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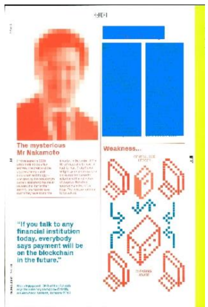

Banks: the cost advantage

Finance was the first industry to explore blockchain technology for applications other than Bitcoin. "It's used to carry out faster, cheaper and more secure financial transactions," explains Andreas Lenzhofer, a partner at PwC Strategy&. "Customers don't notice any significant change. It's the infrastructure suppliers that are more directly impacted."

Most payment systems are centralised. Transactions between financial services companies, for example, go through several intermediaries and are cleared by central banks. The firms then have to synchronise their internal ledgers. The whole process is time-consuming, increases risk and requires capital. In a decentralised system, transactions can be settled in a matter of minutes or seconds. This could save firms up to $20 billion a year by 2022, according to Santander bank.

Large banks do not want to miss that opportunity. UBS, Goldman Sachs, JP Morgan and 22 other institutions have invested in R3 CEV, a start-up that is developing a standardised architecture for private ledgers. Nasdaq, the U.S. tech-sector stock exchange, has introduced a system built on blockchain technology to record trading in unlisted companies. The first transactions using the new platform were carried out at the end of 2015.

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