Boao Forum for Asia Annual Conference 2017
Session Summary (No. 23)

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Session15

Digital Currency and Blockchain

Time:13:30 - 14:45, March 24, 2017

Venue: ICC, Level 1, Dong Yu Grand Ballroom D

Moderator: QIAN Dejun, CEO, BitSE

Panelists:

LI Lihui, Leader, Block Chain Research Working Group at National Internet Finance Association of China; Former President, Bank of Chin

Girish RAMACHANDRAN, CEO (Asia-Pacific), TCS

Ellen RICHEY, Vice Chairman, Visa

SHI Wenzhao, President, UnionPay

Key points:

- Blockchain should be placed in the big context of financial technologies and together with big data technology and artificial intelligence.Blockchain, artificial intelligence and big data, when combined, will open up a new field.
- Blockchain technology as a currency must have such distinctions as issuing

body, sovereign endorsement and nation.

- Block chain and other technologies will compete with each other to influence and change the current financial system.
- Blockchain provides a solution for data security and democracy.
- Any substantive progress made in blockchain research is driven by centralized big institutions.
- Only when the technological system and the business system are combined can the fields of blockchain application be located.

Synopsis:

Deutsche Bank CEO JohnCryan has predicted that paper notes and coins as means of cash payment will be out of circulation within 10 years. The popular mobile payment makes it possible for more and more people to live a cashless life. Mobile payment has provided a good platform for digital currency.

According to the first IMF blockchain technology report, blockchain has the potential to change finance.

Blockchain is currently at an early stage of development, subject to breakthroughs to be made in fundamental core technologies. China has developed rapidly in the field of blockchain and substantive breakthroughs and results are expected earlier than other countries.

The expectations and challenges of the central bank blockchain technology

Li Lihui noted that blockchain should be placed in the big context of financial technologies and together with big data technology and artificial intelligence.

LI Lihui noted that blockchain can help with the upgrading of big data application. In the future, big data will realize large-scale data comprehensive application across platforms, systems and institutions. More importantly, big data will not be limited to application at the enterprise level and big data application at government and regulatory levels will be more extensive.

LI Lihui noted that artificial intelligence is very important. For example, the human face identification system and the voice identification system have become important tools of identification. Blockchain, artificial intelligence and big data, when combined, will open up a new field.

LI Lihui noted that blockchain technology as a currency must have such distinctions as issuing body, sovereign endorsement and nation. The People's Bank of China is conducting research in this field and preliminary results have been achieved. If the central bank blockchain technology can be successfully issued, first, more rapid and point-to-point transactions can be realized, and second, complete, unalterable and traceable information may be kept. In theory, transaction cost and currency circulation cost can be saved. Also, the central bank can more accurately monitor the total amount of currency circulation all the time, which will be conducive to macro currency management. Besides, comprehensive monitoring can be conducted over cash flow information. If such methods as "know your client" (KYC) are used, money laundering and other criminal actions can be better monitored.

LI Lihui pointed out that there are mainly two challenges or difficulties in issuing the central bank digital currency: first, in terms of the R & D of fundamental core technology of blockchain or underlying technology, it is required that the technology ultimately adopted can meet high-frequency and high-capacity transaction requirements while guaranteeing the reliability and security of transactions; second, special research should be conducted on the development of laws and regulations.

Blockchain provides a solution for data security and democracy

Girish RAMACHANDRAN deemed that data are a new currency in the world. Currently, only a few people can acquire, mine, analyze and use data. If data become a new currency in the world, then the problem of currency security and democracy should be considered. Currently, there are such problems as long financial chain, cumbersome procedure and long handling time in the financial industry.

Girish RAMACHANDRAN noted that if we have a simple database or such an

ecological system or ecological circle, which people can access, that would be the best solution. Blockchain provides us with such a solution.

Blockchain's social impact

Ellen RICHEY deemed that the financial industry is undergoing a period of transition, and blockchain and other technologies will compete with each other to influence and change the current financial system. In the future three to five years, finance will provide consumers with better and faster connectivity.

SHI Wenchao noted that neither blockchain technology nor blockchain is mysterious or abstruse. It is still early to say that it can change the game. Only when the technological system and the business system are combined can the fields of blockchainapplication be located.Within a short period, blockchain will not disrupt the operation mode of organizations such as the UnionPay.

SHI Wenchao pointed out that any substantive progress made in blockchain research is initiated and driven by centralized big institutions. Without an initiator, it is very difficult to find a relevant subject of responsibility.

SHI Wenchao noted that if the cost of applying new technologies to practice inclusive finance is too high, new technology application may be postponed, and large-scale promotion and application can be realized only when the cost, efficiency and security of technologies have more advantages than the present mode.