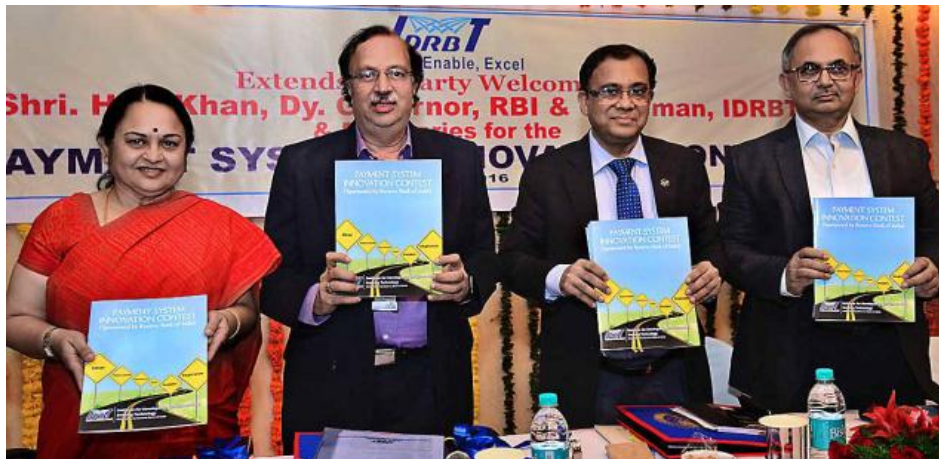


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Expert group to study benefits of blockchain technology for banks

- Special Correspondent



August gathering: Nanda Dava, chief general manager-in-charge, department of payment and settlement systems, RBI, IDRBT director A.S. Ramasastry, RBI Deputy Governor H.R. Khan, and RBI Executive Director Chandan Sinha at a programme in Hyderabad on Friday.- Photo: K.V.S. Giri

Focus of technology behind Bitcoin on decentralised financial system

Reserve Bank of India Deputy Governor H.R. Khan on Friday said a group of experts will be constituted to study blockchain technology from a perspective of a evolving a more decentralised financial system and promoting cashless economy.

The technology, which was behind the controversial Bitcoin, through the concept of distributed ledgers provided lot of flexibility in terms of financial transactions. Underscoring the need to study the technology, he said the group would be small and draw its members from RBI, the Hyderabad-based Institute for Development and Research in Banking Technology and outside.

The technology, IDRBT Director A.S. Ramasastry added, will help move from the current paper-based economy into a more sophisticated cashless economy. The Deputy Governor and Mr. Ramasastry were speaking to presspersons at the award distribution function of the Payment Systems Innovation Contest instituted by RBI and conducted by the Institute.

Earlier, addressing the function Mr. Khan counted blockchain among technologies that could be game-changers for banking and financial sector. Other technologies he listed were mobile internet, cloud technology, automation of knowledge sharing, IoT, distributed payment and virtual identity. Blockchain technology has a significant role to play because it focused on decentralised financial system, he added.

Highlighting how use of technology could contribute to growth of economy, he said though ATM (automated teller machine) is one of the most important innovation in the last 50 years it has only contributed to expansion of cash.

With cash payments not adequately disincentivised, usage of cards remains less, he said while adding that RBI will soon put in place a customer liability framework in use of electronic products. It would define the liability of customer as well as the banker for unauthorised use of debit and credit cards.

Mr. Ramasastry said a research centre on payment systems is to be set up at IDRBT, which already has similar facilities on analytics, security, mobile banking, cloud and open users.

The first prize of the contest was won by Signzy, a cloud-based mobile on-boarding enablers by biometrics and advanced cryptography, while the second prize went to Evolute Systems for Leopard, an integrated tablet PoS/micro ATM. Nucleus Software got the third prize for PaySe offline digital cash solution.

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