

Local government supports blockchain's development

Guizhou plans to corner the market through early adoption of cutting-edge financial technology

By MASI and YANG JUN

Guizhou province is pioneering China's efforts to experiment with blockchain technology, following the inland region's continuous steps to promote big data industries.

Guiyang, capital of the southwestern province, rolled out a white paper in December, highlighting and outlining its ambition to leverage the blockchain to optimize governance, boost economic growth and enhance people's livelihood in the coming years.

The blockchain allows participants to track items or transactions on a shared digital "ledger", where any new transaction will be added at the end of the chain and all records are error-free and impossible to be tampered with.

Chen Gang, Party secretary of Guiyang, said the technology, which is behind the phenomenal popularity of the digital currency bitcoin, has far more potential beyond the finance sector.

"Blockchain technology is applicable in almost every type of business. It enables us to pass credit and value in a far better and efficient way," Chen said.

"Many blockchain enterprises are technologically strong, but find it hard to access appropriate application scenarios, just like a hammer looking for a proper nail to hit. We want to solve that," he added.

The inland city is building platforms to test the application of blockchain technology, including sub-platforms to pilot products.

Currently there are 12 application scenarios in Guiyang, including how to utilize the blockchain to further open government data, regulate internet finance, optimize supply chain management and offer smart transportation services.

Yang Dong, an initiator of Blockchain Joint Development Organization, which is dedicated to promoting blockchain technology in China, said compared with developed regions, Guizhou is relatively backward in economic growth, but that's exactly its strength in embracing new technologies.

"Local officials go all in for big data and blockchain sectors. The central government is giving strong support.

"The beautiful environment, relatively low housing and electricity costs are also attracting blockchain companies to settle in Guiyang," Yang, also a law professor at Renmin University of China, said in a forum earlier this year.



Staff explain the future plans for big data industries in Guiyang at the city's big data exhibition center. CHEN HUI / FOR CHINA DAILY

In fact, the city is already using the technology to manage its poverty relief fund, as part of Guizhou's broad plan to lift another 1 million people out of poverty this year and to call for targeted measures to ensure that assistance reaches poverty-stricken villages and households.

With the help of big data, people can identify those living in poverty, but it can't help accurately monitor the use of poverty-relief funds, therefore local officials rely on blockchain technology to better implement poverty alleviation measures, experts said.

Duan Xinxing, vice-president of OKCoin, an exchange platform for bitcoin, said that Guiyang is among the first group of cities to aggressively promote big data industries.

"Local officials have garnered experience in helping enterprises to realize their potential. If Guiyang can lure in more blockchain experts, it will gain the advantages of being an early adopter," said Duan.

The view is echoed by Yang from the Blockchain Joint Development Organization, which set up a headquarters in Guiyang last year.

"The lack of blockchain experts is the most pressing problem. More efforts are also needed to cultivate local professionals," Yang said.

Fortunately, the local government is moving swiftly in that direction.



A colorful data sculpture catches visitors' eyes at the Guiyang International Big Data Expo last year. YANG JUN / CHINA DAILY

50,000 to attend big data expo

The First China International Big Data Industry Expo will be held in Guiyang by the National Development and Reform Commission, the Ministry of Industry and Information Technology, the Cyberspace Administration of China and the Guizhou government from May 26 to 29 while more than 50,000 audience and over 400 enterprises will attend. The digital economy, blockchain technology and internet safety will be among main topics of discussion, officials said at a news conference for the event held in Beijing on March 30. Four summit forums focusing on blockchain technology, machine learning, artificial intelligence and intelligent

manufacturing will be held on May 26. More than 40 forums will be held after the event, including the Sovereign Blockchain Development Summit organized by the Internet Society of China. In December 2016, the Guiyang government published a document stating its plan to apply blockchain technology to political, civil and commercial circumstances and develop a group of innovative enterprises and commercial modes that can be promoted broadly. The applications include internet financial regulations, government information publicity, targeted poverty alleviation, medical health and freight logistics.

12

application

scenarios of blockchain technology in Guiyang

1m

people

to be lifted out of poverty this year in Guiyang through blockchain management of poverty relief funds

A vocational college was unveiled in March, which aims to cultivate about 2,000 people to work in the blockchain industry this year.

By partnering with premier universities, the institution hopes to nurture blockchain IT system architects, engineers and testing programmers.

The Guiyang Crowdfunding Finance Exchange, an organization promoting the application of blockchain technology, also teamed up with the Shenzhen-based Puer Back Blockchain Group to build a platform to trade blockchain related digital assets.

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Province looks to new trend in digital banking

By LIYOU and YANG JUN

Relying on big data and blockchain technology, Guiyang Data Investment Bank, a subsidiary of Zhongguancun Shuhai Data Capital Rating Center, is the first service provider in China to carry out data assets investment in the financial industry, said its senior executives.

"As everyone knows, the blockchain has become one of the most discussed topics in both the technology and financial industries," said Qin He, president of the bank.

"It can perfectly tackle information asymmetry, high transaction costs and trust crises among strangers in economic development."

Blockchain is an open and distributed digital ledger that can record transactions between two parties in a decentralized manner. Bitcoin became its core component after it was implemented by Satoshi Nakamoto in 2008.

Nowadays, the blockchain has been adopted broadly in financial and business sectors for its innate advantages.

"In the process of data asset investment, we apply blockchain technology to all aspects of business registration, such as the registration chain, evaluation chain, security chain and investment chain," Qin said.

Last July, Guiyang Data Investment Bank carried out data investment on the Zhongjiyun project of Beijing Yuxun Technology and obtained a 15 percent stake of the project.

Qin said that the application of blockchain technology to the financial field will change the transaction process and record-keeping, thereby greatly reducing transaction costs and improving efficiency.

In the fields of digital cur-

rency, cross-border payment, issuance and trading of securities, property transactions and protecting against money laundering, it has a variety of application scenarios.

"Therefore, you can say the blockchain is expected to change the fundamental rules of the financial system," Qin said.

"In the beginning of our company, Guiyang's government gave strong support in policy and in the company's business, making our company successful base in Guiyang, and allowing us to complete the first asset investment data service," Qin added.

Luo Jialing, director of the financial department of the Guiyang city government, said the application of the blockchain to the financial sector can effectively encourage the development of internet banking business in Guiyang and could better serve small enterprises and the real economy, laying the foundation for a truly inclusive financial environment.

She said that in the following five years, Guiyang aims to explore a number of blockchain applications to foster related innovations and enterprises, building up Guiyang as a blockchain innovation and demonstration center.

Guiyang will innovate its existing financing model to support blockchain enterprises.

The first phase will involve a 100 million yuan (\$14.5 million) investment in blockchain technology as a financial fund for related enterprises' innovation to create a robust financial environment for them, Luo added.

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Liu Wenxin (right), mayor of Guiyang, and Qin He, president of the Guiyang Data Investment Bank, attend the launching ceremony of the first data investment bank in China.

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Golden Stand, JD join forces to improve asset management system

By CHEN MEILING and YANG JUN

To better protect trading information, Guiyang Golden Stand Financial Technology in Guizhou province is cooperating with JD Finance this month to apply blockchain technology to a new asset management system.

The new system will better serve the institutions and individuals in the industrial chain of asset backed securitization, including securities brokers, trusts, accountants and lawyers, said Wang Kang, co-founder of the company.

"Blockchain creates a public account ledger for participants in ABS with a complete, transparent and traceable data base," said Wang.

"It can protect the information involved from being forged or tampered with and automatically conducts transactions without approval from any intermediary agencies."

Founded in 2015, the company received 10 million yuan (\$1.45 million) in investment from JD Finance, a subsidiary of China's leading e-commerce platform JD.com, to further back up the development of the asset backed securitization system.

Since its foundation, the company has served major domestic financial institutions, including China Minsheng Bank, China Merchants Securities and China Resources Trust.

Planet Miners, a mobile game launched by the company and China Minsheng Bank, is the first of its kind to popularize basic knowledge of blockchain technology among the public.

Planets of different colors represent the network nodes of the blockchain and the trading record during the game symbolizes the public account ledger, available to check and forbidden to tamper with, Wang said.



Data experts resolve technical issues at the Guiyang Golden Stand Financial Technology.

YANG JUN / CHINA DAILY

The company established a cloud services platform for China Minsheng Bank incorporating blockchain technology, through which 100,000 online transactions can be dealt with each night.

"The blockchain can sig-

nificantly change the traditional modes of trading, clearing, risk control and supervision among financial institutions," Wang said.

"However there are still technological limits, such as long response time, which

will take several years to improve."

Wang said the company is based in Beijing, Shanghai, Shenzhen and Guiyang, and has established cooperation agreements with Guiyang Bank and the biggest securi-

ties broker in Guiyang, Huachuang Securities.

"Guiyang has strength in developing the blockchain thanks to its natural environment," he said.

"The company can fit well in a city where big data plays an important role in its development."

Tang Zhenjiang, director of Guiyang Big Data Development and Management Committee, said financial systems based on the blockchain could decrease costs in trading, increase efficiency in payment and meet customers' demands for the recording and supervision of data.

"It is a reconstruction of big data. The blockchain will be the new engine of the digital and shared economy due to its P2P transactions," Tang said.

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Blockchain creates a public account ledger for participants in ABS (asset backed securitization) with a complete, transparent and traceable data base."

Wang Kang, co-founder of Guiyang Golden Stand Financial Technology