

The impact of blockchain on the global economy

By [Ilija Acimovic](#)

4 Mar 2020

In 2020, many of the world's most influential business executives and policymakers are aware of blockchain's potential to turn the global economy around. But there was a time when it was not discussed in the same sentence as Bitcoin.



Ilija Acimovic

According to [Fortunly](#), Satoshi Nakamoto did not even coin the word; it was the BitcoinTalk community that mentioned “blockchain” for the first time.

The practicality of blockchain has been gaining tremendous publicity. Let us dig into the mainstream adoption of this revolutionary technology.

Over \$1 trillion in new trade

In terms of removing the conventional barriers to international commerce, blockchain holds a lot of promise. The World Trade Organisation itself thinks that this innovation could open up new trade globally, amounting to more than \$1 trillion over the next 10 years.

Along with other forms of distributed ledger technology, blockchain could become the global decentralised source of trust. More and more thought leaders are getting convinced of its prowess to minimise business uncertainty and boost profit due to several reasons.

- **Digitalisation**

Blockchain could provide the ultimate solution for businesses to go paperless. It could simplify documentation-heavy processes such as logistics and customs clearance. The tech allows all actors involved to do their jobs with considerable efficiency in order to move any conceivable goods across international borders with less friction.

In 2018, \$673bn was the estimated annual savings obtained through digital trade in the Asia Pacific region alone. On a global scale, the decrease in overhead could elevate the competitiveness of any businesses, especially those operating in the least developed nations, for going paperless could slash up to 30% of trading costs.

- **Immutability**

Blockchain encourages any trading partners to collaborate without having to trust each other. The tech's peer-to-peer model would eliminate the risk of fraud since not a single entity has control over it, and numerous impartial parties authenticate every transaction.

All records on a blockchain network are time-stamped. To be clear, such pieces of information are not completely tamperproof. But any fraudsters would fail against an entire army of fact-checkers with no vested interest other than maintaining data legitimacy.

- **Data Interoperability**

The immutable nature of blockchain could streamline the international supply chain. The data on a blockchain network is near-inalterable, so the information becomes unquestionable. All goods and recorded transactions would be painlessly traceable and verifiable.

Moreover, any blockchain-driven supply chains can make it easier to identify compromised items. The ability to retrace the journey of goods (from the source to the market) at a glance could prevent unnecessary product recalls and avoid similar problems from recurring.

55 industries under disruption

Banks were the first to adopt blockchain. However, the financial services sector is not the only beneficiary of blockchain's versatile utility.

Admittedly, not all companies must embrace this disruptive innovation. But at least 55 industries have found value in it. In fact, many of them have already tested different use cases for blockchain.

- **Social Media**

Messaging apps such as Kik and Telegram have raised funds via separate initial coin offerings. The Japanese messenger LINE has branched out to crypto trading.

Facebook has announced its intention to establish a blockchain-powered P2P network using its own stablecoin called

Libra. Considering the enormous social and financial clout of the company in many countries, Facebook could challenge the influence of central banks if the Libra ecosystem sees the light of day.

- **Transportation**

Unlike Uber, Lyft, and Grab, Arcade City is empowering rideshare drivers to set individual rates through blockchain. In essence, the platform assists independent drivers in building their own transportation ventures free from corporate control.

- **Automotive**

Visa has teamed up with DocuSign to develop a tool that would reduce the hoops vehicle leasees have to jump through. The proof-of-concept project aims to turn car leasing into a seamless “click, sign, and drive” process. If proven successful, the same idea could be applied to car sales and vehicle registration too.

- **Entertainment**

British startup, JAAK dreams of helping creators convert their music rights into “smart” commodities, facilitating the self-execution of licensing agreements on a public blockchain.

Furthermore, blockchain-driven streaming platform Muzika serves as a self-sustaining digital ecosystem where independent artists could get paid based on their listeners.

\$12.4 billion worth of investment

Last year, the global investment of corporations and governments on blockchain was projected to reach \$2.9bn, a nearly 90% jump from 2018. By 2022, the number is forecast to exceed \$12bn.

In one survey about blockchain adoption, 84% of 600 business execs gave an affirmative answer.

The potential of this decentralised distributed ledger to improve centralised management was not lost on many of the most loaded brands on the planet.

For instance, Amazon now offers tools to businesses that wish to climb on the blockchain bandwagon while Ant Financial has developed its own proprietary tech for many things, including tracking the countless goods changing hands on an Alibaba marketplace.

The bottom line

Blockchain is still a trend. And all of its flaws have to be solved first before it becomes the norm. As the tech matures and its technical and regulatory issues go down, I have no doubt that it will be a favourite topic of conversation in the boardroom.

ABOUT THE AUTHOR

Ilija Acimovic is a researcher and a writer at Fortunly. He holds a degree in global economics, statistics and business management. Subjects of interest range from personal finance and global debt all the way to blockchain and technology.

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