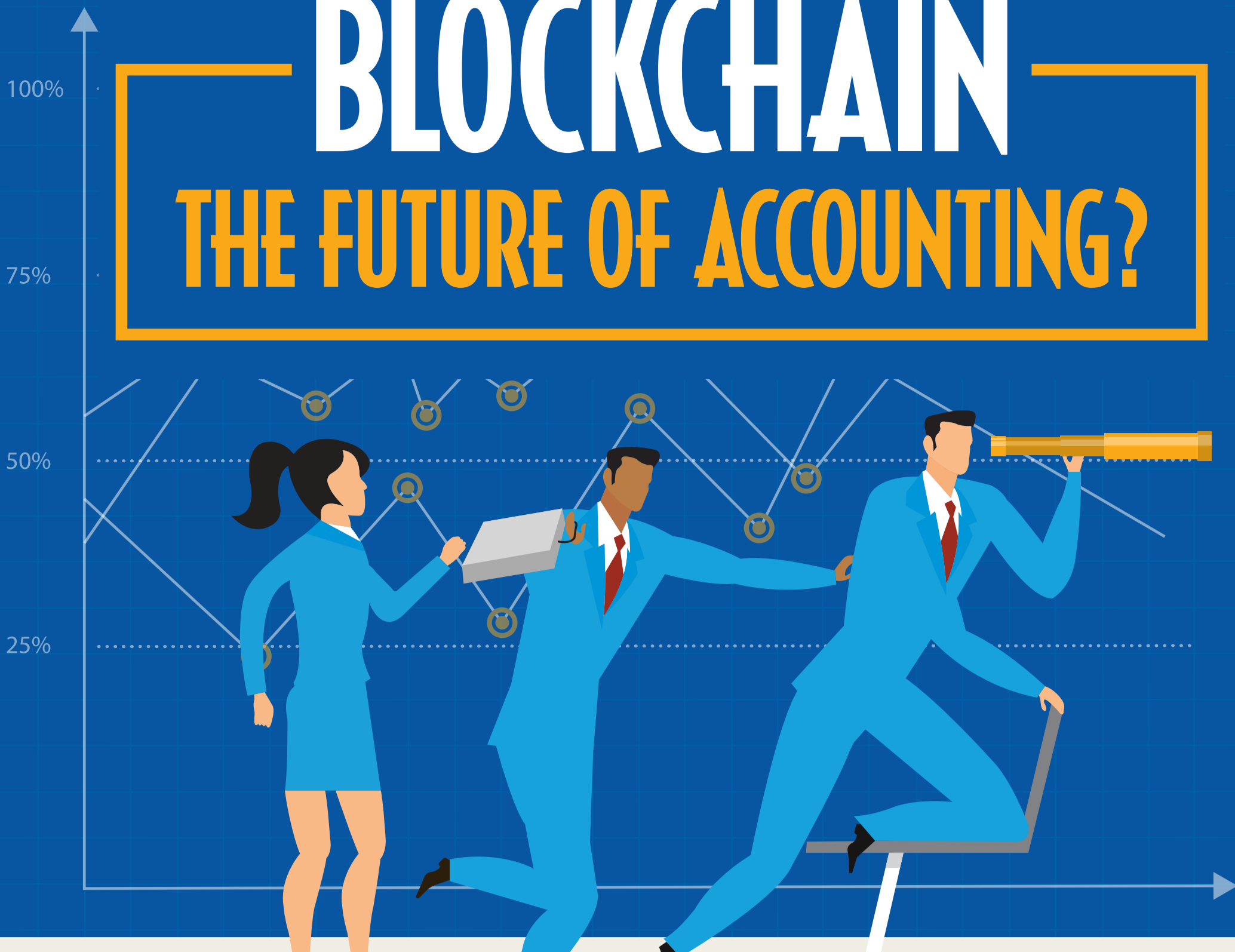
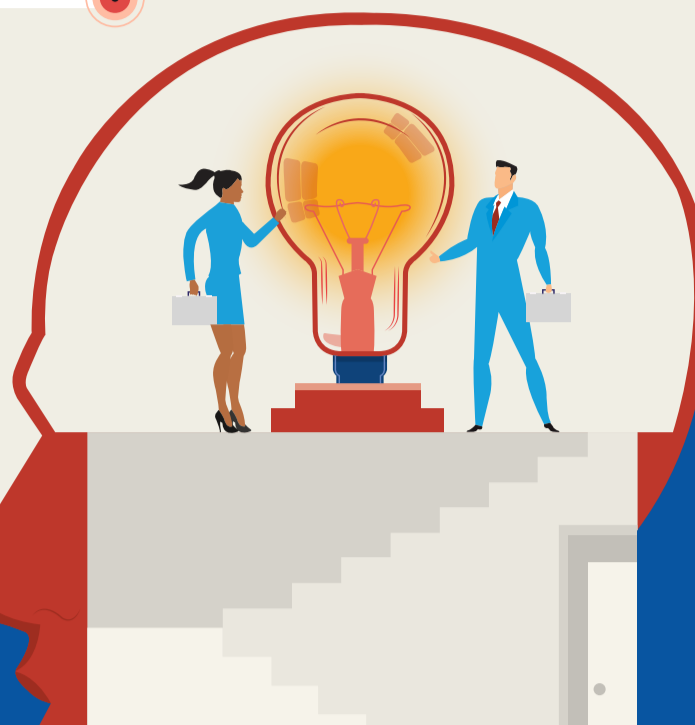


# BLOCKCHAIN

## THE FUTURE OF ACCOUNTING?



In 2008, Satoshi Nakamoto conceptualized a *distributed blockchain* system to serve as the backbone of **bitcoin** -- a form of *cryptocurrency*. The blockchain works as a decentralized, public ledger that aggregates and authenticates every single transaction from anywhere in the world.



A blockchain is transparent, constantly updated, and nearly impossible to alter via unauthorized means. It may seem simple on paper, but it can singlehandedly overturn entire industries.

## BLOCKCHAIN BY THE NUMBERS<sup>[1-4]</sup>

Here are some interesting stats about blockchain and its impact on certain industries:

30%

Blockchain can save banks 30% on their infrastructure costs

By 2017, the average investment for blockchain projects was estimated to be around

**\$1 MILLION**

By 2024, the estimated worth of the global blockchain technology market is

**\$20 BILLION**

In 2016, industries like finance, healthcare, & technology invested

**\$1.4 BILLION**

in blockchain.

## THE EFFECTS OF BLOCKCHAIN IN ACCOUNTING AND AUDIT<sup>[5]</sup>

Blockchain creates a decentralized ledger of all transactions where all records are updated and accessible to everyone in real-time. This changes how monetary transactions are made and logged.

Below are important key points to consider regarding the impact of blockchain technology to accounting in the future:

1

### SMART CONTRACTS

With the security of blockchain technology, "smart contracts" that automatically process invoices, bank balances, and other accounts are also made possible with absolute transparency.



2

### CONSOLIDATED BOOKKEEPING

Rather than keeping multiple records, companies can log all their transactions into a joint registry. According to David Lyford-Smith, technical manager at the Institute of Chartered Accountants in England and Wales (ICAEW), "You could just say we could put the whole of accounting in this one ledger of perfection."

3

### STANDARDIZATION IN AUDITING

Since blockchain creates immutable standardization in the accounting practice, auditors will be able to verify larger amounts of data much faster. Conducting audit would also be much cheaper and easier.



4

### SECURITY AND TRUST

In blockchain, every transaction is recorded as a "block" that contains a timestamp and a unique "fingerprint". Hacking an entire blockchain means hijacking all the computers connected to the ledger network. This makes it the most secure data management system ever to be conceived.

5

### LESS PAPERWORK FOR ACCOUNTANTS

In theory, blockchain will reduce or eliminate the dependency on paperwork in the future. For accounting professionals, the best course of action is to brace for disruptions and stay ahead of digital trends. Sure enough, major aspects of the field may change, but these will probably only **increase** the value of your work.



Today, blockchain technologies outside of cryptocurrency and digitalized accounting systems are still in their infancy. For accounting professionals, the best course of action is to brace for disruptions and stay ahead of digital trends. Sure enough, major aspects of the field may change, but these will probably only **increase** the value of your work.