



Blockchain

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Excerpts from an interview with

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What do you think, why so many blockchain projects fail?

The big problem is the creation of the ecosystem. If you do not build an ecosystem, you do not need a blockchain. But building up an ecosystem is hard work and not a technical task.

What are the key challenges in adopting blockchain technology?

Understanding the technical concepts. Understanding the implications regarding the business model and ecosystem. The fast development of the technology. The lack of experts and developers.

How blockchain technology is impacting the financial sector?

DeFi or Decentralized Finance is a big hype at the moment. If DeFi becomes established this will have huge implications to the traditional financial sector. Also regulation has to change in order to cope with DeFi.

In your opinion how important is legislation for the adoption of blockchain technology in banking/insurance industry?

It is very important since the financial industry needs legal certainty. Only in a predictable environment new players will invest.

What are the benefits of tokenization?

Tokenization connects the physical and the digital world. It allows the easy digital trading of physical goods.

What do you think are the new market opportunities for tokenized assets and digitized securities?

Digitization of assets and securities will allow new business models and the involvement of small and private investors.

What are smart contracts and how do they work?

A Smart Contract is a pre-written, tamper-proof and unalterable computer program representing a legal agreement or act of legal significance between two or more parties. A Smart Contract is stored, replicated and self-executed on a Blockchain or Distributed Ledger, triggered by digitally verifiable events or conditions, and can take custody over and instruct transfer of Blockchain-titled assets.

How can blockchain solve the KYC problem?

Blockchain in combination with self-sovereign identity allows a digital identity which is the foundation for an easy and fast KYC process.

What are the biggest disadvantages of blockchain technology?

The misunderstanding of the technology by a majority of people. The hype around bitcoin and the impression that blockchain is linked to the Dark Net. The high energy consumption of the Proof of Work algorithm. And the high speed of evolution of the technology.

How secure is blockchain?

Blockchain itself is very secure. The security issues are at the borders, like wallets, oracle services and wrong installation.

In your view how will policy and regulatory frameworks need to change to enable the emergence of digital currencies?

Like in some countries (e.g. Switzerland) the laws and regulation has to be adapted to include new aspects of digital currencies. This included the role of custodians, market places and tax consideration.

How will stable coins and CBDCs affect the current crypto market?

Stable coins are one prerequisite for a stable trading of digital assets. Regarding CBDCs we will see. There are a lot of different approaches.

What are the risks for central banks related to issuing CBDCs?

It will be a balancing act between too less control and too much control. Either way there are new risks involved for the central banks.

How do you see blockchain technology transforming the future of the financial sector?

See Question 3

Will digital currencies become mainstream?

We will see a high variety of different payment and investment options. Therefore, yes, digital currencies will stay.

Are banks even necessary in a blockchain world?

There will still be a high need for trust. Banks have this relationship of trust to their customers. Their business model might change but their role of trusted party will stay.

Fintech startups – disruptors or collaborators?

Only very few disruptors. Many will have to look for collaborations in order to survive.

Investing in blockchain startups, pros and cons

Pro: New asset class that benefit from the hype.

Con: A lot of fraud and dubious players.

According to you what do companies need to do in order to unlock the potential of blockchain?

Educated staff, courage, innovative capacity, understanding of the implications on business models, ecosystem thinking, and open innovation.