

SWIFT, Google and Bitcoin Blockchain

SWIFT

The global banking system is operated by financial institutions, which use a messaging system called SWIFT (like a corporate WhatsApp) to move money across borders and in different currencies. SWIFT has existed since 1973 and today it is owned by approx. 2,000 banks and overseen by 11 banks. Like WhatsApp, it time stamps and records all messages, but in this case the messages are about international money movements and serve as definitive proof that money was sent, received and tracked. In essence, SWIFT is a private and permissioned blockchain, where the validators and participants (banks) are known. These banks can control who is allowed in or out of SWIFT, meaning they can decide which other banks can participate in the global banking system.

Google Translate

Then in 2006, Google developed its language translator called Google Translate. One of the mechanisms that Google uses to translate between languages is using the English language as the execution layer (intermediary) for the simple reason that it is sometimes hard to translate between more complex (less universally used) languages. The user of Google Translate never knows that English is being used as the common language to translate from French to Spanish because the mechanism is so quick, but it is actively happening in the backend. This translation service is available because it operates as a service provided by a centralized institution that keeps track of user data: Google (i.e.: a single point of failure).

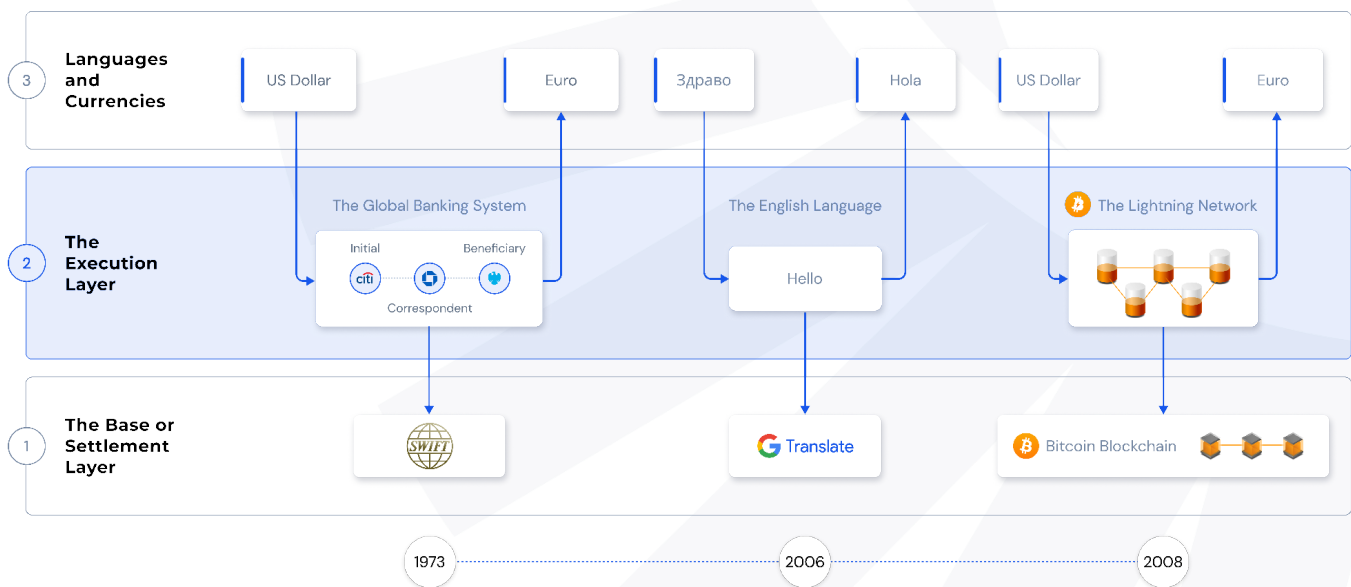
The Bitcoin Blockchain and The Lightning Network

Finally in 2008, Satoshi Nakamoto published the Bitcoin whitepaper and we are now witnessing its evolution via the Lightning Network. In the same way that Google Translate uses English as the execution layer to convert between different languages, Bitcoin uses the Lightning Network to convert between different currencies. Said another way, bitcoin is on its way to become the English language of financial transactions. Furthermore, it operates on top of the most decentralized and secure blockchain in existence where participants (node validators and miners) are free to come

and go as they please and not restricted as in SWIFT. The bitcoin blockchain gives financial access to any and all.

The next page shows a graphical representation of how these layered-based systems compare to one another.

SWIFT, Google and The Bitcoin Blockchain



Rodrigo Argüello
Managing Director
IBEX Digital Wealth Management LLC
rodrigo@poweredbyibex.io

Date of Publication: February 22, 2023

Please note that “Bitcoin” with a capital “B” refers to the Bitcoin protocol and blockchain,
while “bitcoin” with a lowercase “b” refers to it as a currency.

IBEX Digital Wealth Management LLC. 2023