

## Annex – Blockchain for tech fans

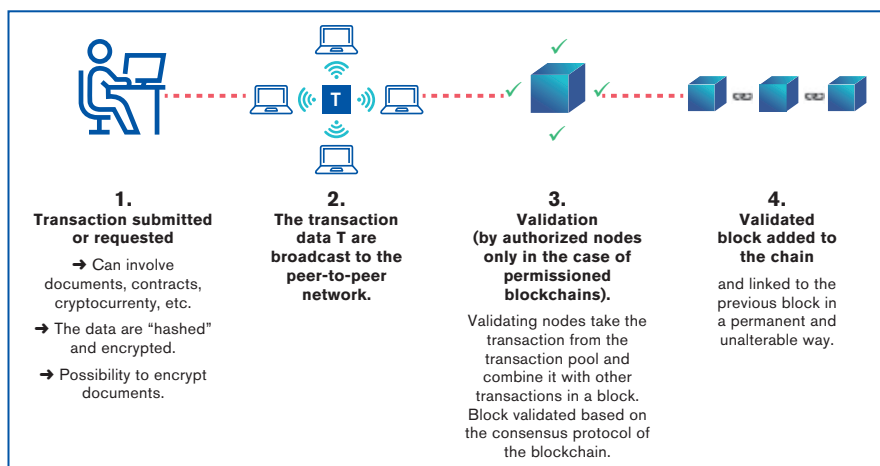
### How does Blockchain work?

Blockchain is only one type of distributed ledger technology (DLT). The technology is evolving rapidly and new models of transaction flow are being developed to enhance speed and security and to lower energy consumption, which are moving away from the concept of “blocks”, and even from both the concepts of “block” and “chain”. “New kids not on the blocks” include IOTA, Ripple and Hashgraph. Although these new models are not blockchains *per se*, the term “blockchain” is commonly used to refer to distributed ledger technology in general and to the phenomenon surrounding it. Figure A.1 illustrates the typical steps involved in blockchain transactions. While this section distinguishes between Blockchain and other distributed ledger technologies in order to explain the various steps involved and clarify the concepts, the rest of this publication uses the term “blockchain” to refer more generally to DLT.

#### Step 1:

The sender submits or requests a transaction. A blockchain/DLT transaction can involve any type of asset – digital (e.g. cryptocurrency, digital painting), tangible (e.g. a transfer of property or funds, or an exchange of documents such as a customs

**Figure A.1** Typical steps involved in a blockchain transaction



Source: Author.