

ADVANCING TECHNOLOGIES



Technology consistently makes things more efficient. Within a few decades, the world has been transformed by digital devices. They provide numerous conveniences and connectivity throughout the world. However, when it comes to money, the speed of adoption slows down a bit. That's because money has value. We all trust the U.S. dollar and its value. A primary reason money has value is because governments back currencies used in their countries.

The new forms of digital currency, called cryptocurrencies, are very different from the traditional bank notes and coins. They rely on encryption or coding techniques. One of the main differences is that digital currencies are not backed by the U.S. federal government. The digital currencies do not use financial institutions but, instead, are based on person-to-person exchanges. The most recognized digital currency, Bitcoin, is based on a new type of technology called blockchain. This technology allows records to be kept and when a new transaction (an exchange for a good or service) takes place a new chain is added to the block. Blockchain technology has the potential to transform many things and help streamline business operations. A positive side of blockchain technology is that it keeps details of every single transaction making it easier for tracking purposes.

Advancing technologies have helped countries connect with one another in meaningful ways. Some of the new monetary advancements may make foreign exchange markets (where people can buy, sell, and exchange currencies) more efficient. Even though these advancements appear to be helpful, there are still many hurdles they must clear before they become part of our everyday lives. For instance, government regulations will likely be necessary to help keep everyone safe.

Other forms of advancing technologies include the mobile wallet. A mobile wallet allows people to carry information on plastic cards, such as debit and credit cards, on smartphones or other mobile devices. Individuals do not need to physically carry their cards but can tap to pay at businesses accepting this form of payment.

There is still an enormous amount of work that needs to be done in many of these areas, but it is exciting to think societies are on the brink of massive innovations within the financial industry.