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RBI to study Blockchain technology to curtail paper currency

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HYDERABAD: Reserve Bank of India deputy governor H R Khan on Friday said the central bank may soon set up a committee to study the use of 'Blockchain' technology to reduce the use of paper currency.

"Blockchain is one thing that has come out of Bitcoin which provides a lot of flexibility in terms of financial transactions. So, we need to study... how this Blockchain technology can be used in financial transactions where the entire data systems move to some more levels," Khan told reporters at an event organised by the Institute for Development and Research in Banking Technology (IDRBT).

"We have a group of officials from RBI, IDRBT and industry people which will look into this. There is a tremendous potential (in Blockchain technology)."

On Brexit, Khan said the impact will be short term and systems are in place to tackle the medium-term impact, if any.

"We are closely monitoring. Given our macro fundamentals, certainly we will be affected by what is happening globally. But... we are in a much better position to weather the storm. We are not in those earlier days of Fragile Five or Turbulent Tens," he said.

On the rupee volatility, Khan said RBI has USD 363 billion of forex reserves and enough tools to handle volatility crisis.

RBI, the Deputy Governor said, is in discussions with telecom regulator Trai on issues such as tariff rates for mobile banking.

The central bank may soon come out with a Customer Liability Framework for credit and debit cards that will fix liability of a bank or a customer in the case of a fraud or unauthorised use, Khan added.