

Guess what is coming to a bank near you

Written by 'Layin' it on the line' By Lawrence Castillo Guest Columnist
Friday, 18 November 2022 06:17



What appears foreign will become commonplace, and you might as well prepare for it. Cryptocurrencies and decentralized finance are all the rage right now, and you've probably heard of things like Bitcoin or Ethereum. However, the real story lies in the mechanism that drives these new technologies and forever changes the digital landscape. This is where blockchain enters the picture, the novel technology that enables things like cryptocurrency to exist in the way they do.

What is a blockchain, and what is with all the hype?

Blockchain is a digital database used to catalog all kinds of information (e.g., money, goods, properties, and services). The power behind these databases lies in their ability to create blocks of data which are then chained together with timestamps attached for easier tracking purposes. This makes an unbreakable audit trail documenting every action taken on the platform - from transfer payments between users to how many calories were burned during your morning run! Digital databases are powered by a computer network that is either part of a centralized or decentralized network.

Bitcoin, for example, uses blockchain to record peer-to-peer transactions through a distributed database. This distributed database exists between the computers of all users of the cryptocurrency.

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The idea is that having the database distributed amongst all the users allows for greater transparency and enhanced security. It enables users to access, audit, trace, and verify digital assets without working through an intermediary. By cutting down on intermediaries, blockchain cryptocurrencies put the power to control data back into consumers' hands.

Why are cryptocurrencies more secure?

The adage "don't put all of your eggs in one basket" sums it up. Like banks and universities, many institutions with valuable and personal consumer information operate using a central database. This information is stored within a centralized computer network housed in one location. All that data is controlled by one entity and is more vulnerable to hacks because it would require only a single point of failure to gain access.

For a potential attacker to compromise a distributed database like Bitcoin, they would have to gain control of at least 50% of the computers within that network. Even then, the other 50% can fact-check and sniff out discrepancies, making it very unlikely that a hack would ever occur.

Why is this important when it comes to managing digital assets?

No third-party involvement.

Transactions of authenticated digital assets made via blockchain are typically available in 10 minutes, versus a traditional bank transaction that may take 24 hours or more to complete, not including weekends and holidays

Blockchain technology guarantees the data's integrity through cryptography and a distributed database.

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Why is this important to us now? This is the evolution of our data future, and the future of all banks is being reshaped by new technology. Protecting and maintaining control of data is more critical now than ever.

In the past few years, major companies like Facebook, LinkedIn, and Morgan Stanley have been impacted by massive data breaches affecting millions of users. Blockchain technology is making waves in the digital world by providing much-needed security measures and by giving them the power to control data back to consumers.

Digital? Yes, your bank is now 100% digital; it is now our future. Be informed.

Lawrence Castillo Host of Safe Money and Income Radio. L and C Retirement Income Planners, 4801 Lang St. NE Suite 100 Albuquerque, NM 87109.

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