BlockChain Over Tangible Banking

The Pros and Cons to Digital Banking and Cryptocurrency

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What is BlockChain?

BlockChain is a cryptocurrency wallet, a trading platform that allows users to conduct transactions and exchanges through verified data. It is a new and innovative way of individuals keeping their savings and trading online, which is quick and effective. BlockChain has become a quick and mainstream way to save money, make investments, and securely keeping track of transaction records[1]. This online platform started in 2011, during the pioneering era of digital currency and online banking. BlockChain has become quite a mainstream use among the Bitcoin users, the database gives the feeling of safety and privacy among the new users, an intangible wallet with a secure network: BlockChain has proven to be a role model for many other platforms, revolutionizing the way currency is done through supply chains[2]. Many significant companies have begun to recognize BlockChain and its single point of truth: Using BlockChain is decentralized, verified, and immutable.[3] These benefits and many others are why big business and companies have moved their banking to BlockChain, the haven for decentralized data. This now leads into the types of cryptocurrencies used through BlockChain.com.

Bitcoin & other Cryptocurrencies

- In order to better understand this banking database, it is important to know the intangible currency that is used to conduct transactions. Bitcoin was the first decentralized digital currency and was created by an unknown person or group. It was the catalyst of decentralized trading and the value of it shot off the charts. According to https://www.xe.com/currencyconverter/convert/?Amount=1&From=BTC&To=CAD, the exchange rate for 1 Bitcoin is equal to 26, 656. 75 in 2022. Taking this fact into account, it is amazing how some people bought Bitcoin for less than $100 USD when it first came out.[4]

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[1] PR Newspaper Association LLC. 1
[2] Hackius, Niels, and Moritz Petersen, 2

[3] Hackius, Niels, and Moritz Petersen, 2
[4] Kulkarni, Kirankalyan, 13.

- After Bitcoin started, other types of cryptocurrencies became available to BlockChain users, such as Ethereum, LiteCoin and others. It has been noted that once Bitcoin has stopped becoming the only mainstream cryptocurrency, BlockChain.com has become accepted by large companies[5]; during its early years, some companies felt Bitcoin was too well-associated with criminal activities on the Dark Web, which leads into the concerns of Bitcoin and BlockChain replacing in-person money trading.

- When thinking BlockChain and its currency, the main word is *decentralized.* The meaning behind decentralized in this case, is that instead of one computer, there are a series of computers across the networks. These transactions can be done anonymously, through decentralized applications. These applications "have no owner, cannot be shut down, and have no downtime.[6]" As appealing as this might be to some, it makes sense that some individuals might be reluctant to conduct business with decentralized currency. The fact that Bitcoin was invented under a pseudonym and was quite secretive adds to this notion. The criminal history behind Bitcoin cannot be ignored. However, this leads into the question of **How is privacy any more different that being secretive and sneaky?** The intentions can be discussed, but society has a way of making any form of new technology be both positive and negative.

The Reason BlockChain is taking over Banking

When doing banking, people hate waiting in line, standing, meeting places, and other inconveniences that comes with tangible banking. BlockChain allows for real-time interactions and messaging, at the comfort of users' computers. Many institutions now feel it is necessary to learn BlockChain, in the likely event that it will replace traditional banks and financial institutions. If the 21st century has taught society anything, it is that emerging technologies will eventually replace old ones/ways of living, and these discoveries just keep coming. Society prefers to live on the Internet rather than in the real world.

Furthermore, the increase of BlockChain has made people shy off banks and financial insitutions (especially during the pandemic.) Also, the norm of physical interactions with bankers and money traders, including clients and business partners, has always worked through the centuries, yet it is quickly being overshadowed.

Pros

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[5] Hackius, Niel and Moritz Peterson
[6] Kulkarni, Kirankalyan, 31

- BlockChain is accessible on the move.

- "Blockchain adds the quality aspect to data through validation using uniform consensus. Its decentralized nature creates a barrier against cybernattacks[7]" As quoted by Raj Chowdhury here, the feeling of safety from hackers on the online world is a big advantage for users.

- There are overlays and secure networking through various computers, allowing for users to remain anyonmous while using this platform. This can be useful for buying secret products or wishing to not attract any attention.

- Bitcoin has become reliable and widespread, with mining becoming a staple of computer science in the 21st century[8].

Cons

- Why has it become so secretive? These are the types of questions critics might ask of how BlockChain is used, and how it is becoming a role model for other platforms. People do not know who they are really dealing with over the computer.

- Bitcoin has a reputation for being overvalued and overspend. It is even possible to use 1 Bitcoin twice, due to double spending: Double-spending with Bitcoin occurs when a user can alter the way they mined the Bitcoin as to re-use it twice in a blockchain platform[9]. Furthermore, the fact that Bitcoin was created by unknown individuals adds to its skepticism for critics.

- There is always a fear regarding new technologies, especially those who are unfamiliar with its methods and engineering. People might argue how it is unfair miners get the best of Bitcoin, whereas the less-tech savy individuals are prone to being cheated when not understanding the process.
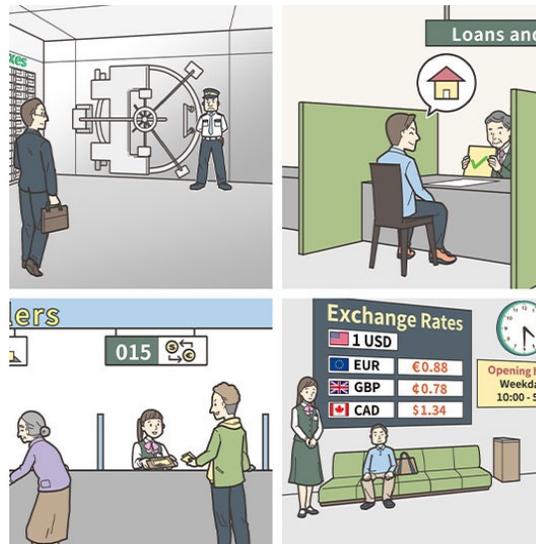
Conclusion

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[7] PR Newswire Association LLC, 1
[8] Nofer, M., Gomber, P., Hinz, O., & Schiereck, D, 2

[9] Nofer, M., Gomber, O., Hinz, O. & Schiereck, D, 2

With all that has been stated, it is important to analyze both sides of BlockChain, from its supporters and its critics. The main conflict has been the reliance of technology overshadowing the values of reality. Yet, in each modern platform that appears, we understand how there can always be conflicts arising, due to misuse and potential server crashes. The question that exists throughout this whitepaper can be summarized as: In the Future, will BlockChain and other online banks replace old fashioned buildings?

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