
COMMENTS ON BLOCKCHAIN NETWORK SYSTEM FOR ASSESSING SMES' CREDITWORTHINESS

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SUMMARY

- **Revolutionizing** the way business operates;
- Giving **greater control of finances**;
- **Consumer Data Rights** in Australia.

Industry 4.0

- Cause of failure: financial policy/financial capacity;
- Government programs need **advanced accounting reports**;
- Owners' **limited knowledge** of risk credit.

Traditional Banks' Perspective

SMEs' Perspective

- The **primary financing sources** for SMEs;
- **Highly manual**
 - => data duplication, inefficient and expensive lending process;
- Data problems with SMEs + 2007 Financial Crisis + Basel III
 - => more **conservative**.

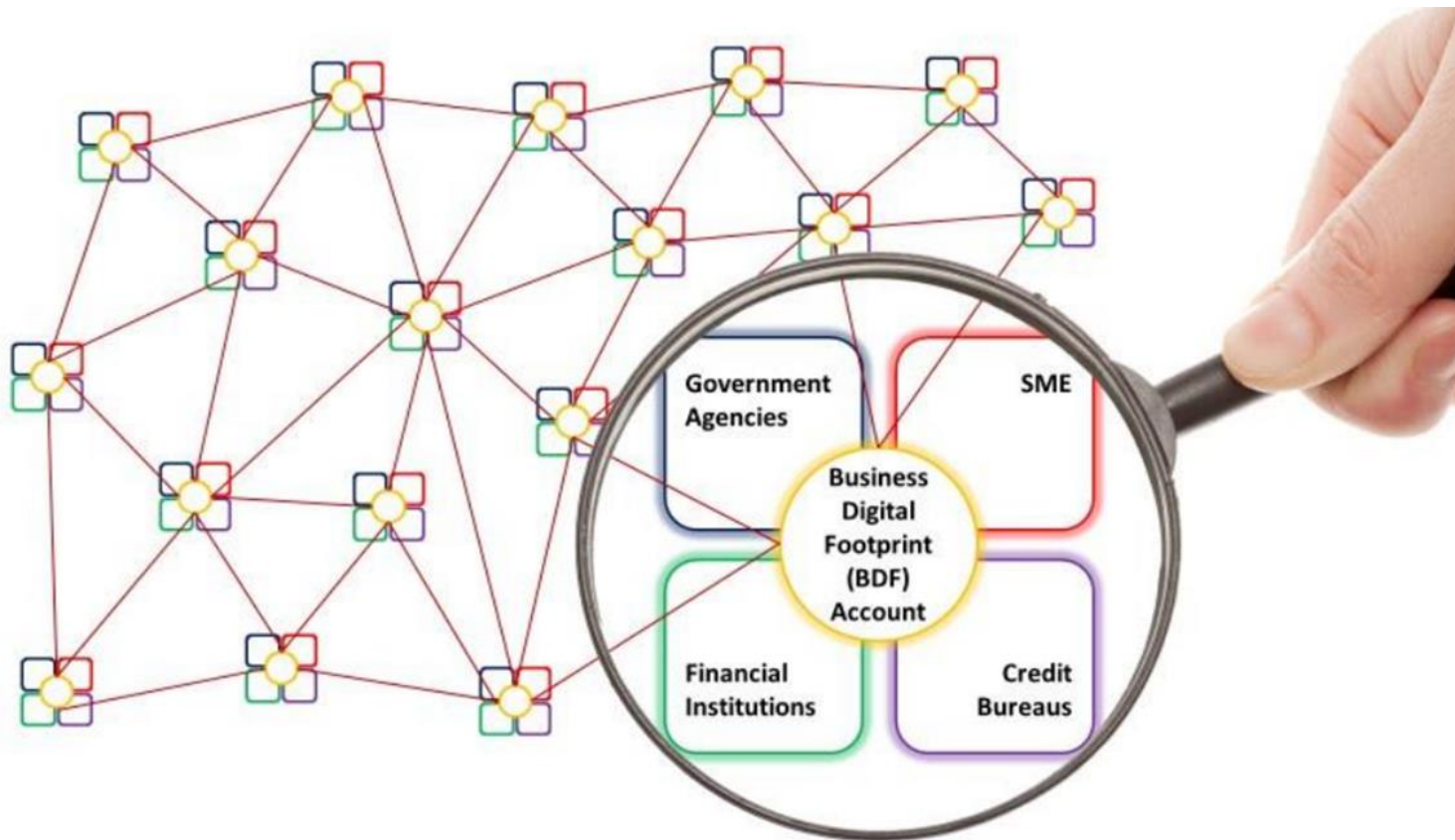


SUMMARY

- The introduction of the blockchain data management system can potentially lead to the introduction of **a single digital record for SMEs** giving them an opportunity of being **in charge of their proprietary data**, which comes from **verified sources** and could be supplied to external lenders to maximize their chances and speed of accessing debt financing.
- Blockchain Network System could be introduced as **a solution to the information asymmetry**.

SUMMARY

- This essay draws a vision for SMEs' financing under Blockchain technology, and presents a SMEs' credit risk assessment model in the presence of the Blockchain network system.



COMMENTS ON MODEL

- What is **the real difference between the** traditional credit risk assessment **model** and the model under Blockchain technology?
- More data? More efficient? More reliable? Less intermediates? Newer technology?
- What is **the real difference between the indicators** in the model under Blockchain technology and the indicators banks use today?
- More reliable? More convenient?

=>Technology and Asymmetric Information might only be **part of the story**.

COMMENTS ON SMES' FINANCING

- Why SMEs could get the loans under Blockchain model **but couldn't under traditional assessment?**
- Just because of asymmetric information? There might be some more reasons from both the traditional banks' perspective and the SMEs'.
- For banks, safety of principal/mortgage/...
- For SMEs, lack of fixed assets/small scale/...

=> **The Core- Trust: To make banks believe the SMEs are operating profitably.**

How? Taking the data of production and operation into the model, like amounts of water/electricity...

FOR FUTURE RESEARCH

- How to deal with **the contradiction** between SMEs' **privacy** and their duty to reveal their privacy if involving in the Blockchain system?
- Which entity is responsible for **bookkeeping** in the Blockchain system? What's their incentives?



THANKS FOR YOUR ATTENTION!