

Cryptocurrency, blockchain and ICOs: Funding digital decentralisation

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Our world has experienced periods and surges of innovation that have caused a continuing change in the way we interact with each other, conduct business and in the way we do life in general. The internet may seem like just another link in the chain of innovation and evolution that stretches back thousands of years, but it is much more than that.

The advent of the internet was an absolute game-changer because it did not seek just an upgrade or evolution in behaviour and methodology, it reinvented the wheel, completely changing the architecture of our everyday lives. The internet blurred continental lines, making the world a truly global village, a single hub of smart activity. This single innovation paved the way and formed the foundation for today's world.

One of the industries that has and continues to take full advantage of this global connectivity is the financial services industry. This has helped significantly reduce foot traffic in banks, for instance, as they constantly improve their services to offer customers a seamless banking experience online.

About a decade ago, however, a new sub-industry came on the scene that sought to revolutionise the way the financial industry works. The world of “virtual finance” operates on an entirely different business model, with the key objective being to operate a purely decentralised financial ecosystem where people have greater control over their finances and pay significantly lower service fees by getting rid of all intermediaries, seeking to completely “change the way we internet”, according to Asaf Zamir, founder and CTO of [Cloud With Me](#), a decentralised cloud storage firm.

Bitcoin was just the beginning of the answer people needed to have a better grasp on their finances. Launched by Satoshi Nakamoto (likely an alias) in 2009, it was the world's first digital currency. The main selling point of bitcoin is that it operates as a peer-to-peer digital payment system where users the world over can send bitcoins to each other almost instantaneously, eliminating the need for intermediaries such as traditional banks.

In the beginning, people were largely ignorant of what it was and how it worked, but as comprehension grew, the skepticism dropped and people began to embrace it, as evidenced by the current value of bitcoin. The technology behind bitcoin is an encryption-type and open-source software, which contributes to its security. Other cryptocurrencies – known as altcoins – have since joined the virtual finance market, [over 1,700 of them according to CoinMarketCap](#), enabling the cryptocurrency market cap to [hit an all-time high north of \\$60 billion](#).

Even though, bitcoin is a decentralised financial model, it still needs a way to keep track of transactions and maintain authenticity among users. Blockchain is a continuously growing public ledger of transactional information stored in numerous locations across networks that gives every bitcoin user the ability to personally access and verify every transaction made, but without the capability to edit or copy it. Since its creation the only problems that have come up with blockchain (and they are few) have been as a result of bad intention (hacking) or human error (mismanagement), and not from the underlying system or code, which is a proof of its structural integrity. This technology, originally designed for the bitcoin currency has begun to be utilised by the tech community for other uses [and in other industries](#).

As governments, companies and individuals begin to endorse and embrace these digital technologies, they have triggered a chain of changes in our financial ecosystem, from how we handle money to the way we handle investments. Enter Initial Coin Offering (ICO). ICO employs a lookalike of a crowdfunding model where new cryptocurrency startups can solicit for funds directly from interested investors.

Again, the absence of intermediaries and regulatory bodies such as the Securities Exchange Commission (SEC) and other

relevant bodies, also helps to speed up the entire ICO process. Unlike the crowdfunding model, however, cryptocurrency ICOs offer equity to investors in the form of coin tokens, that are usually held for a fixed time before they can be sold. Ethereum is one of the greatest proofs of the success of this method of sourcing for funds, [raising \\$18 million worth of bitcoins](#) in its ICO in 2014.

Business that aren't primarily cryptocurrency ventures have found a way to leverage the power and ease of ICO to strengthen their working capital while further establishing themselves. [Kik](#), a messaging app service in Canada is set to be the greatest non-cryptocurrency ICO success story yet. Boasting a user base of about 300 million people, this digital service company – already valued at \$1 billion dollars after fundraising efforts in 2015 – is set to offer an ICO.

The funds raised from this ICO will be used to develop an all-purpose cryptocurrency, Kin, that will serve as the official cryptocurrency for every facet of the Kik messaging app. Ted Livingstone, the founder of Kik, believes that this will consequently boost the value of the Kin tokens and with 300 million users globally, it is not hard to see how that is possible.

It is widely believed that this trend of decentralisation – which covers much more than the financial services industry – [will make for a more robust internet](#), helping to make business operations and financial transactions more traceable, verifiable and generally more authentic, all without the help of traditional supervisory and regulatory bodies. The idea is simple: an internet where everybody pitches in and can be held accountable by every other person will make the world – and the internet a much better place.

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