

Benefits of blockchain:

Numerous benefits of blockchain technology are being discussed in the industry and proposed by thought leaders around the world in blockchain space. The top 10 benefits are listed and discussed as follows.

Decentralization :

This is a core concept and benefit of blockchain. There is no need for a trusted third party or intermediary to validate transactions; instead a consensus mechanism is used to agree on the validity of transactions.

Transparency and trust :

As blockchains are shared and everyone can see what is on the blockchain, this allows the system to be transparent and as a result trust is established. This is more relevant in scenarios such as the disbursement of funds or benefits where personal discretion should be restricted.

Immutability:

Once the data has been written to the blockchain, it is extremely difficult to change it back. It is not truly immutable but, due to the fact that changing data is extremely difficult and almost impossible, this is seen as a benefit to maintaining an immutable ledger of transactions.

High availability:

As the system is based on thousands of nodes in a peer-to-peer network, and the data is replicated and updated on each and every node, the system becomes highly available. Even if nodes leave the network or become inaccessible, the network as a whole continues to work, thus making it highly available.

Highly secure:

All transactions on a blockchain are cryptographically secured and provide integrity.

Simplification of current paradigms:

The current model in many industries such as finance or health is rather disorganized, wherein multiple entities maintain their own databases and data sharing can become very difficult due to the disparate nature of the systems.

But as a blockchain can serve as a single shared ledger among interested parties, this can result in simplifying this model by reducing the complexity of managing the separate systems maintained by each entity.

Faster dealings:

In the financial industry, especially in post-trade settlement functions, blockchain can play a vital role by allowing the quicker settlement of trades as it does not require a lengthy process of verification, reconciliation, and clearance because a single version of agreed upon data is already available on a shared ledger between financial organizations.

Cost saving:

As no third party or clearing houses are required in the blockchain model, this can massively eliminate overhead costs in the form of fees that are paid to clearing houses or trusted third parties.