

# Digital transformation in Central America and Caribbean banking: Demystifying Blockchain and Cryptocurrencies

## Webinar Recap

On, [Wednesday 15 June](#), we were delighted to receive Jonathan Emmanuel - Partner in Bird and Bird's Technology and Communications Sector Group; Dr Justin Ram Co-Founder and CEO of GSec & Justin Ram Advisory; and Michael Kessler - CEO and Founder at Daxnet Exchange and CEO & Founder of Tokenise, for the webinar, "[Digital transformation in Central America and Caribbean banking: Demystifying Blockchain and Cryptocurrencies](#)".

During this fascinating discussion, the panel explained the nuts and bolts of blockchain, setting out the new and exciting applications of this technology in the Caribbean, and around the world.

## Presentation Take-Aways

### What is a blockchain?

It is a decentralised and immutable distribution record which sets out a list of transactions that have been sent and validated by a peer to peer network. The information is stored in blocks, which are chained together in a database, this is the blockchain. Not all blockchains are designed to operate in the same way, software protocols dictate who, and how peers are able to access and engage with the network.

### Some key legal issue

Jonathan Emmanuel, Partner at Bird and Bird, explained that there are various legal issues raised by blockchain. Of note, regulators are struggling to keep up with the pace of development of the technology, and to create adequate legal frameworks for it. An obvious example of this is the General Data Protection Regulation (GDPR), a regulation setting out data protection rules for companies operating in the EU. The GDPR includes principles that are contradictory to blockchain technology, for instance the right to be forgotten, wherein data subjects have the right for their data to be erased. This is at odds with blockchain technology which is immutable.

There is also an ongoing debate regarding the benefits of public networks - accessible by all - versus private network, where there are greater controls on participants and information access. As much as the idea of a decentralised, publicly accessible system might appeal to some, it is unclear who would be liable in the event of a breakdown of the system. With private blockchain networks, rights and obligations can be more easily defined through contractual agreements.

### Applications

Blockchain technology has a range of exciting applications for the public and private sectors in the Caribbean.

In a region vulnerable to increasingly frequent and costly shocks, in which there are high levels of inequality, increasing citizen stakes in the national economy by facilitating their participation in financial markets will play an important role in fostering inclusive development. To that end, Justin Ram's GSec hopes to democratise investments using blockchain technology.

GSec aims to foster increased citizen engagement in public investments by making access to various securities via its platform more accessible to the lay investor. In addition to potentially broadening the pool of capital available to sovereign issuers, it would encourage the population to save and invest.

As for Michael Kessler's Tokenise, it proposes to disrupt and reimagine the stock exchange model through blockchain-based technology. Most SMEs are unable to raise finance on capital markets because the high cost of listing on an exchange is prohibitive. Furthermore, liquidity on stock exchanges, particularly national exchanges in the Caribbean, is limited due to the relatively small pool of investors trading. Tokenise's ambition is to create a global, 24hr exchange, in which companies from across the world can list, and investors can trade, in keeping with local and global regulations.