

## CFA Trending Topics

August 15, 2018

### Blockchain: from words to action

#### Key takeaways:

- "Blockchain" has become a favorite buzzword across industries, showing up twice as often in financial firm earnings calls and four times as often in tech industry calls vs. 2016.
- Recent announcements by large industry incumbents like Intercontinental Exchange, Walmart, Microsoft, Nestle, and Starbucks demonstrate how blockchain technology is moving from hype to implementation.

Blockchain continues to penetrate mainstream lexicon. Though citations over the last few years have mainly been limited to discussion of initiatives, blue chip companies are starting to spring to action, including those outside the Tech and Financial sectors.

On August 3, 2018, ICE (Intercontinental Exchange) announced the formation of a company, Bakkt, in partnership with Microsoft, BCG, Starbucks, among others. Aimed at developing an open source platform for access and trading of digital assets backed by the world's largest owner of exchanges, Bakkt would "help unlock the transformative potential of digital assets across global markets and commerce" according to its CEO. It will be launching in November pending regulatory approval.

IBM's Food Trust project aimed at streamlining the tracing of the food supply chain has also hit milestones in recent months. Food Trust partners include Walmart, Dole Food Co., Nestle, Driscoll's Inc., Golden State Foods, Kroger Co., McCormick and Co., McLane Co., Tyson Foods Inc. and Unilever NV. For potential food recalls, the technology allowed data to be processed within seconds, compared to a seven day period when blockchain is not employed, according to IBM.

Finally, the interest level in security issuance on the blockchain continues to increase, with the latest announcement from World Bank on a A\$50mm, two-year debt deal to be issued on the blockchain in a domestic Australian market transaction.

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J.P. Morgan Corporate & Investment Bank Marketing, 4 New York Plaza, Floor 12, NY1-E035, New York, NY, 10004-2413, United States.

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