New Technology on the Rise

The science of cryptography allows parties to securely transmit information or value across insecure channels. The relatively new underlying blockchain technology has given rise to a new asset class, cryptoassets, which is increasingly exchanged in a rapidly growing market with the potential to transform multiple industries.

- Cryptoassets consists of digital coins or tokens that only authorized parties can access. Currently over 1,000 types of these coins exist with a collective market capitalization of more than $300 billion, which exceeds the GDP of Finland.

- Blockchain technology links coin or token transactions together such that erroneous transactions are easily identified. To appreciate this, imagine dollar bills that come with a list of all of the past transactions in which they were involved.

- The most well-known blockchain network is Bitcoin, which is a form of currency or digital gold that may disrupt the payment market in a number of ways, such as reducing the time and effort it takes to send money abroad. Other blockchain networks provide decentralized data storage or computing power, which may dramatically decrease the cost of those services. There are even networks that allow content creators to directly monetize their contributions.

- Cryptoassets might thus expedite and improve financial interactions for individuals and companies, as well as enable peer-to-peer transactions and eliminate middlemen. While cryptoassets requires a very different purchasing process from public equities, it is nonetheless an important technology for all investors to watch.

Source: coinmarketcap.com as of November 27, 2017.
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