

MasterCard mulls using blockchain tech

Open to change: “We are not obsessed with cards,” says Amitabh Tewary of MasterCard.

Mastercard is looking to incorporate blockchain technology into its operations and would like a clear regulatory framework in India that lays down what blockchain can be used for.

“We are working with blockchain,” Amitabh Tewary, vice president at Mastercard told *The Hindu* in an interview. “There are quite a few pilots on in MasterCard on the various aspects of our business where blockchain will be useful.”

“Blockchain is an emerging technology and like many other companies, we continue to explore the implications and opportunities in this space,” he added. “We believe that there is a role [for] blockchain in the future of commerce. This future needs to be developed in partnership with banks, merchants and industry participants.”

In India, an inter-ministerial committee is currently looking at how best to regulate blockchain technology, if it is allowed at all. One of the proposals is to bring it under market regulator Securities and Exchange Board of India (SEBI).

According to Mr. Tewary, one option that could be considered is bringing blockchain regulation under the proposed Payments Regulatory Board in the Reserve Bank of India. The Board is to have three members each from the central bank and the Centre.

Blockchain is the technology behind crypto-currency such as Bitcoin, which is a purely electronic currency that can also be traded on exchanges. Demand for Bitcoin globally as well as in India has skyrocketed in recent years, with one Bitcoin worth about 1.75 lakh currently, increasing from 5 in 2010.

Mastercard Labs, the company’s R&D arm, is working on a network that can incorporate the benefits of blockchain technology while meeting the requirements of a globally distributed financial network.

“This platform will support a wide range of use cases, including but not exclusive to B2B inter-bank payments, tracking trade finance obligations along the value chain, exchanging KYC (Know Your Customer) or AML (Anti Money Laundering) data between trusted parties, and more,” Mr. Tewary said.

However, the fact that some blockchain technologies like Bitcoin have recently been associated with ransomware attacks means that regulation must be even more careful when legislating the use of these technologies, he said.

“That’s one of the reasons why Bitcoin, which uses blockchain technology, has not yet been recognised around the world, because the anonymity it offers,” Mr. Tewary explained. “You can anonymously ask for this kind of ransom, and the nature of the currency allows that,” according to Mr. Tewary.

“However, it is something that is going to grow, and we are working on several pilots which are based on blockchain,” he added. “One of the core jobs that we do is to settle the money between institutions.

“There is an issuing institution and one acquiring institution, and we are trying to incorporate

blockchain there. That is one aspect. We can do some of the aspects of business, speed them up, with blockchain. We are not obsessed with cards.”

“One of the things blockchain presupposes is that it is an open protocol, an open ledger system, and minimum regulation,” Mr. Tewari said.

“I guess the regulation will have to come from the perspective of what you can and can’t do, which is where the crux of the problem lies. While you say that you have created this technology that can be used in one manner, how do you stop people from using it in another manner?” according to Mr. Tewary.

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