



An Introduction to Blockchain, Cryptocurrency and Decentralized Finance

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Key Takeaways*

What is ...

- *A blockchain?*: It's a decentralized infrastructure for digital resource transfers. Stop thinking about digital assets and investment products when you hear blockchain and start thinking of an infrastructure enables commerce, digital ownership rights, and that is not controlled by corporations or governments.
- *A cryptocurrency?* It's the internal payment and reward mechanism that is necessary for the operation of a blockchain. It's not money, it's a tool to make the blockchain work. There's more to a cryptocurrency than what Bitcoin, a digital sticker at heart, can offer.
- *Decentralized finance?* It's the idea of using blockchain technology to provide financial services without the necessary involvement of a traditional financial intermediary. The level of transparency of the operation in DeFi is very high (not opaque, as Senator Warren alleges), the ideas that people experiment with are powerful and transformative, but the space is still very experimental.
- *The Diem Network?* It is a consortium-led, Facebook-financed, payments-centric general-purpose private blockchain. It is a private sector effort to create an corporate-controlled internet of value that delivers payments and financial services and generates the most useful data there is for its corporate overlords. It the best of worlds, it could bring financial stability and inclusion to people all around the world. In the worst case, Facebook knows in June what you'll gift at Christmas ...
- *A CBDC?* It is digital money issued as a liability of the central bank; it is the public sector's effort to bring digital cash to citizens so they can participate in the digital economy without having to go through a commercially interested third party. In the best case, it creates more efficient payments, increases competition in payments, and vastly improves financial inclusion. Without significant restraint by governments, however, we may also find ourselves in a dystopian nightmare where CBDCs are used to monitor and control almost all aspects of our commercial daily lives "for the greater good".

For more, tune in to this thought-provoking conversation between Donald Cassell and Andreas Park.

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