

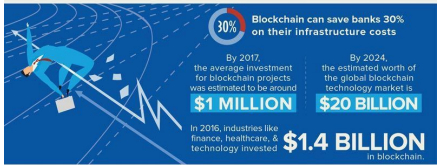
# BLOCKCHAIN THE FUTURE OF ACCOUNTING?

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:



## 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 Ford-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 example, since the government can theoretically peek into a public ledger at any time, companies no longer need to file tax returns. Everyone will be automatically taxed accordingly — fairly and squarely.

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.

SOURCES:  
 [1] <https://www.bccs.com/what-is-blockchain-blockchain-101>  
 [2] <https://www.pwc.com/us/en/issues-and-trends/blockchain-digital-trends/blockchain-digital-trends-2018.html>  
 [3] <https://www.pwc.com/us/en/issues-and-trends/blockchain-digital-trends/blockchain-digital-trends-2018.html>  
 [4] <https://www.pwc.com/us/en/issues-and-trends/blockchain-digital-trends/blockchain-digital-trends-2018.html>  
 [5] <https://www.pwc.com/us/en/issues-and-trends/blockchain-digital-trends/blockchain-digital-trends-2018.html>