

BLOCKCHAIN, THE NEXT GENERATION OF THE INTERNET - AND ACCOUNTING?

by Andrew Tsang, Senior Consultant - Finance & Accounting, Aquis Search

The “distributed ledger” is a term that has been hot news for a couple of years now amongst technologists and finance professionals alike. Off the back of blockchain technology where online transactions are decentralised and comparatively much more secure, the evolution of the distributed ledger has been rapid, and the possibilities for application in finance seemingly endless. In fact, once the system has been tried, tested and widely adopted, some will go as far as to assert that financial processes will be completely automated with no need for human input. Others may be more circumspect.

Either way, there are many questions professionals in the world of finance and accounting will have such as how will the financial services sector adapt and evolve using the digital database that harks transparency and compliance? Are there potential job redundancies now that new technology makes a foothold in the sector? Are finance intermediaries most at risk?

But first, the blockchain selling point. Whereas most people cynically, and rightfully so, see items on the internet as corruptible, malleable and prone to dirty fingers, blockchain is touted as unhackable, because it would mean infiltrating the entire network of computers that contribute to it. In this way, blockchain is the most private and secure way of protecting records.

One could compare this level of security against the 2014 JP Morgan Chase data breach, considered one of the most major attacks on a corporation’s information system. Or even a quick look at the IBM X-Force Threat Intelligence Index, where we can see that 2016 experienced one of the most data breaches in the history of information security. Something like this where blockchain is used would be close to impossible, as a hacker would not be able to isolate a ‘block’ from the blockchain without a network administrator being notified of the intrusion.

The distributed ledger made its first steps to replacing legacy accounting systems in 2013, with the appearance of the Bitcoin, the digital payment system. Many analysts predict that we are only in the formative years of the distributed ledger’s purpose in accounting services. Looking at FinTech, PwC’s recent report looks hopeful that blockchain will be adopted in either the production or process of global FS by 2020.

This must lead us to ask - where does this leave accountancy professionals?

For sure there will always be some collateral damage when technology is adopted to improve the efficiency and cost savings of processes. However, opportunities will also be created. In fact, for the practical accountant, there is tremendous potential for growth in areas such as audit due to the contribution of blockchain’s sheer speed and efficiency. The forward-thinking accountant might benefit from transferring their focus away from developing traditional accountancy skills and concentrate on working with a more data-oriented approach. Data analytics - i.e. identifying trends, data mining, and having a strong understanding of technology - are attractive skills for accountants placed at the forefront of the distributed ledger’s ‘disruption’ or ‘innovation’ in financial services.

As banks and financial institutions grapple to understand and adapt to everything blockchain has to offer, those that are well placed to lead, advise and harness the power of the technology will reap the rewards.



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Andrew is a Senior Consultant with the Finance & Accounting (Financial Services) team based in Hong Kong.

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Andrew has a number of years of experience in recruitment and has successfully supported clients by supplying outstanding candidates to meet their ever demanding talent needs. He has worked extensively with large, global institutions and has an extensive network of contacts across the APAC region. Prior to joining the recruitment industry, Andrew worked for a global financial consulting firm, servicing both Hong Kong listed and international clients on audit engagements as well as financial due diligence mandates for multiple M&A projects.

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