

conclusive and issues of interoperability are solved, making it possible to connect different payment platforms, Blockchain could well become the future of financial services infrastructure; nevertheless, a complete overhaul and decentralization of the financial landscape is unlikely. Ironically, the technology is now being championed by those that Satoshi Nakamoto, the “father” of blockchain technology, wanted to make superfluous, as a way to improve their own operations. In the end, Blockchain may well make these well-established financial institutions stronger.

(b) Insurance

The financial services world is not the only services sector that is being disrupted by this technology. Blockchain is starting to make its mark on insurance as well. All of the larger consulting companies, including McKinsey & Company, Ernst & Young, Deloitte, PricewaterhouseCoopers and KMPG, recently published studies on the potential of Blockchain in the insurance sector,⁴⁸ and insurance companies such as Axa, Generali, Allianz, Aegon, Munich Re, Swiss Re and Zurich, to name just a few, are investing in the technology.

The potential of Blockchain for insurance is multifaceted. The use of Blockchain and smart contracts could help reduce administrative procedures and costs through automated verification of policy holder identity and contract validity, and automated handling of claims. When a claim is submitted, the network could help ensure that it is valid and that no multiple claims have been submitted for the same incident, thereby reducing fraud – which is estimated at 5 to 10 per cent of all claims (McKinsey & Company, 2016a). Smart contracts could allow automatic payments to be triggered when certain conditions specified in the smart contract are met. Blockchain could simplify administrative procedures, increase trust and transparency, speed up the resolution of claims, and help the insurance industry handle transactions in a way that is not only more secure but also accountable to its customers.

The application of Blockchain is also being tested in the field of multinational insurance policies. In June 2017, AIG, IBM and Standard Chartered Bank announced that they had successfully piloted the first multinational, smart-contract-based insurance policy using Blockchain (IBM, 2017). The UK insurance master policy and three local policies in Kenya, Singapore and the United States were converted into one smart contract to provide a shared view of policy data and documentation in real time and automate procedures, increasing transparency, trust and efficiency in the management of the process. The companies announced that the use of Blockchain allowed full visibility into coverage and premium payment at the local and master levels, as well as automated notifications to network participants