, it is of utmost importance to the Bitcoin development community, users, companies and mining community to push for the activation of a safer alternative. Considering Bitcoin Unlimited's lack of peer review and software which isn't ready for deployment, SegWit seems to be the best alternative so far (https://cointelegraph.com/news/final-countdown-bitcoin-cores-segwit-to-be-released-after-long-testing).

Industry leaders and large-scale Bitcoin companies like Coinbase and Blockchain have already expressed their support for SegWit. The Blockchain is listed as "SegWit ready" in the SegWit Adoption list of the Bitcoin Core development team.

🏷**Bitcoin News (/tags/bitcoin)**　　🏷**SegWit (/tags/segwit)**

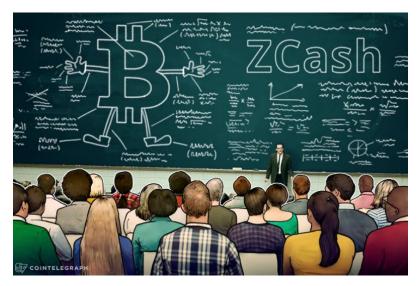🏷**Bitcoin Exchanges (/tags/bitcoin-exchanges)**

Comments

By **Olusegun Ogundeji**

FEB 12, 2017

Bitcoin Payments, ZCash Mining in Focus of Two Latest Academic Works

6719 Total views　　**398** Total shares

What could possibly be driving the interest of universities into researching to understand or improve any aspect of cryptocurrencies? This is the question that comes to mind after scientists from universities in the US and Luxembourg released updates on their efforts to improve cryptocurrencies such as Bitcoin and ZCash (https://cointelegraph.com/tags/zcash).

Originally, Bitcoin was conceived to be exchanged anonymously. However, that changed along the way as several experts and private companies have worked to develop highly effective methods of de-anonymizing the public keys with which users can transmit money in Bitcoin from one public key to another. As a result, Bitcoin transactions have become trackable (https://cointelegraph.com/news/decriminalisation-of-bitcoin-can-lead-to-its-greater-adoption-says-sandia-researcher).

Bitcoin-Compatible Anonymous Payment Hub

Now, researchers from North Carolina State University, Boston University and George Mason University (https://cointelegraph.com/news/regulation_it_s_coming) have developed a system that could make it more difficult for Bitcoin transactions (https://www.eurekalert.org/pub_releases/2017-02/ncsu-nsm020717.php) to be identified or tracked.

Called TumbleBit (https://cointelegraph.com/news/bitcoin-price-prediction-for-2017-6-major-events-to-impact-bitcoin-value), the system is a computer protocol that runs on top of Bitcoin taking advantage of an existing concept called "mixing service" to draw more parties into a transaction involving two parties just to make it harder to determine which two parties own the transaction.

A full paper, "TumbleBit: An Untrusted Bitcoin-Compatible Anonymous Payment Hub," will be presented at the Network and Distributed System Security Symposium later this month.

New mining algorithm

In a related case, scientists at the Interdisciplinary Center for Security and Reliability and Trust (SnT) of the University of Luxembourg developed an important mathematical algorithm called Equihash as a core component for Zcash, a new cryptocurrency that offers more privacy and equality than Bitcoin.

According to the head of the research group Cryptolux, Prof. Alex Biryukov and Dr. Dmitry Khovratovich at SnT who developed the Equihash, the algorithm is meant to resolve two main shortcomings of Bitcoin through Zcash.

The first is its lack of privacy for transactions, the second - centralization of

transaction verification into the hands of a dozen miners and the computational load of the Bitcoin mining algorithm that can be split into many different small tasks which can be conducted in parallel.

"The strength of a cryptocurrency comes from the fact that the ledger is globally distributed," says Biryukov in a release. "Our Equihash algorithm reverses the situation back to this more ideal world."

He adds that it is a unique mining algorithm that is memory-hard and easy to verify which makes mining new coins with Zcash/Equihash comparatively expensive but pose a smaller risk of monopolization which ensures new coins are genuine is memoryless, fast and cheap.

They, however, note that Equihash is not limited to use in Zcash and can be used in other cryptocurrencies including Bitcoin.

Universities are known to research into a given phenomenon to widen its field, question theories or improve the level of current knowledge. The fact that the two mentioned studies are cryptocurrency-security related gives a clue as to what the researchers might be up to on a larger scale. However, it may take some time to get a better understanding of what impact their findings would have on the entire ecosystem.

🏷**Bitcoin News (/tags/bitcoin)**

🏷**Bitcoin Payments (/tags/bitcoin-payments)**

🏷**Payments (/tags/payments)**   🏷**ZCash (/tags/zcash)**

Comments

By **Frisco d'Anconia**   FEB 12, 2017

Blockchain-Powered Dawn Reinvents Social Networks As We Know Them

4330 Total views   **476** Total shares

New social network Dawn promises to change the face of social media (https://cointelegraph.com/news/social-network-bitcoin-facebook-youtube)from individual-centric to pro-group, whilst also maintaining individual interest.

Cointelegraph spoke to Brenn Hill, social and UX architect at Dawn, to take a peak of the new radioactivity of the Blockchain.

Cointelegraph: Could you explain what Dawn is all about and what makes it different from other social media outlets?

Brenn Hill: Dawn is about reinventing social networks (https://cointelegraph.com/news/steemit-or-synereo-comparing-decentralized-social-networks) in a way that is group-centric and pro-social instead of individual-centric and exploitative.

Currently, social networks exist partly to allow you to connect with others but mostly to convince you to give the system data so they or others can sell things to you.

Many people are dissatisfied with these networks because they give us these weak social connections but are designed to be addictive and end up disrupting our actual quality relationships.

The design philosophy behind Dawn is "genuine human connection." We want to enable users to connect and find each other online in a more organic way (through communities) and have the network to encourage pro-social behavior. Current networks are frustrating to people because the way they work tends to be most friendly to trolls and least friendly to working with others to do something productive. You can do it, but the system isn't really set up for that at its core.

Twitter was set up to send short empty bits of content into the ether and Facebook was originally set up to show off your connection to high-status campuses. Neither of these core things is pro-connectivity and pro-productivity. Neither these nor other networks are set up with the explicit purpose of having people work together and do things together online or off.

Because of our focus on communities (though yes, individuals can have their own island if they wish), we allow groups to come together and pool funds or earn tokens as a group. They can also distribute and spend those tokens as a group as well. People can be members of multiple groups and extend their networks that way according to their interests. Obviously, this is a new approach so we're going to be testing different things as the network evolves to see what works best.

Team international

CT: What's the story behind Dawn?

BH: Each member of the team has their own story of how they got here. Many in the core team have been part of the crypto community for years which is how they met.

The immediate catalyst was dissatisfaction with Steemit (https://cointelegraph.com/news/steemit-new-social-media-platform-which-pays-you-to-post). There was so much potential but it was wasted, and then the realization came that we only looked at Steemit because we were dissatisfied with the other networks as well.

Almost all of our team is international and only a few of us live in the same country. We all met through different communities online and off and we all had the entrepreneurial spirit. We appreciated some of the advantages of Blockchain technology and the advantages it had in terms of transparency and being distributed. The result was that over a few iterations and ideas the team kept growing as more people saw the potential and wanted to join. We took the

ideas that had been generated and the frustrations we had experienced elsewhere online and started boiling it down into something solid, which is about where we are today.

Setting up your brand

CT: It's has been stated on your website that you provide all the necessary services and capabilities for any online brand to get up and running for free. How then do you make a profit?

BH: If a person or organization creates an online brand and contributes to the community and the network, then the network makes money and by extension so does Dawn and the other network participants. Creating your online brand is free, and being able to sell things and have products or services is free. All exchanges will take place in RAY tokens and there is a small (TBD) transaction fee - in RAY - to cover infrastructure costs.

For communities that allow it, those same brands can ask to purchase advertising and so on. The key is the "allow it." Communities will have the ability to accept or reject advertising. But if they allow it, they get a percentage of the advertising sale. Similarly, communities can open their own store either to the world or internally. We will be experimenting with different models to see what works the best. The key for us is alignment - when our users succeed, we should succeed. And when we succeed it's because our users succeed.

Validators

CT: What about your validator program?

BH: In order to build out our global presence, Dawn is selling cryptographic tokens that give their owner the permissions needed to serve as a validator node on our network. If you are familiar with graphene/bitshares/steem, then you may already know that validators are the rough equivalent of BTS/Steem's Witnesses. On Steem and BTS, they are chosen democratically......except a 51-49 just means that half of the people disagree on some certain topic.

We take this weakness and make it a strength by requiring witnesses to pay to become validators. We expect that we will have much higher up-time than Steem, as our validators are quite literally paying for the privilege of signing blocks.

Without validators, our Blockchain fails. We're all quite conscious of the fact that we need validators to truly be involved with our project and to be people who can solve problems in a pinch. We have an open ear to our validators at all times. Their success is ours and vice versa.

People who own validator keys have direct access to the team and are involved in discussions about the future of the project, different approaches to technical and social problems and so on. Being a validator means they get to help shape the future.

Off the record conversations

CT: Why the Blockchain as the underlying technology?

BH: Transparency. For both anti-censorship and anti-BS properties the Blockchain simply cannot be beaten. With Blockchain we can prove what went on the network when, by whom, but also encrypt it so that only those in the right circle of trust can read it. We also plan to enable "off the record" conversations because we respect privacy. In these cases, Dawn doesn't know anything about the communication and there is no storage, but also no transactions (no RAY changes hands).

For content distribution, we use a set of technologies to enable fast, efficient content distribution.

Our whole stack implements P2P technology natively:

WebRTC

- Real-time
- Voice
- Video
- Text
- File Transfers
- WebTorrent
- Streaming-to-DOM
- Text
- Video
- Audio
- SyncThing
- Replication

Maybe the biggest factor driving our choice to use a Blockchain was the Tendermint Blockchain toolkit and Tendermint's amazing team. Their software makes building a state of the art Blockchain relatively painless and they are really just great people. Of course, this means that we're also big supporters of their next project, Cosmos. We think the Cosmos hub is going to enable an entirely new class of connected applications. We'd like to say that we're glad to add people to the team as validators or if there are software engineers who want to get in on the action we are glad for it. Contact us (mailto:dawnnetworkteam@gmail.com)!

Blockchain News (/tags/blockchain)   **DAO (/tags/dao)**

Social Networks (/tags/social-networks)

Comments

By **Olusegun Ogundeji**   FEB 10, 2017

New Class Of Bitcoin Users Emerges: Unbanked on Mobile Using It To Pay

5977 Total views   **4519** Total shares

Now placed alongside LocalBitcoins and Bitsquare (https://cointelegraph.com/news/bitsquare-on-localbitcoins-trail-in-global-weekly-transaction-volumes) on coin.dance to be the main marketplaces for Bitcoin, the CEO of Paxful (https://cointelegraph.com/tags/paxful) thinks transactions on his platform may be lower than those on the older markets but they are mainly mainstream Bitcoin purchases that represent an entirely new class of users.

Ray Youssef (https://cointelegraph.com/news/bitcoins-x-factor-or-what-stops-it-from-mainstream-adoption) writes to Cointelegraph in an email:

> *"These users are 80 percent on mobile, the majority are unbanked and they do not have an interest in Bitcoin other than for paying for services that let them go about their business."*

He adds: "Paxful is the tip of the spear in onboarding these non-techy new Bitcoin users. Our support team is over 60 percent of our company and this is out of necessity. These new users need immense support and we constantly work their feedback into the core of our product."

Coin.dance, which offers a community-driven Bitcoin statistics and services, currently puts LocalBitcoins' weekly global volume at chasing $20 mln while Paxful is at over $2 mln and Bitsquare at about $30,000.

Bitsquare (https://cointelegraph.com/tags/bitsquare) is a decentralized platform. Its transaction volume is likely to spike if and when situations around the world become more difficult for users to trade Bitcoins on centralized exchanges. Or when more users get to know the significance of its decentralized nature.

Bitcoin kiosk

For Paxful, the peer-to-peer marketplace built on open source, it is counting on the many more use cases that will manifest as Bitcoin advances further as a real financial solution for the masses to serve and increase its new class of users. Youssef cites one of such instances:

> *"Last year Bitcoin came to the rescue of the second biggest classifieds ads site in the world when they lost their merchant accounts for VISA and MasterCard. This was an epic win for Bitcoin and for Paxful as we processed more than half of BackPage (https://cointelegraph.com/tags/backpage)'s total Bitcoin transactions but there is far more opportunity coming."*

The platform looks to its Bitcoin kiosk which offers a new widget that allows anyone to buy Bitcoin worldwide instantly with over 300 ways to pay including Paypal, Western Union, Amazon Gift Cards and iTunes Gift Cards to bring Bitcoin's ultimate mission into fruition and to empower more people.

As it can be embedded within any website, blog, YouTube channel, mobile app, email subscriber list or a Facebook page to create a kiosk instantly and earn two percent commission from every sale made, the kiosk is expected to resolve the nightmare the unbanked face to get Bitcoin online and for quality Bitcoin content and app makers to stop having a tough time making revenue.

Youssef says: "It is a sad state of affairs if only those with a bank account can get bitcoin and only the exchanges are making any revenue. Bitcoin was supposed to empower the little guy and we have not forgotten that."

🏷**Bitcoin News (/tags/bitcoin)**   🏷**Unbanked (/tags/unbanked)**

🏷**Ray Youssef (/tags/ray-youssef)**   🏷**Paxful (/tags/paxful)**

Comments

By **Alicia Naumoff**   FEB 09, 2017

Bitcoin More Like Speculation Asset Than Actual Money: Fintech Panelist in Davos

5541 Total views   **371** Total shares

A lot of innovation has been going on in the financial sector in the last few years with new business systems emerging and new modes of payments changing the way we interact with money, we transact with each other.

The recent trends that are driving this financial technology revolution at an incredible speed have been a subject of a discussion at the World Economic Forum in Davos (https://cointelegraph.com/news/the-blockchain-council-announced-in-davos-that-bitcoin-price-will-grow-as-trump-takes-office).

Bitcoin - a speculation asset?

One of the trends that everyone has been watching incredibly closely is the rise of Bitcoin and Blockchain (https://cointelegraph.com/news/alibabas-jack-ma-blasts-wto-in-davos-set-to-take-world-trade-online). The former is often viewed as a synonym of a separate kind of money which is not controlled by any central authority that can be politically motivated and might devalue it depending on a particular time.

Therefore in some people's eyes Bitcoin is a better kind of money (https://cointelegraph.com/news/bitcoin-price-will-skyrocket-if-it-becomes-worlds-reserve-currency-by-2020). We have seen price run up, and then collapse, and then a new run up.

Cecilia Skingsley, Deputy Governor of the Central Bank in Sweden, shares her view of Bitcoin:

> *"What is money? It is a form of payment; it is a store of value. In order to make this efficient, it has to be a stable store of value. And you can do that through pegging your currency to another currency. And this stable store of value is what Bitcoin or other cryptocurrencies do not have, they are extremely volatile, it is more like a speculation asset than actually money in the economics point of view."*

Setting up the rules of the game

Speaking of regulators (https://cointelegraph.com/news/can-you-go-to-jail-for-trading-bitcoin-russia-is-still-deciding), given the pace of technology innovation, we have seen that the adoption and usage of technologies run way ahead of what firms and businesses can adapt to, especially when they are struggling to comply with rules and regulations.

Therefore balancing a desire to move as fast as the technology and on the other hand not wanting to advantage innovators or disadvantage the existing firms is a huge challenge for regulators.

"It is indeed about striking the right balance," says Skingsley. "As a central banker, I am fond of innovation because innovation means growth. In the Swedish central bank, we are trying to support innovation."

"For instance, we have deliberately stopped subsidizing the use of notes and coins, meaning our own product," she continues. "We incentivize the private sector, banks and shops to organize and share the costs of handling cash back and forth. And this in combination with the fact that Swedes are happy to adapt to new technology allowed us to reach a sort of a breaking point meaning that people are switching to technologies and we are actually supporting that as well."

About Blockchain and other technologies

We still haven't figured out the way to avoid the financial instability (https://cointelegraph.com/news/nigerians-run-to-bitcoin-for-safety-take-the-cue-from-venezuelans), so there will be times again when people don't trust the place where they put their money and the crucial issue here is to ensure that the money is protected if the time of instability comes again.

We are trying to imagine how will the banking system look like in five, 10, 15 years from now. We have to understand how the digital world works and keep in mind the following two factors – maximum transparency and absence of the conflict of interests.

To really improve financial services industry it would be wiser to pick up the best products and services, package them and produce a specific experience for customers based on all these innovative technologies. And there are plenty of those.

David Craig, President of Financial & Risk, says:

> *"There is a huge amount of talents out there, working in financial institutions, developing ideas and they are able to do things quickly. And the reason why they are able to do things quickly is that compute power which used to be available only to big organizations is now available at very small incremental cost through the cloud and you can do things very quickly on platforms that exist today in a way that you could not do before – faster and cheaper."*

With all these technologies available – AI, Blockchain, biometrics, another question is what to do, how to deploy them in the most efficient way. The lesson learned from previous distortions is that the market structure changes and it is very hard to see what that change might bring.

Speaking of Blockchain technology, for example, its developments have attracted a lot of attention (https://cointelegraph.com/news/power-to-the-people-blockchain-replaces-government-in-europe) recently. But while they have not been widely integrated (yet), the technology itself has managed to change at least one thing - our vision of how participation in the financial industry has to be organized.

Not a single player can solve problems in the industry on their own, actors actually have to work together. And we see the increase in discussions and partnership projects between different industry players, which is a good thing already.

Blurring boundaries between online and offline

We are seeing currencies of all kinds digitizing, which is largely enabled by the explosion of mobile services and products into the market space (https://cointelegraph.com/news/the-blockchain-revolution-10-european-fintech-startups-to-watch-in-2016). We, consumers, are the ones who have all the power of the bank in the palm of our hand.

It is possible to make all of the basic transactions really quickly through mobile applications and services, without a need to stand in line at the bank. These products are simple, they are easy to understand and they are way more secure.

No surprise we are witnessing an explosion in platforms that manage and move money for consumers.

Now it is 80 percent to 90 percent less expensive for banks to serve a customer through mobile apps, rather than through traditional bank branches. Retail is going through an incredible transformation due to mobile as well.

Daniel Schulman, CEO at PayPal says (https://cointelegraph.com/news/paypal-files-patent-for-bitcoin-payment-device):

> *"There used to be two distinct worlds of online and offline, mobile is blurring the distinction between them at the moment. More and more retailers are now looking at the examples set by Amazon, for instance, trying to get closer to their customers through a mobile phone. Digital payments are the key driver of that. Those trends are driving growth through all regions and we are only seeing it accelerating even more."*

Financial services are getting more and more inclusive. Emerging financial services providers are focusing more on inclusiveness to serve underserved individuals.

Banks, the dinosaurs of the financial industry must be getting threatened by the newcomers revolutionizing the industry. But are they?

Keeping up with the competition

Francisco Gonzalez, Group Executive Chairman at BBVA says that banks nowadays are trying to be agile and show as much of efficiency as the newcomers.

The major difference here is that emerging financial services providers (https://cointelegraph.com/news/5-fintech-companies-to-shape-the-future-of-money) are occupying a certain niche – payments for example. BBVA, as many other traditional banks are fully universal institutions providing a wide range of services, from a deposit, mortgage, to consumer loans.

"We are trying to keep up with the competition," Gonzales explains. "We have recently deployed our platforms into the cloud. We created the first generation platform in the banking system totally customer oriented, totally real-time and totally integrated. Switching our customers to digital banking means an increase in the level of their satisfaction with a simultaneous decrease in the operational costs."

Gonzalez believes that the banking system is going to be completely overhauled. There are twenty thousand banks in the world at the moment and this number is going to be cut dramatically in the next years.

This process is going to be very painful for banks and regulators, and technology, in his opinion, is going to provide a solution.

🏷Bitcoin News (/tags/bitcoin)　　　🏷FinTech (/tags/fintech)

🏷Davos (/tags/davos)

Comments

By **Andrew Marshall**   FEB 09, 2017

Insight Went Dark Tonight, Disrupted Work of Several Bitcoin Wallets

4240 Total views   **177** Total shares

The Insight.bitpay.com (http://insight.bitpay.com) service went down tonight. This resulted in several web wallets, which employ insight's API, pausing their work for a short period of time. Among the affected companies were BitPay (https://bitpay.com/) and Copay (https://copay.io/).

The interruption was quickly detected and reported on by @BitLenta, a Russian-language, Telegram-based news channel. The problem was quickly fixed and all related services have returned to normal operation. No significant damages to customers' funds have been reported.

The information about what caused the malfunction has not yet been disclosed in public sources.

Insight.bitpay.com is a service provided by an open-source Bitcoin Blockchain explorer insight (https://www.localbitcoinschain.com/). It deals with a websocket API used by Bitcoin web wallets to maintain their operations. If there are any disruptions in insight's processes, it negatively impacts all connected services.

However, as explained on its home page, **insight** is still in development, which means that some interruptions are to be expected if only they are promptly fixed.

🏷**Bitcoin News (/tags/bitcoin)**   🏷**Bitcoin Wallet (/tags/bitcoin-wallet)**

🏷**BitPay (/tags/bitpay)**

Comments

By **Frisco d'Anconia**

FEB 08, 2017

Georgia Becomes First Country to Register Property on Blockchain

14060 Total views   **2144** Total shares

On Tuesday, in Tbilisi, the government of Georgia signed an agreement to use the Bitcoin Blockchain to verify property transactions.

Last April, the Georgian government and Bitcoin company BitFury initiated a project to record land titles on the Blockchain (https://cointelegraph.com/news/it-takes-two-to-tango-georgias-government-to-implement-bitfurys-blockchain-project-in-2017).

This is the first time a national government is using the Blockchain to safeguard and authenticate state operations, therefore ushering in a belief in the technology that has wrongfully been painted black.

First-time government Blockchain

As a matter of fact, the private Blockchain that will be an alter-proof ledger will also be provable using the Bitcoin Blockchain that is in the public domain.

As of now, a software has been built and tested on some land title registrations. The Georgian National Agency of Public Registry and BitFury signed a memorandum of understanding paving the way to extend services to the registration of new land titles, demolition of property, mortgages, purchases and sales of land titles, rentals as well as notary services.

There are many other projects focusing on Blockchain land title services (https://cointelegraph.com/news/is-title-registration-a-valid-use-case-of-blockchain-or-we-are-courting-disaster) apart from the BitFury and Republic of Georgia drive. This includes Sweden, Honduras and Cook County in Chicago which are being run by ChromaWay, Factcom and Velox respectively.

Media reports hinted that Peruvian Economist Hernando de Soto is associated with the Georgian project. De Soto, in his book Mystery of Capital, estimates that there is "dead capital" of $20 trillion globally, consisting of buildings and lands without legal title.

24/7 with smartphones

Georgia's Minister of Justice, Tea Tsulukiani, says that she is optimistic her country will be able to work with Blockchain technology from this coming summer to have real estate quotations in a completely trustworthy and avant-garde.

Papuna Ugrekhelidze, chairman of the Georgian National Agency of Public Registry, stated in an announcement that his outfit is "very pleased with the technical progress and looks forward to continuing [their] fruitful collaboration."

BitFury (https://cointelegraph.com/news/bitfury-invests-100-million-into-republic-of-georgia-for-mega-data-center) CEO Valery Vavilov also told the media that the Georgian government is excited about how the whole work was handled and executed with the current method. He explained that all the changes were made on the back end and the only dichotomy for the citizens of Georgia is that they can monitor if a title is legitimate when it is entered into the system.

Vavilov revealed that the current platform is phase one and at a beta stage but the software will be fully operational this year:

> "The big goal is to move [the process] to smartphones, so people can use it 24/7 and all transactions are secured, transferrable and accountable."

So far, BitFury has been able to raise $90 mln funding including a $30 mln investment (https://cointelegraph.com/news/bitfury-secures-30-million-investment-to-provide-blockchain-infrastructure-in-china) by Credit China FinTech Holdings in January.

Implemented on a property, Blockchain technology maintains agreements in diverse fashions. In Blockchain-based entries, records are time-stamped, as well as consequent modifications to these records. The aforementioned would permit public members interested in a property to examine and establish the date of previous sales.

🏷️Bitcoin Regulation (/tags/bitcoin-regulation)

🏷️Republic of Georgia (/tags/republic-of-georgia)

🏷️BitFury (/tags/bitfury)   🏷️Valery Vavilov (/tags/valery-vavilov)

Comments

By **Nick Ayton**   FEB 06, 2017

Big Boys Club: The Tale of Blockchain, Reinsurance, B3i and Dispute of 9/11 Aircraft

Our London correspondent Nick Ayton takes a look at B3i Reinsurance Club and what potential it holds for reinventing the sector on the eve of fresh announcements about new members.

Recent catastrophes (https://uk.news.yahoo.com/growing-insurance-consortium-eyes-industry-wide-blockchain-162945860--sector.html) have shown the reinsurance industry hasn't moved forward in decades and cannot deal with today's risks let alone tomorrow's. There is a clear need for change.

Reinsurance is the practice of insurers (http://www.investopedia.com/terms/r/reinsurance.asp) transferring portions of risk portfolios to other parties. It is based on the agreement to reduce the likelihood of having to pay a large obligation resulting from an insurance claim.

The five-year dispute of the fallen aircraft that hit the twin towers raged on for a long time. Policy conditions were not clear and synchronized between insurers. They did not allow for a double event, as the towers themselves were part of the complex claim.

What is the mandate for B3i exactly?

Is it a 'consortia' where members pay into the greater good or a 'club' where the blind are leading the blind and all are trying to cram knowledge because someone has said this Blockchain thing is important (https://cointelegraph.com/news/blockchain-to-disrupt-balance-of-power-in-tv-music-and-film-industry)?

There have been several press releases by the initial members Allianz, Aegon, Munich Re, Swiss Re and Zurich Ins talking about signing up but lacks the details.

It is difficult to decipher what is actually going on. On the MunichRe website (https://www.munichre.com/en/media-relations/publications/company-news/2016/2016-10-19-company-news/index.html) in October 2016, the press release talks about the opportunity Blockchain presents but doesn't highlight the specific things B3i will be working on. It is all a bit loose and doesn't tell us much.

Is B3i about standards only according to the Article in Nasdaq (http://www.nasdaq.com/article/growing-insurance-consortium-eyes-industrywide-blockchain-20170125-00905) on 25 Jan 2017? Do the members of this new club actually know what they hope to gain from the consortia?

Blockchain is a great fit for reinsurance

Just in case the members are not sure, let's look at a few specific areas where Blockchain can make a significant impact (https://cointelegraph.com/news/banks-should-embrace-blockchain-not-oppose-it-matthias-klees).

There is no doubt Blockchain is a great fit for reinsurance given the structure and nature of the business where large expensive things are insured across a number of parties. Large ships, airplanes and cargo require several insurers to take a share of the risk as these large assets fly through our skies and move across the water delivering cargo and are themselves very expensive assets.

In an industry heavily reliant on brokers to place the business in the market, it strikes me there will be bigger issues ahead as the ethos of Blockchain is to removes the service fringes and middlemen.

Does this mean the market structure is up for grabs? Brokers place the risks on the market, the create a market for the business they are trying to place. Hoping other reinsurers will take a piece of the 'pie' and put it out on the market – where insurers rely on sharing information and creating policy conditions that tie in several parties that together take on the risk.

Processing costs are high as each reinsurer has different systems and data formats and there is a delay in sharing information and knowing the state of any insurance risk at any single point in time.

It is this inefficient System of Record (https://cointelegraph.com/news/strictly-confidential-blockchain-based-solutions-for-securing-user-data) that adds a great deal of friction, time cost to the entire process and brokers want to get rewarded for placing the business.

The potential is huge

There is no doubt the re-insurance market can eliminate 30 percent to 40 percent processing costs quite quickly and the flow of information reduced as each risk is written to a shared ledger called the Blockchain (https://cointelegraph.com/news/tech-giants-and-blockchain-startups-unite-to-make-iot-apps-more-secure).

In practice, reinsurers like most Financial Services and Insurance business are fierce rivals and don't play nicely together. A factor that has held back the industry and why it is ready to be re-invented or destroyed by a new model.

It is quite obvious Smart Contracts that are neither smart nor contracts can automate the fulfillment of terms and conditions and help to monitor 'state' of risks as events happen in real time. The potential is huge.

One assumes B3i are looking at a closed permission world where the reinsurers remain the central Validator and use the technology to make things better for themselves and not pass net benefits to the end customer, the agenda of the banking led consortia.

Will the end customer be able to place the risk directly, will they be able to see their policy and who is underwriting it and maybe adjust it in real time to reflect events and changes in condition. Will the client be a node on the B3i network of will the backbone be the reinsurers as read-write nodes and brokers a view (place only) and clients shutout?

A big boys club or something more?

With B3i nobody can be certain where the Club is going and what they will actually deliver for customers.

Is it the case of let's get a few organizations together and see what happens? Are reinsurers clambering to find out what Blockchain can do for them as both opportunity and threat? Or is it a case of having to join in as being outside the tent suggests they are missing out, but then missing out on what?

There are significant benefits the reinsurance sector will gain from deploying Blockchain (https://cointelegraph.com/news/microsoft-partners-with-tierion-to-develop-immutable-blockchain-for-identities). The same information can be delivered in near 'real time' to help all parties adjust their position, reducing human errors from keying data and information flows between participants are date and time stamped, where the provenance is known.

Risks can be shared and the policies document synchronized allowing digital signatures that will go a long way to preventing the five years legal dispute that started on that fateful day. Permissions granted only to those with rights of access that related to the risk will speed up underwriting, claims and policy administration and servicing.

There is no doubt the reinsurance industry has an opportunity and B3i is here. Let's hope they don't waste the opportunity and history suggests these rivals don't play nicely in the playground (https://cointelegraph.com/news/why-2017-is-crucial-for-banks-to-prove-blockchain-techs-worth). Time will tell as new members announced in late 2016 were promised and we expect any day now to get an update on this new big boys club or will they let the smaller players and other market participants in.

Blockchain News (/tags/blockchain)   **Insurance (/tags/insurance)**

Comments

By **William Suberg**

FEB 06, 2017

Bitcoin Price Gets Ready to Factor In Winklevoss Bitcoin ETF Approval

18427 Total views   **777** Total shares

Speculation is growing (https://cointelegraph.com/news/everyone-panic-analyst-predicts-bitcoin-etf-rejection-due-to-fud) about the consequences for Bitcoin if the Winklevoss twins (https://cointelegraph.com/tags/winklevoss-twins)' Bitcoin ETF (https://cointelegraph.com/tags/etf) gets regulatory approval in March.

After almost four years of waiting, the US Securities and Exchange Commission is nearing its "yes" or "no" deadline of March 11 - and the consequences of a positive decision could be huge (https://cointelegraph.com/news/rassah-of-mycelium-what-etf-will-bring-to-bitcoin-table).

According to the Cointelegraph twitter poll (https://twitter.com/Cointelegraph/status/827492931288211458), about a third of the respondents believe that the Bitcoin price will reach $1,500 this month.

Cointelegraph
@Cointelegraph   ✔ **Follow**

Will Bitcoin reach $1500 by the end of this month? #CT_quiz
6:24 AM - 3 Feb 2017

33% Yes	
67% No	

255 votes • Final results

↩   ⇄ 9   ♥ 11

$300 mln influx

Speaking (https://www.wsj.com/articles/irrational-exuberance-for-bitcoin-etfs-1486350601) to the Wall Street Journal, wholesale trader Bobby Cho forecast that markets would react to the sudden influx of investors. Previous estimates by analyst Spencer Bogart suggest that the ETF's launch could add around $300 mln to the Bitcoin ecosystem.

Bobby Cho says:

> *"The market will feel the effect of authorized participants going out there and looking to source [$300 mln] 10 times more than the daily volume that goes through any of the exchanges."*

The Winklevoss' instrument has faced more than its fair share of skepticism over the years, especially in the run-up to the SEC decision.

Bogart, who previously stated (https://cointelegraph.com/news/everyone-panic-analyst-predicts-bitcoin-etf-rejection-due-to-fud) he thought the chances of approval for the Bitcoin ETF were "less than 25 percent," added to the WSJ that its unorthodox structure could prove to be a further stumbling block.

"I don't believe there's any ETF that trades in the U.S. where a single entity is the sponsor of the ETF, the provider of reference price for the underlying asset and the custodians of the underlying asset, and that is what the Winklevosses are proposing," he said.

Concerns about trading effect mount

The fund's creators have stepped up their bullish tone on Bitcoin in recent months. In December, they described (https://www.ft.com/content/a9d4b73a-abdd-11e6-ba7d-76378e4fef24) Bitcoin as "potentially the greatest social network of all" which "matches or beats gold across the board."

With the latter view, they are not alone, with Vinny Lingham (https://cointelegraph.com/news/vinny-lingham-no-bitcoin-bubble-unless-it-grows-over-2000-by-march-2017) also advocating Bitcoin as a more useful investment tool than gold in the coming years.

Regarding the ETF, however, further concerns shared by Cho, Bogart and other commentators focus on the relative malleability of the Bitcoin market. Large-scale investment moves could easily shift the market with every transaction,

given the size of purchases common in the industry.

What the effects of such an influx would be on Bitcoin price and volatility remains to be seen (https://cointelegraph.com/news/bitcoin-price-stability-may-count-for-winklevoss-solidx-barry-silbert-etf-approval). Trading volumes have recently undergone seismic changes, however, after Chinese activity declined by over 90 percent following the introduction of trading fees by local exchanges.

🏷**Bitcoin News (/tags/bitcoin)**   🏷**Bitcoin Price (/tags/bitcoin-price)**

🏷**ETF (/tags/etf)**   🏷**SEC (/tags/sec)**

🏷**Winklevoss Twins (/tags/winklevoss-twins)**

Comments

By **Olusegun Ogundeji**   FEB 06, 2017

Top Investors Raise $2 mln for Blockchain-Based Digital Identity Solution

5808 Total views   **236** Total shares

The $2 million funding that Cambridge Blockchain LLC closed from leading technology investors Partech Ventures and Digital Currency Group is a validation of its position in the blockchain-based digital identity (https://cointelegraph.com/news/as-blockchain-identity-becomes-real-2017-will-see-an-explosion-of-blockchain-profitability) space particularly in a promising market (https://cointelegraph.com/news/blockchain-based-smart-identity-will-free-world-of-paper-ids) like Europe, according to its CEO Matthew Commons.

Not just cash

Stating in an email to CoinTelegraph on the fund which will be used to accelerate deployments of his company's digital identity enterprise software for financial institutions, Matthew Commons says:

> *"The importance of the fundraising goes well beyond simply "getting cash in the bank." DCG and Partech are very experienced investors, and their investment is an important validation of Cambridge Blockchain's leading position in the blockchain-based digital identity space."*

He adds: "Furthermore, both investors have strategic relationships with major global financial institutions who could be Cambridge Blockchain's customers or partners. You can see a list of DCG's investors here (https://www.crunchbase.com/organization/digital-currency-group/investors). Partech is based in Paris and has very strong strategic relationships with European financial institutions."

Incentive for banks

He explains that Europe is a particularly promising market for his company given the pending implementation of the European General Data Protection Regulation ("GDPR") in May of 2018 which will provide an increasing incentive for banks to adopt privacy-enhancing technologies.

According to international law firm, Allen & Overy, the EU data protection framework takes the form of a regulation (http://www.allenovery.com/SiteCollectionDocuments/Radical%20changes%20to%20European%20data%20protection%20legislation.pdf). It catches data controllers and processors outside the EU whose processing activities relate to the offering of goods or services (even if for free) to, or monitoring the behaviour (within the EU) of, EU data subjects.

As penalties for data privacy violations can be levied up to 4% of worldwide revenue, making "privacy by design" a critical factor in information architectures, Commons says Cambridge Blockchain solves the consent problem by directly recording in the PDS a customer's consent to a party's request to share data.

He adds:

> *"The recorded consent has an accompanying attestation in the blockchain that includes cryptographic hashes of the shared data. This successfully establishes an immutable record of the consent along with privacy-protecting proofs of what data was shared. The same solution can be applied to a customer's "request-to-forget" made to a party, and that party's acknowledgment, providing a powerful compliance mechanism."*

The funding received is also going to be used to expand the technical team, reach new financial institution customers, and continue to invest in its patent portfolio.

Our target is to successfully finish three comprehensive pilot projects at major global financial institutions in 2017 and to complete our production release before the end of the year. We also have a major focus on bank-grade enterprise security standards for all aspects of our deployments, Commons says.

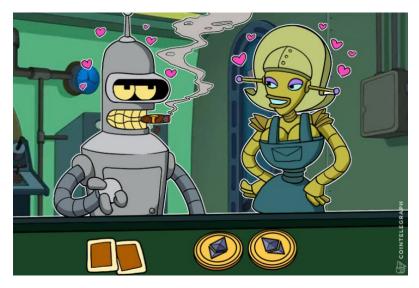🏷**Blockchain News (/tags/blockchain)**   🏷**Banks (/tags/banks)**

🏷**Cash (/tags/cash)**   🏷**Identity (/tags/identity)**

🏷**Investments (/tags/investments)**

🏷**Matthew Commons (/tags/matthew-commons)**

Comments

By **Olusegun Ogundeji**   FEB 04, 2017

Why Poker, Dating Dapps Chose Ethereum

5785 Total views   **534** Total shares

Two new projects have joined the wagon for those banking on the Ethereum smart contract (https://cointelegraph.com/tags/ethereum) feature to bring their concept to their intended users.

Of late, there have been suggestions that the second most valuable crypto network will blossom beyond expectation in the coming months. SuperDAO (https://cointelegraph.com/press-releases/superdao-completes-audits-and-adjusts-timeline-for-its-crowdfunding-pokereum-poker-and-dappsery-advertising-dapps-alpha) and Matchpool (https://cointelegraph.com/news/blockchain-ever-after-matchpool-plans-dating-site-launch-with-valentines-event) appear to be working to be a part of this evolution just like several other projects like Swarm and Colony.

Ola Ajayi is the founder of SuperDAO, a decentralized governance system that enables the collaboration of innovators and communities into strong thriving forces. He says:

> *"We chose to go on the Ethereum platform early 2014 when we discovered the generalized computing capabilities of the Ethereum EVM based Blockchain and its 14 sec block time plans as compared to the NXT platform which we were already prototyping on."*

Crowd dynamics obstacles

It is built to use a multi-tiered hybrid approach to address the problem of leveraging products by traditional startups and problems typical DAOs face due to the inherent disadvantages of crowd dynamics such as lower efficiency from diffusion of responsibility or voting apathy.

Pokereum is the first SuperDAO dapp that provides a provably fair solution to the mental poker problem using smart contracts as a component of a multi-faceted solution.

Ajayi adds in the email:

> *"Nxt had only a few "transaction types" and it was cutting edge at its peak with a 60 sec block time. The core team working on the NXT platform at the time had plans for smart contracts but decided it was not worth pursuing. Ethereum obviously proved that wrong and we had to make a decision."*

Matchmaking Blockchained

For the founder of the cryptocurrency-backed matchmaking platform Matchpool, Ethereum was chosen because "it is the most secure smart contract that exists today."

Yonatan Ben Shimon, who also states in an email to Cointelegraph that his platform wants to democratize this world, is depending on the Ethereum smart contracts for its ability to handle the trust-sensitive ownership and reward structures and the core game logic which makes it work.

Matchpool aims to revolutionize the age-old tradition of matchmaking - which involves one person introducing two separate people who share common values to one another - by taking it online with a purpose of creating a connection that would last for as long as it would as if they were to meet in person. The matchmaker will be rewarded for the role that would be based on agreed rules set for the group handled by each matchmaker.

The two platforms have tokens. Matchpool will start its ICO crowd sale (http://matchpool.co/crowdsale/) in late March, while SuperDAO (http://crowdfunding.superdao.io/) will start later this month. In the meantime, the story of Ethereum continues to unfold especially for its projected power to transform entire industries.

🏷**Ethereum News (/tags/ethereum)**   🏷**DApps (/tags/dapps)**

🏷**SuperDAO (/tags/superdao)**

🏷**smart contracts (/tags/smart-contracts)**

Comments

By **Nick
Ayton**

FEB 04, 2017

UK-based Blockchain Compliance as a Service Firm Ready to Go Global

4763 Total views   **520** Total shares

Our London Correspondent Nick Ayton
(https://cointelegraph.com/authors/nick_ayton) caught up with Coinfirm.io CEO
Pawel Kuskowski to be the first to hear the new expansion plans for the UK-
based business of the Blockchain Compliance as a Service.

Coinfirm.io is working with pan-European Polish Bank PKO BP to roll out a new
platform that secures the origination of documents that will deliver better
provenance and verification of originals. It is a part of the PwC program
(https://cointelegraph.com/news/pwc-launches-blockchain-fintech-program-
for-young-entrepreneurs) that supports young entrepreneurs and startups
working within the Blockchain and Fintech industries
(https://cointelegraph.com/news/major-financial-company-to-handle-11-
trillion-volume-with-blockchain).

Pawel Kuskowski says:

> *"The banking industry has a lot of issues with fake documents, or*
> *adjusted copies of originals that cannot be trusted. We identify the*
> *original documents and secure the provenance using our core*
> *technologies, we then store the metadata of the documents which are*
> *hashed to the Blockchain with secure encrypted key access only."*

"It means that documents as part of a transaction can be trusted. It will deliver
significant benefits – speeding up transaction flow, reducing the amount of
time trying to validate and check information sources. The information, once
stored the trusted document, can be used again with the assurance it hasn't
been changed or tampered with."

Global standards

Pawel Kuskowski is championing the move to global standards. The current KYC
and AML compliance as a service encourages the sharing of information
relating to "bad actors" and those addresses that indicate a high level of risk.

"There are 160,000 companies using digital currencies that can make traditional banks nervous because they assume the worst," says Pawel and adds:

> "Banks simply don't understand the risks and when they see a company advertising on their website they accept Bitcoin, are tempted to close their bank account. Companies don't know how to deal with the argument and banks due diligence often makes a quick assumption and comes up with the wrong answer."

"At Coinfirm we are building the solutions to tackle the problem. Through our API's we make available information to banks, trading exchanges and other capital markets participants of digital currency accounts (crypto addresses) that our platform indicates as high risk."

"Our platform allows for banks to share information and directly benefit from collaborating as an industry. We process huge amounts of data and the more information that is shared the more able we are to rid the digital currency system from fraud and money laundering, something traditional banks have not been able to do."

Cointelegraph: Coinfirm was a part of the PwC collider accelerator program (http://www.pwc.pl/en/startupcollider.html), what has changed?

Pawel Kuskowski: Coinfirm have joined the MIT Enterprise Accelerator program (http://mitefpoland.org/acceleration/), and I would like to confirm that we have succeeded in raising seed capital. Now we can focus on building the businesses much quicker. We have several clients in Europe using our KYC/AML platform and we will be announcing some new clients in February.

Raising seed capital enables us to firm up our roadmap and product development plans. We are in discussions with partners in China, Hong Kong and Japan and hope to enter these markets during 2017. All going well, we expect to enter the US market in the second half of 2017.

CT: Do you need to make adjustments to the compliance as a service platform?

PK: No, not really, as all banks tend to have a similar requirement and same approach to KYC and AML in most geographies these days. International Banking Standards are shared and the ethos is similar. This is why I am convinced we can encourage the use of global standards.

CT: Is China supportive of cryptocurrencies?

PK: There has been a maturing of position in China by the government and the central banks, where after a tricky start that saw Bitcoin fluctuating, are now embracing cryptocurrencies.

CT: Is it a case of "can't beat em join em?"

PK: In a sense, it was inevitable that China would need to understand the cryptocurrency landscape and resolve the outflow of currency issues into Bitcoin. They had to take digital currencies seriously and it is really great news for us and also why China is now part of our market expansion strategies.

🏷Blockchain News (/tags/blockchain)   🏷Poland (/tags/poland)

🏷Coinfirm (/tags/coinfirm)   🏷Banks (/tags/banks)

🏷Cryptocurrencies (/tags/cryptocurrencies)

🏷security (/tags/security)

Comments

By **Charlie McCombie**

FEB 03, 2017

Gavin Andresen Slams Bitcoin Core in $12,000 Bug Loss Twitter Jibe
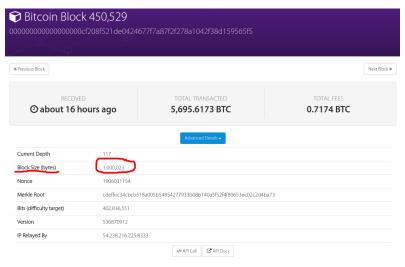
4876 Total views   **208** Total shares

Former Bitcoin core (https://cointelegraph.com/news/ready-steady-fork-bitcoin-core-to-release-segwit-in-november) developer and one of the founders of the Bitcoin Foundation, Gavin Andresen (https://cointelegraph.com/tags/gavin-andersen), has once again expressed his negative feelings about Bitcoin Core known via Twitter after a miner with a node running the alternative Bitcoin protocol, Bitcoin Unlimited (https://cointelegraph.com/news/bitcoin-fork-soon-core-blocks-dip-below-90-as-unlimited-takes-off), lost $12,000 through a bug.

Bitcoin Unlimited bug

News of a bug in the Bitcoin Unlimited code that had caused a miner to lose 13.2BTC, which equates to about $12,000, arose on Reddit (https://www.reddit.com/r/Bitcoin/comments/5qwtr2/bitcoincom_loses_132btc_trying_to_fork_the/) in the pro-Bitcoin core subreddit, /r/bitcoin, where the poster proclaimed "Bitcoin.com loses 13.2BTC trying to fork the network: Untested and buggy BU [Bitcoin Unlimited] creates an oversized block, Many BU node banned, the HF [hard fork] fails".
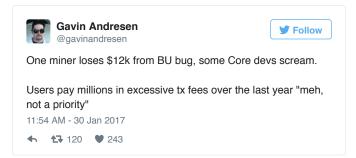
20 of 2,290 Transactions

CoinFox reported (http://www.coinfox.info/news/6788-roger-ver-loses-12-000-due-to-invalid-bitcoin-block):

> "An anonymous Bitcoin node created a block of 1,000,023 bytes. The current maximum block size limit in the Bitcoin system is 1MB and a block exceeding this limit is considered invalid. Those miners who created this block will not be able to use their premium."

Responses to the Reddit thread criticized the seeming lack of peer-review for the Bitcoin Unlimited code and their later response to miners to cap the size of their blocks as counterintuitive to the 'unlimited' nature of BU.

Twitter responds

Gavin Andresen, an advocate for increasing Bitcoin block size instead of transferring transactions to side-chains as suggested by Bitcoin Core, tweeted in response to the news:

Gavin Andresen
@gavinandresen
      	 Follow

One miner loses $12k from BU bug, some Core devs scream.

Users pay millions in excessive tx fees over the last year "meh, not a priority"

11:54 AM - 30 Jan 2017

120   243

Andresen argues that Bitcoin Core promotes unnecessarily high transaction fees for users in its attempt to force users onto side-chains which he sees as counter to Satoshi Nakamoto's original vision, while other BTC protocols like Bitcoin Unlimited and Bitcoin Classic provide a better solution.

Roger Ver hits back

Roger Ver (https://cointelegraph.com/news/roger-ver-2017-will-be-the-best-year-for-bitcoin), a member of the Bitcoin.com mining pool who was the subject of this bug, later weighed in on the news:

Roger Ver ✔
@rogerkver

Follow

Core's 1MB block size limit is costing the users of bitcoin >$100k per day for the past several months and is hindering Bitcoin adoption.

1:17 PM - 30 Jan 2017 · Saint Kitts and Nevis

↩   ↻ 66   ♥ 140

Although not explicitly referencing the Bitcoin lost to the bug, the timing and subject of the tweet would seem to suggest Ver is hitting back at users damning Bitcoin Unlimited and ignoring potential issues with Bitcoin Core.
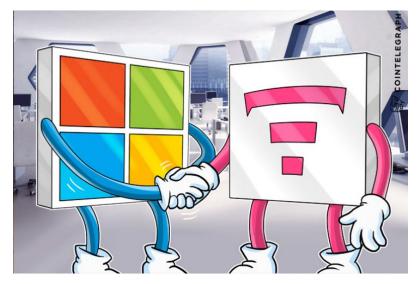
Bitcoin Unlimited

According to Investopedia, Bitcoin Unlimited "embraces the absence of a hard-coded block size limit. Instead, it allows users to manually set limits on their own nodes; the Bitcoin Unlimited team expects consensus on a limit to emerge naturally at a so-called Schelling or focal point - a solution that people will tend to use in the absence of communication because it seems natural, special or relevant to them."

"Furthermore, Bitcoin Unlimited intends to introduce a level of democracy into development and management of the implementation, allowing the community to vote on changes."

🏷Bitcoin News (/tags/bitcoin)

🏷Gavin Andresen (/tags/gavin-andresen)

🏷Roger Ver (/tags/roger-ver)   🏷Twitter (/tags/twitter)

Comments

By **Joseph Young**

FEB 03, 2017

Microsoft Partners With Tierion to Develop Immutable Blockchain For Identities

4690 Total views   **480** Total shares

Tech giant Microsoft (https://cointelegraph.com/news/microsoft-to-add-extensive-support-for-bitcoin-describes-it-as-currency) has established a partnership with Blockchain identity startup Tierion (https://cointelegraph.com/tags/tierion) to secure sensitive pieces of information on a public Blockchain.

Daniel Buchner from the Microsoft Azure (https://cointelegraph.com/news/another-look-at-emercoin-blockchain-as-it-rides-higher-on-microsoft-azure-release) Identity team will be leading a project called decentralized identity initiative which features extensive collaboration with Tierion and its developers. Cooperatively, the Microsoft and Tierion development teams are looking to build a Blockchain-based platform wherein anyone can sign data, claims and agreements in an immutable and transparent ecosystem.

Commercialization

Ultimately, Microsoft hopes to commercialize a secure Blockchain platform which can be utilized by a wide range of users to secure data in an unalterable ledger.

One key attribute of the Blockchain network that Microsoft is actively examining is non-repudiation. By embedding specific timestamps within an immutable ecosystem, individuals or organizations using the Blockchain platform will be able to relate certain data sets to specific timestamps.

Through the usage of cryptographic proofs and the underlying infrastructure developed and introduced by Tierion, Microsoft hopes to launch a system applicable to complex operations handled in various industries such as finance and healthcare.

Non-repudiation

The Microsoft Azure Identity team stated (https://azure.microsoft.com/en-us/blog/blockchain-identity-proofs/?utm_content=buffer4fbf4&utm_medium=social&utm_source=twitter.com&utm_campaign=buffer):

> *"Non-repudiation is important to regulated industries such as financial services, healthcare and insurance. These organizations need to prove there hasn't been collusion to backdate or modify data. Tierion links data to the Blockchain and generates a timestamp proof of the data's integrity and existence. Anyone with this proof can independently verify the data without relying on a trusted authority."*

Bitcoin is too slow says Microsoft

Bitcoin is not the most flexible or efficient Blockchain network. Alternative protocols like Ethereum (https://cointelegraph.com/tags/ethereum) are capable of processing more transactions or settlements at a faster rate. However, Blockchain networks that focus on flexibility and functionality can often compromise security, as seen in the recent series of hard forks executed by Ethereum.

Microsoft seems to be choosing the path of those Blockchain networks that intend to prioritize functionality and flexibility instead of setting the focus on security measures. Microsoft believes the Bitcoin Blockchain is too slow and inefficient to settle a large number of agreements at an industry level.

The Microsoft Azure Identity team added:

> *"Public Blockchains such as Bitcoin are exceptionally secure but slow. The current throughput of the Bitcoin network is about four transactions per second. Tierion solves this scalability problem by cryptographically linking millions of data points to a single transaction. We're working with Tierion on a service that leverages the open source Chainpoint protocol their team developed for using the Blockchain as a trust anchor."*

In the past, open-source software like Ethereum had trouble dealing with security issues and internal bugs, despite technical contributions being submitted by experienced developers and cryptographers across the world. It will be interesting to see if Microsoft and Tierion will be able to deal with such issues surrounding security in the future.

🏷Blockchain News (/tags/blockchain)   🏷Azure (/tags/azure)

🏷Microsoft (/tags/microsoft)   🏷Tierion (/tags/tierion)

🏷Partnership (/tags/partnership)

Comments

By **William Suberg**   FEB 02, 2017

Switzerland Set to Ease Finance Regulations, Support Blockchain Innovation

4235 Total views   **720** Total shares

The Swiss government has said that finance regulations should be "swiftly adjusted" to cater for fintech innovations, "in particular the Blockchain area (https://cointelegraph.com/news/why-2017-is-crucial-for-banks-to-prove-blockchain-techs-worth)."

In a release (https://www.admin.ch/gov/en/start/documentation/media-releases.msg-id-65476.html) issued Wednesday, the country's Federal Council said it wished to create a "dynamic fintech system" as this would "contribute significantly to the quality of Switzerland's financial center and boost its competitiveness."

"Due to the rapidly progressing digitization in the financial sector, in particular in the Blockchain area, it can be assumed that business models will develop which are not yet conceivable today," the release continues.

"The Federal Council will follow these developments closely also in the future and will swiftly propose the necessary regulatory adjustments if required."

Easing banking red tape

The government also proposed an easing of existing finance regulations pertaining to startups and banking licenses. Companies accepting public funds of up to 100 mln francs should enjoy "simplified authorization and operating requirements relative to the current banking license."

Similarly, acceptance of public funds of one mln francs or less should not require authorization, thereby fostering innovation (https://cointelegraph.com/news/power-to-the-people-blockchain-replaces-government-in-europe) from smaller enterprises by removing red tape.

"Against this backdrop, the Federal Council called for an easing of the regulatory framework for providers of innovative financial technologies [...] This easing should reduce barriers to market entry for providers in the fintech area and increase legal certainty for the sector overall," the release stated.

Eyes on Estonia

Switzerland has been positioning itself as a Blockchain leader for some time, as well as providing a favorable environment for Bitcoin startups.

In January, the country finally granted (https://cointelegraph.com/news/switzerland-grants-bitcoin-license-to-xapo-legal-to-operate) a license to wallet provider Xapo, which had been slowly migrating its operations from the US over an extended period but faced regulatory uncertainty (https://www.nzz.ch/digital/bitcoin-verwahrer-xapo-die-finma-will-es-ganz-genau-wissen-ld.123233).

E-government initiatives are also active in Switzerland, with local startup Procivis producing a study (https://cointelegraph.com/news/power-to-the-people-blockchain-replaces-government-in-europe) comparing its digital advancements over the past two decades with those of e-government pioneers in Estonia.

The study, coordinated by consulting firm Xupery, likewise found that Switzerland was somewhat behind the times, something which the government itself now appears to be aware of.

"Our research also shows that despite having the reputation of being one of the most innovative countries, Switzerland so far hasn't sufficiently seized the opportunities of digitization in the public sector," it said.

Blockchain News (/tags/blockchain)

Switzerland (/tags/switzerland)   Banks (/tags/banks)

Estonia (/tags/estonia)   Government (/tags/government)

Comments

By **William Suberg**

FEB 02, 2017

ICO Roundup 2017 by Cointelegraph: Cashing In On Blockchain Apps' Mainstream Year

3234 Total views   **482** Total shares

Everyone, from banks to Blockchain taxi startups, is convinced that 2017 will see the long-awaited global entry (https://cointelegraph.com/news/what-blockchain-skills-are-in-high-demand-digital-headhunter) into decentralized tech.

Beyond Bitcoin, alternatives like Ethereum's smart contracts and Ripple mean that the applications for this new world of innovation are practically endless.

No surprise then that fledgling businesses looking to unleash the "killer app" in the field are raising funds with ease. But which are worth taking a closer look at?

Cointelegraph's initial coin offering (ICO) roundup provides a look into some of the more interesting projects slated for funding in 2017.

Melonport

Melonport (http://melonport.com/), described as the "Google of Blockchain," is a protocol built on Ethereum allowing setting up, managing and investing in "digital asset management strategies."

With the already giant number of places to invest cash in Blockchain tech this year, Melonport attempts to provide a one-stop shop for managing those investments.

The sale of its token, Melon (MLN), begins Feb. 17. 1.25 mln tokens will be created in total, but not all will be available at once.

"Anyone will be able to easily set and up customize a portfolio," Co-Founder Mona El Isa explains in an informational pitch.

The project is being advised on by Ethereum Co-Creator Gavin Wood.

Humaniq

Aiming to use Blockchain's openness to tackle the empowerment of the billions of people shut out of legacy banking, Humaniq (http://humaniq.co/) begins its ICO mid-March.

More of an infrastructure project than a business one, the startup will also use Ethereum to create a Blockchain bank where no one is excluded. Even its GUI is based on symbols, ensuring those who have difficulty reading still understand what they can do.

"We're incentivizing their participation by rewarding them with tokens for performing various activities, such as completing registration, inviting a friend, etc.," creator Alex Fork told Cointelegraph in an interview (https://cointelegraph.com/news/blockchain-startup-uses-gui-with-symbols-instead-of-text-to-connect-unbanked-to-global-economy) last year.

> *"Gather enough tokens and you can exchange them with a virtual cashier for real local currency. With this currency, they can begin making purchases and generating real economic activity."*

Git Money

On the subject of empowering the unbanked (or just underbanked), Git Money (http://gitmoney.online/) uses Bitcoin to allow anyone to earn drip-feed style income by solving other people's problems.

Users put their skills to work in a free marketplace and are paid in BTC for fulfilling tasks set by other users. Rather than a mad scramble for jobs, a daily email details what needs to be done.

Like the remaining projects we're listing here, the date of the token sale is yet to be confirmed.

EtherEx

EtherEx (http://etherex.org/) is aiming to produce a fully decentralized cryptocurrency exchange built on Ethereum smart contracts.

The high-profile hacks of Bitcoin exchanges in 2016, along with associated

criticism (https://medium.com/@aantonop/i-think-you-have-captured-an-important-point-f263828a0af#.yajoapcpz) from prominent experts such as Andreas Antonopoulos, means that a more trustworthy solution for bonafide trading will be eagerly anticipated.

"EtherEx will be an open source, non-profit, next generation decentralized exchange," the project website promises.

The ICO is forthcoming but interest is already high. ConsenSys, WeiFund and Augur are among the companies already signed up to use EtherEx once it launches.

Gnosis

Sometimes an industry niche needs a healthy dose of competition, and Augur's comes in the shape of Gnosis (http://gnosis.pm/).

The decentralized prediction market may be beaten to the launch pad by its older competitor, but Gnosis' reputation already precedes it.

The platform can be used to make "complex" predictions on a whole range of events, with one project concentrating on pre-auction artwork selling figures.

"Having a continuous stream of information on fundamentals, and more accurate models using conditional markets will hopefully result in more efficient markets and less shock," Gnosis explains.

10 mln tokens will be released.

It is likely the range of ICOs will grow exponentially in the coming year and beyond. However, for those early birds looking to take a small leap of faith while the economy is still finding its true identity, the offerings above are well-placed to become household names.

If you think there's a project that should be on the list or which you think deserves more attention, tell us and start the debate in the comments section below.

🏷**Blockchain News (/tags/blockchain)**

🏷**Applications (/tags/applications)**　　🏷**ICO (/tags/ico)**
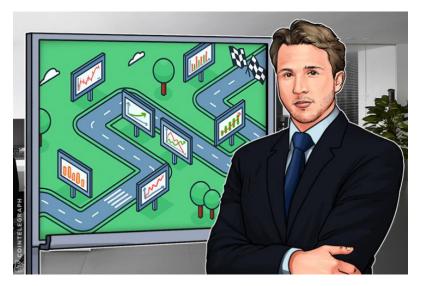
Comments

By **Alicia Naumoff**　　　　　　　　　　JAN 31, 2017

Steemit Founder: Bitcoin Mining Model is Fountain of Youth for Mainstream Media

4571 Total views　　**348** Total shares

The current business model of social media doesn't extend profits to the creators of the content. Besides, it is susceptible to censorship, as actors with enough power can exert pressure to block users or content that they don't like.

"The mainstream media has lost power recently thanks to free speech enabled by the Internet," explains Dan Larimer, Co-Founder of Steemit. "Fake news (https://cointelegraph.com/news/google-cracks-down-on-fake-news-bans-200-publishers-from-using-adsense) frequently circulate our media feeds, causing platforms and outlets to lose value and power. In response to this, they are proposing censorship as the solution, yet censorship does not give people the opportunity to think for themselves."

The power to censor, in his opinion, is perceived by the masses as the power to manipulate. Fake news also has the power to manipulate the reality of anyone who fails to consider all options.

Cointelegraph spoke to Ned Scott, Steemit (https://cointelegraph.com/news/steemit-may-become-killer-app-as-it-looks-to-draw-1-mln-bitcoin-users-yearly) Founder, about the company's new roadmap, the lessons from the hack, fake news, censorship and the future of media.

An economic model similar to Bitcoin mining

The Blockchain is able to significantly reshape the industry (https://cointelegraph.com/news/why-2017-is-crucial-for-banks-to-prove-blockchain-techs-worth) and benefits of it are becoming more and more obvious. It comes right in the center of the problem allowing to build a decentralized, censorship-resistant, open, honest and transparent platform – the haven for journalists, bloggers, artists and creative content producers.

Steemit is set out to fix two main issues that exist nowadays in social networking websites: to enable content creators to profit from their creativity and to secure the freedom of people to share ideas without risk of censorship.

For that purpose, Steemit has built a robust Blockchain database called Steem, which distributes rewards in cryptocurrency with real value to the users who bring the best content - articles, commentary, images and videos - to the platform.

It brings a new economic model to the table. As described by Ned Scott, company's founder, the model is a "sort of a fountain of youth, similar to the mining rewards of Bitcoin (https://cointelegraph.com/news/kim-dotcom-megaupload-2-delay-due-to-failed-merger-bitcoin-price-affected), rather than a tipping or revenue sharing model."

Steemit users are rewarded by the Steem Blockchain itself, as it tallies posts by their votes and then rewards the best poster and voters accordingly. As a result, Steemit can be an ad-free, decentralized social media platform where anyone can get rewarded by posting or finding good content.

"Steemit differs entirely from social media giants like Facebook, Reddit and Twitter because it is public and decentralized (https://cointelegraph.com/news/works-like-magic-blockchain-to-help-streamline-loyalty-programs)," Scott continues. "We see this as the absolute future of social media and mainstream adoption is coming faster than we could have imagined."

The company before and after the hack

2016 was an eventful year for Steemit; the company recorded a similar growth trajectory to the early days of Facebook and Reddit, attracted over 120,000 users and almost a million monthly unique visitors. The team has gone from seven people composed of three front-end developers, two back-end developers, and two founders to a team of 15.

"We intend to increase that headcount, further, adding additional staff around site design and development, DevOps scaling and site reliability, product leadership, user experience and interface design, mobile application development, community outreach and user understanding marketing, traffic insights, retention and audience growth," says Scott.

However, there was one daunting event that brought a little bit of confusion to both the company's team and users. The company endured a hack in July 2016 (https://cointelegraph.com/news/steemit-website-hacked-ceo-promises-to-reset-accounts-in-48-hours). Luckily, it was not a major one only less than a hundred accounts were compromised and only a small amount of Steem was taken and the company reimbursed every affected user.

"It was actually a blessing in disguise," assures Scott, "because we built an industry-first account recovery system based on real-world relationships, decentralized trust and community confirmation, rather than reverting to a system of breachable private keys."

Migrating services to Amazon

"2017 is going to be an incredible year for Steemit, the Steem Blockchain and the company itself," reveals Scott. "We are excited to present our plans for the year ahead, which is not just a list of features to be rolled out each quarter, but a public set of promises for our burgeoning community."

As a part of its plans, Steemit is to automate the deployment of their software into Amazon Web Services, the world's largest hosting provider.

The use of a self-healing, automatically expanding and contracting pool of services provides high availability (HA) in the event of any system failures or disasters, ensuring no single points of failure (SPoFs) in the supporting services for the public-facing website. This will allow the team to focus more on the development of the software (https://cointelegraph.com/news/whos-new-5-hottest-blockchain-startups-of-adam-drapers-boost-vc) and community, rather than on scaling or maintaining servers or hosting infrastructure.

The website will get a significant upgrade improving its aesthetics and functionality. A number of new features are to be added, including a free 'drag and drop' image hosting, comment moderation for post authors, community namespaces and moderation- similar to subreddits, achievements- similar to video game milestones, user insignia, mobile notifications and an easy to navigate status bar.

Parallel Blockchain architecture system a.k.a. Fabric

By the end of this year, Steemit also plans to launch a parallel Blockchain architecture system called Fabric, also known as Fully Asynchronous Blockchain Rendering with Independent Conformity, to enhance scalability.

"The architecture system will set the groundwork for our long-term growth and at the same time, dramatically enhancing scalability, performance, fault isolation and modularity," explains Scott. "We've been calling it a fabric and essentially multiple Blockchains can be created, each handling separate features within the Steemit platform, nullifying any risk of a Blockchain bottleneck due to single core processing demands."

Each component Blockchain can operate on its own processor core or even its own server. This allows all of the Blockchains in the Fabric to use the same design set of witness nodes to produce blocks, Steem and Steem Dollar tokens, user account identities, and so on.

Native Steemit mobile apps for Apple and Android

In addition, Steemit is to launch a mobile application. "We wanted to first build the Steemit platform where seamless functionality and exponential popularity were the two requirements for validation," says Scott. "We achieved this and wanted to do so without risking a "rushed" mobile app. Now that the Steemit platform and the Steem Blockchain is operating extremely effectively, we can commence work on building native Steemit mobile apps for Apple and Android."

The timing couldn't be better indeed. In November last year, it was recorded that mobile Internet usage surpassed desktop usage, meaning that more people browse the Internet on their smartphones than they do on their computers. This tipping point, as well as community demand, reinforced company's decision to build a great mobile experience for the growing list of Steemit fans.

"Our intent is to develop our mobile experience and build feature-rich, native applications for both platforms efficiently by sharing as much of the codebase as possible between the two," clarifies Scott. "Our research into the available developer tools for such reuse results in our belief that 80 to 90 percent of the code will be shared, requiring us to rewrite only a small fraction of the application in native Objective C (for Apple iOS devices) and native Java (for Android devices)."

Entrepreneurs are free to use the Steem Blockchain

Over the past 24 months, there has been an explosion of new market applications from Blockchain innovators.

Blockchain is becoming the driving force (https://cointelegraph.com/news/china-launches-research-institute-to-study-bitcoin-and-test-blockchain) behind more cost-effective, faster and simpler solutions for real world problems. The scope of integration of this magic tech is increasing. The Steemit team loves the idea of censorship resistance and incentivizing new behaviors.

Scott sees Blockchain tokens as "game-ifying models we use on a daily basis." Considering the scope of its development, he believes that Blockchain technology will be permeating many industries but the top three that will get the most of it are social media, financial services and insurance.

Steemit has been working to support entrepreneurs building third-party apps. Thus, third-party applications (https://cointelegraph.com/news/tech-giants-and-blockchain-startups-unite-to-make-iot-apps-more-secure) that wish to integrate with the Steem Blockchain are able to do so easily via existing tools.

Hundreds of entrepreneurs are beginning to build side apps off the Steem Blockchain. "We are encouraging it through building our thriving community and enhancing the foundation of others. We are changing the way people use

and think about the Internet," concludes Scott. "You can check some of them out at steemtools.com (http://steemtools.com)."

🏷**Blockchain News (/tags/blockchain)**   🏷**Steemit (/tags/steemit)**

🏷**Ned Scott (/tags/ned-scott)**

🏷**Bitcoin Mining (/tags/bitcoin-mining)**

Comments

By **Joseph Young**
JAN 30, 2017

Tech Giants and Blockchain Startups Unite to Make IoT Apps More Secure

4198 Total views   **420** Total shares

Leading IT companies, Blockchain startups (https://cointelegraph.com/news/why-2017-is-crucial-for-banks-to-prove-blockchain-techs-worth) and financial institutions including Cisco Systems, Foxconn, Bank of New York Mellon and ConsenSys formed a consortium to focus on the development of Blockchain-based Internet of Things (IoT) applications.

The consortium which also includes BitSE, Bosch, Gemalto and Chonicled, is attempting to establish a decentralized and immutable Blockchain protocol as a shared platform to build IoT devices, applications and networks.

Dirk Slama, Bosch Software Innovations chief alliance officer stated (http://www.itnews.com.au/news/tech-giants-want-to-use-blockchain-to-secure-iot-apps-449183):

"We are seeing tremendous potential for the application of Blockchain in industrial use cases (https://cointelegraph.com/news/shapeshifts-erik-voorhees-how-to-make-bitcoin-unstealable-and-remove-god-mode). Being able

to create a tamperproof history of how products are manufactured, moved and maintained in complex value networks with many stakeholders is a critical capability."

Vast applicability of IoT devices

According to Gemalto, a multi-billion dollar digital security company and a member corporation of the consortium, the organization intends to look into the applicability of IoT networks in securing identities of physical properties and packaging.

Joe Pindar, director of product strategy at Gemalto, firmly believes multi-trillion dollar industries such as healthcare, manufacturing and pharmaceuticals will utilize Blockchain-based IoT networks within the next decade.

Pindar emphasized the ability of Blockchain technology to secure important data (https://cointelegraph.com/news/power-to-the-people-blockchain-replaces-government-in-europe) in a transparent ecosystem, wherein multiple parties will gain real-time access to information being distributed and recorded onto a public Blockchain.

"Securing identity for physical property and packaging is going to be a big business opportunity over the next decade, high-value parts of logistics supply chains and regulated industries like energy, pharmaceuticals and cold chain could all see a Blockchain component over the next decade," said Pindar.

Blockchain network

At the moment, the consortium is prioritizing the development of a Blockchain network which will be set as the shared protocol amongst member banks and startups within the institution. Upon the completion of the shared Blockchain platform, the consortium will begin to explore structures of IoT networks and design appropriate applications.

Cisco Systems, one of the founding members of the consortium already acquired (http://www.reuters.com/article/us-jasper-m-a-cisco-systems-idUSKCN0VC2XR) a major IoT company Jasper for $1.9 bln in February of 2016. Since then, the tech corporation has been actively looking into the potential of IoT and innovative technologies within the field.

Relying on the experience of Jasper and the expertise of Cisco Systems in the IoT scene the consortium intends to push the development of innovative IoT platforms throughout 2017.

🏷**Blockchain News (/tags/blockchain)**

🏷**Internet of Things (/tags/internet-of-things)**

🏷**ConsenSys (/tags/consensys)**   🏷**Applications (/tags/applications)**

🏷**Security (/tags/security)**

Comments

By **Joseph Young**   JAN 30, 2017

Why 2017 is Crucial for Banks to Prove

Blockchain Tech's Worth

Prominent research organizations such as the World Economic Forum (WEF) have made ambitious predictions (https://cointelegraph.com/news/world-economic-forum-blockchain-is-inevitable-phenomenon-bitcoin-will-follow) over the past year and outsold Blockchain technology to the general public.

The WEC previously stated (https://www.bloomberg.com/gadfly/articles/2017-01-23/blockchain-fans-will-have-a-rude-awakening-in-2017) that 10 percent of the world's GDP will be overseen by Blockchain technology which is currently being tested by leading banks and financial institutions worldwide. That is trillions of dollars managed by Blockchain technology.

Overhyped

However, many argue that the Blockchain industry is exceedingly overhyped (https://cointelegraph.com/news/the-blockchain-council-announced-in-davos-that-bitcoin-price-will-grow-as-trump-takes-office). So-called experts or analysts within the field of Blockchain fail to understand the technical aspects of the technology. Some individuals including Perianne Boring (https://cointelegraph.com/tags/perianne-boring), a former Congressional assistant and journalist for RT and Forbes, were harshly criticized by their lack of knowledge in Blockchain technology and what the technology is actually capable of doing.

These hyperbolized predictions on the exponential growth of the Blockchain market don't necessarily reflect the development and commercialization of the technology. Rather, it is purely based on the amount of investment being allocated to Blockchain startups and companies focusing on the development of the technology.

Billions spent

Banks and financial institutions have begun to actively develop Blockchain technology since early 2015. Greenwich Associates amongst other research firms state that over $1 bln is being spent on the development of Blockchain every year. By that rate, already, over $2 bln has been spent on the development of Blockchain technology.

Yet, the financial industry nor the Blockchain market are yet to see the deployment of properly designed Blockchain networks. Banks and financial institutions have failed to present even one single working commercialized

Blockchain platform used by actual consumers and users.

Investors pressure

2017 is an important year for banks and financial institutions. They are pressured by investors to prove the worth of Blockchain technology and that the billions of dollars they have spent are worthwhile. Based on the current roadmap and vision of development presented by banks, it seems as if commercializing Blockchain (https://cointelegraph.com/news/ibm-in-2017-blockchain-will-be-used-by-15-of-big-banks) will be difficult within the next 12 months.

Banks discovered the security and regulatory aspects of Blockchain technology in a peer-to-peer and decentralized network that operates without central authorities or administrators, purely ran by peers in a peer-to-peer manner which could be utilized in a heavily regulated industry in finance.

Ethereum (https://cointelegraph.com/tags/ethereum), an open-source, public, Blockchain-based distributed computing platform was introduced in July of 2015. Multi-billion dollar banks have been attempting to release a Blockchain network since early 2015. While open-source projects (https://cointelegraph.com/news/creditbit-to-become-ethereum-token-in-bid-to-beat-bitcoin-at-speed) like Ethereum led by a team of developers funded with tens of millions of dollars managed to roll out a billion dollar Blockchain software, banks which have spent over two billion dollars are yet to release even a working prototype of their Blockchain platforms.

🏷Blockchain News (/tags/blockchain) 🏷Banks (/tags/banks)

🏷World Economic Forum (/tags/world-economic-forum)

Comments

By **Joseph Young**

JAN 29, 2017

U.S. Federal Reserve Explores The Potential of Blockchain, Lacks Vision

5305 Total views   **501** Total shares

Cointelegraph News

Bitcoin Financial News (/news/united-arab-emirates-consider-to-officially-recognize-bitcoin-work-on-regulatory-framework)

United Arab Emirates Consider to Officially Recognize Bitcoin, Work on Regulatory Framework (/news/united-arab-emirates-consider-to-officially-recognize-bitcoin-work-on-regulatory-framework)
👁 16919 | 💬 1

Bitcoin legislation (/news/governments-and-banks-push-bitcoin-price-to-new-levels-experts)

Governments and Banks Push Bitcoin Price to New Levels: Experts (/news/governments-and-banks-push-bitcoin-price-to-new-levels-experts)
👁 14971

As Bitcoin Becomes New

Gold, Ex Fed Chairman Calls for Return to Gold Standard

(/news/as-bitcoin-becomes-new-gold-ex-fed-chairman-calls-for-return-to-gold-standard)
👁 14476

At the Commonwealth Club in San Francisco, the Federal Reserve (https://cointelegraph.com/news/time-to-opt-for-bitcoin-savings-as-federal-reserve-keeps-injecting-cash-into-banks) Chair Janet Yellen discussed a variety of economic issues and financial solutions to lead the United States economy in coming years. Among the many topics that were brought up, Yellen emphasized the importance of Blockchain (https://cointelegraph.com/news/power-to-the-people-blockchain-replaces-government-in-europe) and hinted that the Fed is exploring the potential of the technology.

Suddenly, Dubai Aims to Become First Blockchain-Powered City by 2020

(/news/suddenly-dubai-aims-to-become-first-blockchain-powered-city-by-2020)
👁 11772

Ed Wasserman, Dean of the Graduate School of Journalism at UC Berkeley and the event moderator, led the interview with Yellen to address various technological solutions that have the capacity of drastically improving the current financial infrastructure.

Later in the interview, Wasserman asked Yellen about Blockchain technology and the benefit of utilizing the Blockchain in the traditional realm of finance.

In response, Yellen stated (http://yalibnan.com/2017/01/23/fedcoin-fed-chair-calls-blockchain-important-new-technology/):

> *"It is a very important new technology that could have implications for the way in which transactions are handled throughout the financial system. We are looking at it in terms of its promise in some of the technologies that we use ourselves and many financial institutions are looking at it. It could make a big difference to the way in which transactions are cleared and settled in the global economy."*

Overgeneralized statement on Blockchain

Over the past two years, the Fed and other government organizations have made several positive remarks on Blockchain technology. Yet, as seen in the statement of Yellen, none of the institutions that are exploring Blockchain technology have presented a specific roadmap (https://cointelegraph.com/news/works-like-magic-blockchain-to-help-streamline-loyalty-programs) or an explanation as to how Blockchain technology can be used.

Such ambiguity of strategy and implementation with a complex and sophisticated technology like the Blockchain will significantly delay the demonstration of the Blockchain's potential in the financial industry.

Yellen reaffirmed that many financial banks and institutions are looking into Blockchain to settle transactions. The Bitcoin Blockchain, which the technology originates from, prioritizes the settlement of transactions. However, the bank Blockchain networks or enterprise-grade Blockchains as many companies like to refer to do not have a focus on transaction settlement. They look into a wide range of applications such as trade finance, asset clearance, stock exchange, amongst many more.

Research institutions such as Greenwich Associates have revealed that over $1 bln is being spent (https://www.greenwich.com/press-release/wall-street-blockchain-investments-top-1billion-annually-0) on Blockchain development annually by banks, financial organizations and research firms.

However, the lack of clear vision when it comes to the implementation and utilization of Blockchain has prevented Blockchain technology from being commercialized and introduced to the general public for the interests of billions of the global financial industry's consumer base.

🏷**Blockchain News (/tags/blockchain)**

🏷**Federal Reserve (/tags/federal-reserve)**   🏷**USA (/tags/usa)**

Comments

By **Joseph Young**   JAN 28, 2017

Bitcoin Price May Get Boost As New Unicode Good For Mainstream Adoption Introduced
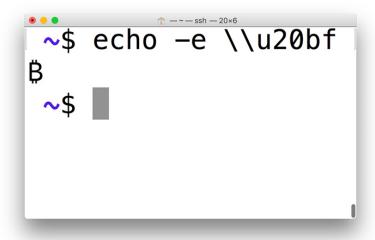
9191 Total views   **462** Total shares

MacOS (https://cointelegraph.com/tags/mac), the operating system behind tech giant Apple's most popular laptop production series MacBook, introduced a new Unicode for Bitcoin.

Unicode is an international encoding standard designed to be used with different languages and scripts. The core of multiple operating systems (https://cointelegraph.com/news/microsoft-to-add-extensive-support-for-bitcoin-describes-it-as-currency) such as MacOS, Ubuntu (https://cointelegraph.com/news/supernets-decentralized-exchange-aims-to-put-an-end-to-bitcoin-bank-heists) and Microsoft is based on Unicode encodings, which enable users to embed symbols, characters, or numbers into a program of a piece of software without integrating additional features.

On the image provided below the symbol of Bitcoin is used in correlation with other characters and digits seamlessly within the same program. On the MacOS, users can type the Bitcoin symbol in the same way they would type letters or numbers.

URL: https://i.redditmedia.com/vlzJy0j36Gkwdv4ksMWlK-ZCnNRJWN4NHJxY_iVEIi4.png?
w=1024&s=2fe4381df77e5515dac1b282cb1c98d2
(https://i.redditmedia.com/vlzJy0j36Gkwdv4ksMWlK-ZCnNRJWN4NHJxY_iVEIi4.png?
w=1024&s=2fe4381df77e5515dac1b282cb1c98d2)

Ubuntu, another leading operating system for computers and mobile devices also introduced
(https://s28.postimg.org/c8dnhzmj1/Screenshot_from_2017_01_27_22_05_34.png) support for Bitcoin Unicode recently, allowing users to embed the Bitcoin symbol on the UbuntuOS-supported programs without having to add or install custom fonts or symbols into a device.

In late 2015, Bitcoin Core developer Luke-Jr added (http://luke.dashjr.org/tmp/code/btcsymbol.png) the U+20BF Bitcoin symbol to the Droid Sans and Console fonts to enable any OS users to embed Bitcoin symbols.

Some major operating systems such as Microsoft and Linux are yet to formally introduce native support of Bitcoin Unicode. For users using operating systems without the built-in support of the Bitcoin symbol, they can rely on alternative solutions like Luke-Jr's font addition to embedding the Bitcoin symbol into a program.

Making Bitcoin Official, Leading Mainstream Adoption

On January 1, Cointelegraph reported
(https://cointelegraph.com/news/microsoft-to-add-extensive-support-for-bitcoin-describes-it-as-currency) that Microsoft added native Bitcoin support

for its Microsoft Excel software. The integration of Bitcoin support into the Microsoft Excel program effectively allowed users to calculate, recognize, format and analyze numbers represented in Bitcoin.

Martin Butler, account executive at Microsoft, stated (https://cointelegraph.com/news/microsoft-to-add-extensive-support-for-bitcoin-describes-it-as-currency):

"In 2017, Excel will be able to recognize, format, calculate and analyze numbers expressed in Bitcoin currency. The new feature will be available for Excel running under Windows 10, Android, Mac OS and iOS and will include Excel Mobile versions as well."

The Bitcoin community responded positively to the efforts of Microsoft in making Bitcoin official in its software for users.

The introduction of native Bitcoin support by technology firms such as Apple or Microsoft which oversees a consumer base of billions is important for Bitcoin to gain increasing mainstream adoption and awareness from the general population as an official currency and a store of value.

If more users begin to see the Bitcoin symbol and accurate formatting of the digital currency in the programs or software they use on a daily basis, a strong awareness of Bitcoin will be established and the digital currency will be found by a significantly larger user base.

🏷**Bitcoin News (/tags/bitcoin)**　　🏷**Mac (/tags/mac)**

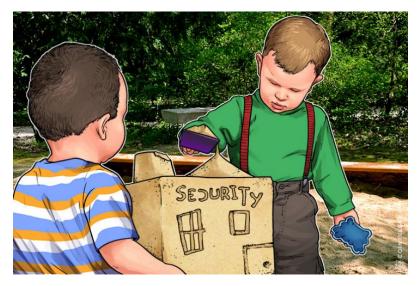🏷**Bitcoin Price (/tags/bitcoin-price)**　　🏷**Microsoft (/tags/microsoft)**

Comments

By **Alicia Naumoff**

JAN 28, 2017

ShapeShift's Erik Voorhees: How to Make Bitcoin Unstealable and Remove "God Mode"

6901 Total views　　**278** Total shares

ShapeShift (https://cointelegraph.com/news/shapeshift) has recently announced that Michael Perklin has joined the team as Chief Information Security Officer.

Cointelegraph has caught up Michael Perklin and Erik Voorhees, CEO and Founder of ShapeShift, on their way from Satoshi Roundtable and asked to elaborate on some key security concerns that come with Blockchain technology (https://cointelegraph.com/news/power-to-the-people-blockchain-replaces-government-in-europe).

Coming back stronger

Unfortunately, hacks are still inevitable, and ShapeShift suffered a breach in April 2016 (https://cointelegraph.com/news/changelly-exchange-opens-doors-as-compromised-shapeshift-goes-down). A significant sum from the company's hot wallet was stolen but not a cent of customer funds was lost, stated Erik Voorhees, the company's CEO the day following the breach.

Michael Perklin was the one who conducted the digital investigation and authored the subsequent postmortem report. His successful investigation allowed ShapeShift to establish cause and secure the platform, enabling the instant exchange service to relaunch the following month. Voorhees says:

"When ShapeShift was hacked in Spring of 2016 (https://cointelegraph.com/news/shapeshift-rebuilds-after-losing-230000-promised-to-be-back-wednesday), we worked with Michael to audit and investigate," says Voorhees:

> "His expertise was matched only by our enthusiasm for working alongside him. Following the investigation, he decided to invest in ShapeShift and we are thrilled to bring him on board full-time as CISO."

Perklin has over a decade of experience in performing digital forensic examinations, cyber investigations and incident response postmortems. He is well-known in the Bitcoin and Blockchain sector for co-authoring the CryptoCurrency Security Standard which secured hundreds of millions of dollars worth of Bitcoin, Ether and other digital assets. Now he takes over ShapeShift's information security architecture to ensure that all of the company's services are operating with the best practices in Blockchain operational security.

Blockchain can remove the 'God mode'

As the digital currency movement continues to gain in scope and speed, this particular breach signified an important learning moment. It certainly allowed reconsidering models for improvement of security and preventing criminal acts making a significant contribution to the advancement of digital currency.

So, how can we secure operations and transactions (https://cointelegraph.com/news/works-like-magic-blockchain-to-help-streamline-loyalty-programs) over a Blockchain technology? Michael Perklin says:

> *"The key security measures that must be implemented in any system that uses a Blockchain all revolve around the private keys for the accounts. A lot of work needs to be done to ensure these private keys are created securely, stored securely, accessed securely, used securely and by personnel who are thoroughly vetted. These points are spelled out in the CCSS, our Industry's own security standard that is akin to the PCI standard for credit cards or HIPAA for patient information."*

Blockchain is often considered as a game-changer having the potential to bring benefits to a variety of industries (https://cointelegraph.com/news/managed-chaos-why-the-music-industry-needs-blockchain) and achieve technology value outcomes that we couldn't achieve before. A number of sectors are taking advantages of Blockchain's transparency, immutability, ability to cut out the middleman and security to develop effective solutions for sectors' operations and processes.

Voorhees believes that Blockchain technology can fit into general discussions about security in other industries. "Security in other industries is generally achieved by someone having "god mode" or the ability to reverse transactions, change databases," he explains. "This is what any bank or government can do with their fiat currency. Unfortunately, though entirely predictable, they abuse this power and have institutionalized theft through inflation/debasement. Both the governments and banks are complicit in this crime. To solve this problem, Blockchains remove the "god mode" such that nobody has ultimate power."

In his opinion, however, this can create other problems, which society and technology are just now starting to solve. Thus, removing the overseer would mean that the rule-making needs to exist on a code level, which is a challenge but one which the Blockchain industry is proving can be done.

"Blockchains guarantee the integrity of data within an information system by preventing edits by other parties," Perklin elaborates:

> *"Every change is tracked in a fully auditable way that ensures every change to a system's data is atomic. This is incredibly useful for auditors and compliance officers of any type as well as accountants and investigators. Those with access to data can no longer edit it without consequence."*

Blockchain is still maturing

Many banks, financial institutions and public authorities have been exploring the potential of Blockchains for a few years now. The majority of them playing around with Blockchain (https://cointelegraph.com/news/blockchain-to-run-welfare-show-finland-may-set-example) and taking advantage of some of its characteristics have been very cautious using this type of ecosystem, therefore we still haven't seen any working application.

Certainly, the daunting scenarios when several exchange platforms have faced breaches and hacks might have taken at least one feather from Blockchain's cap. Is it what is hindering a more confident adoption of the technology?

"Banks and financial institutions, as well as government agencies, move slowly," says Voorhees. "They are just now understanding the power of Blockchains, and are beginning to work with prototypes and proof of concepts. It will take them one to five years before any of this work starts to be seen publicly. Meanwhile, a thousand fast-moving Bitcoin startups are innovating and releasing products rapidly."

Michael Perklin argues that security is definitely one factor that can slow down the adoption of technology. However, in his opinion, it is more of a symptom than a cause.

He concludes:

> *"The fact is, Blockchain technology is very new and is still maturing. The first databases did not have proper security either but now each of them has entire suites of security features to lock down their data. Blockchains are being better understood by developers and software engineers which will eventually lead to more products with embedded Blockchains but these things take time. It took 20 years before companies realized that databases could be used to improve their business. The same is happening now with Blockchains."*

How to make digital assets unstealable

To this day, Bitcoin Blockchain, despite being open source has been running steadily with no major security problems. However, there are several components in this chain, each and every one of them deserves a special attention. Holding cryptocurrency in a digital wallet is just the same as holding a cash in a physical wallet, therefore it implies the same security concerns.

Erik Voorhees says:

> *"The biggest security concern is of course just the ability to make assets "unstealable" or as close as possible. Multisig technology and hardware wallets have helped immensely. We at ShapeShift are also trying to pioneer better security by simply not holding customer assets in the first place and as other companies find ways to replicate that principle the industry as a whole gets safer."*

The cryptocurrency exchanges or digital wallets are where major security breaches are most likely to happen. They manage large amounts of money on behalf of their customers so the risk here largely depends on the ability of a platform to securely hold and manage these large amounts.

Besides, you are protecting your crypto fortune with a password and it has to be secure. There is no way to reverse the fraudulent transaction to recover your savings. Is it even possible to create the most-secure-password ever?

Perhaps the better option is indeed to eliminate the need to have one. In this sense ShapeShift is a truly revolutionary platform in the Bitcoin space. As exchanging Blockchain tokens does not require creating an account, sign-up processes, emails and passwords.

🏷️**Blockchain News (/tags/blockchain)**   🏷️**Security (/tags/security)**

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🏷️**Michael Perklin (/tags/michael-perklin)**

Comments

By **Alicia
Naumoff**

JAN 27, 2017

Power to the People: Blockchain Replaces Government in Europe

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Until very recently, Blockchain has been mostly associated with Bitcoin (https://cointelegraph.com/news/bitcoin-price-stability-may-count-for-winklevoss-solidx-barry-silbert-etf-approval) – the digital currency built on top of it. Not trying to underestimate the importance of the latter, it is fair to say that Blockchain technology is much more than digital money (https://cointelegraph.com/news/nigerian-government-offers-support-to-blockchain-development-group).

The need to look beyond the currency and investigate the potential use of the technology (https://cointelegraph.com/news/works-like-magic-blockchain-to-help-streamline-loyalty-programs) in industries outside payments is often emphasized. So should global governments be embracing Blockchain?

Backing e-government platforms with Blockchain can solve a number of issues that arise when dealing with public authorities nowadays. Citizens feel so disconnected from their governments and think the general level of state bureaucracy is unbelievable. Therefore, digitization of state services in general and especially the integration of Blockchain (https://cointelegraph.com/news/iot-smart-contracts-focus-of-blockchain-expo-london-2017) in this sphere is an interesting process to follow.

Pimp this ride

The value of Blockchain has been discussed many times – it is a secure, distributed, open and inexpensive database technology perhaps that's what makes it a perfect tool for upgrading government services.

There is indeed plenty of room for creativity and innovation but it is already possible to identify a few areas where Blockchain is just a perfect fit (https://cointelegraph.com/news/blockchain-ever-after-matchpool-plans-dating-site-launch-with-valentines-event).

The first and most obvious area includes everything related with verification – licenses, permits, various types of transactions, processes, events – Blockchain enables managing and monitoring of those in a smooth and secure way.

Besides, the technology is a perfect keeper of the chain of custody for basically any physical asset. Land and real estate registries can easily be backed up by Blockchain. Securing e-identities is a perfect use-case for Blockchain (https://cointelegraph.com/news/as-blockshow-europe-2017-approaches-more-conference-details-are-revealed), which could enable all citizens to use public services securely. Functioning similarly to a normal passport, it would provide its holder access to a wide variety of services.

Blockchain'ing government services

A number of progressive governments already started working on the integration of magical Blockchain.

For instance, Sweden is working to back real estate transactions with Blockchain technology, enabling all parties involved to easily track the progress of agreements.

Ghana has been playing around with Blockchain to apply it in land registry with 28 communities involved in the project to enable tamper-resistant property ownership. The UK has been exploring the use of Blockchain to manage and monitor the distribution of welfare benefits. The government in Singapore has turned to Blockchain developing a system to prevent invoice fraud cases.

Russian Central Securities Depositories have been working on applying Blockchain technology to allow various stakeholders to perform transactions with each other in a more direct way.

Estonia has established an e-residency program allowing anyone in the world apply to become an e-resident of Estonia. Being an e-resident of Estonia, anyone can open a bank account using national e-banking system or set up a company. In this way, national government aims to virtually involve worldwide residents to Estonia gaining new revenue streams. Apart from that initiative, Estonia has also developed a system to track medical records, which is also built on Blockchain.

Estonia is leading the digitization of public services

Estonia seems to be more open to embracing Blockchain. At the recent Microsoft Public Sector Digitization Practice Day in Bern, it was announced that Estonian e-government experts are collaborating with a Swiss startup Procivis to offer a new "e-government as a service" solution.

At the event in Bern, the company founder Daniel Gasteiger has presented the proof-of-concept for a mobile phone e-voting application that runs on the Procivis platform and allows tamper-proof voting for citizens.

It is stated in a press release:

> "While e-voting is one possible application to make use of Procivis' secure digital identity management, the platform will be designed to run a government-curated app store that can offer the full range of public administration services, including tax filings, land registry or commercial registry."

The founder of the company Daniel Gasteiger said that he was deeply impressed learning about the level of digitization of the public sector in Estonia especially in comparison with the state of digitization in Western Europe, including Switzerland. He is certain that collaboration with Estonia's leading e-government experts will allow them to create a powerful platform that can serve as 'the future electronic backbone of democracies across the globe.'

Kaspar Korjus, strategic advisor to Procivis and Managing Director of Estonia's "e-Residency" program said:

> "I've visited most of the emerging digital societies around the globe and they all experience similar struggles. Procivis has a unique opportunity to build a solution that will help overcome these hurdles, boost the digitization of entire countries and empower its citizens. It's a bold ambition and I'm excited to be part of it."

Switzerland's trusted values combined with Estonia's expertise

Along with its proof of concept, Procivis has presented a study coordinated by Professor Dr. Alexander Trechsel of the Zurich-based consulting firm Xupery, which presented a comparison between the evolution of Switzerland and Estonia as digital societies over the past twenty years.

The study highlights the necessary elements for successful implementation of e-government applications addressing issues that are often associated with low user adoption rates.

According to the report, the successful delivery of digital public services begins with full political support for enabling technologies, relies on the fostering of strong public-private partnerships to develop efficient and user-centered services in an iterative manner and, finally, requires a clear strategy and timeline to introduce digital identities for every citizen.

Professor Alexander Trechsel said about the outcome of the study:

> "The study has revealed the particular strengths of Estonia's approach which made the country a poster child for e-government. Our research also shows that despite having the reputation of being one of the most innovative countries, Switzerland so far hasn't sufficiently seized the opportunities of digitization in the public sector."

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🏷Switzerland (/tags/switzerland)

🏷Government (/tags/government)   🏷Europe (/tags/europe)

🏷Estonia (/tags/estonia)

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By **Joseph Young**   JAN 27, 2017

BitFury Secures $30 Million Investment to Provide Blockchain Infrastructure in China

Leading Blockchain infrastructure provider and Bitcoin mining firm BitFury (https://cointelegraph.com/tags/bitfury) secured a $30 mln investment from a Hong Kong-based fintech company Credit China Fintech (https://cointelegraph.com/news/china-launches-a-15-bln-fintech-fund-and-adopts-to-consumers-going-cashless) to launch a joint Bitcoin venture in China.

The investment will be allocated in the expansion of BitFury's operations and in the funding of the joint project revolving around the commercialization of Blockchain technology and sale of BitFury's Bitcoin mining equipment to local miners and companies.

Phang Yew Kiat, Vice-Chairman and CEO of Credit China Fintech stated (http://bitfury.com/content/4-press/the_bitfury_group_credit_china_fintech_release_1_25_16.pdf):

> *"Blockchain is a fast emerging technology allowing effectively secured value transfer over the Internet. Our collaboration with BitFury will further cement our leadership position in the use of Blockchain technologies across our fintech platforms taking Credit China Fintech to a new level of competitiveness."*

Credit China Fintech operates some of the largest P2P networks and fintech platforms in all of China. BitFury and Credit China Fintech will search for alternative methods of using Blockchain technology to underpin or supplement the base infrastructure of Credit China Fintech's financial services and applications.

Prior to the establishment of a partnership with BitFury, Credit China Fintech was already exploring Blockchain technology and its potential to reduce costs and optimize complex financial settlements for the company. With BitFury and its enterprise-grade Blockchain infrastructure, the Chinese fintech giant will actively examine the technology and lead the implementation of Blockchain technology.

"We are deeply grateful to Credit China Fintech for both its forward-looking embrace of technology and its confidence in BitFury. China is a visionary country and we are honored to have the opportunity to expand the work of our company to this significant part of the world," said BitFury CEO Valery Vavilov.

Although it wasn't revealed in the official statement released by BitFury, CNBC stated (http://www.cnbc.com/2017/01/25/blockchain-news-bitfury-group-announced-30-million-dollar-deal-with-credit-china-fintech.html) that the joint venture between BitFury and Credit China Fintech also includes distribution of mining equipment designed and manufactured by BitFury. The two companies have accurately assessed the rising demand for mining equipment in China, especially from existing non-mining companies such as electricity providers that are actively engaging in the mining industry.

In late 2016, Bitcoin angel investor and miner Chandler Guo stated that Chinese electricity companies are purchasing mining equipment from local miners to mine Bitcoin. It is an efficient method of utilizing surplus energy as a for-profit operation.

"Today, the energy companies are jumping on the Bitcoin mining business. Before that, we miners bought electricity from them, the energy companies, to mine Bitcoin. Today, the seller who is selling electricity to us, they are mining Bitcoin by themselves. Energy companies don't sell electricity to us, they buy mining equipment from us. A lot of energy companies are becoming Bitcoin miners. Even small energy companies can buy at least 1 to 2 Petahashes," said (https://www.youtube.com/watch?v=MAd2f4n6wx8) Guo.

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🏷China (/tags/china)   🏷Investments (/tags/investments)

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