Business School Programs Explore Disruptive Bitcoin Blockchain

Courses assess impact of cryptocurrency’s technology

Written by Seb Murray (http://www.businessbecause.com/resume/seb-murray) | Making The Headlines | Thursday 8th October 2015 21:37:00 GMT

The bitcoin blockchain (http://www.businessbecause.com/news/mba-entrepreneurs/3143/mba-entrepreneurs-exploit-bitcoin-technology) is a buzzword fizzing through businesses everywhere. So it should come as no surprise that the world’s top business schools are beginning to decode the potentially revolutionary digital currency and its underpinning technology.

New York’s Stern School of Business (http://www.businessbecause.com/nyu-stand) will next month launch a new executive program to explore bitcoin, after first edging the topic into its MBA program last year.


David Yermack, professor of finance at NYU Stern and a pioneering bitcoin academic, says: “Mobile payment systems and the nature of money are changing very rapidly and any business school student should be aware of this.”

The blockchain has both Silicon Valley and Wall Street chomping at the bit. The record of asset ownership that is bitcoin’s foundation, the blockchain works by sequentially ordering blocks of transactions into a chain.

This has vast potential use for banks and other financial service providers. A report by Santander InnoVentures, the Spanish bank’s venture capital


(This is may be the most interesting aspect of bitcoin," says NYU Stern's David.

"I think there will be a lot of innovation in this area," he adds. "I think that many of the major banks may also use blockchain technology to create internal systems for transferring money across borders or between banks."

Indeed, Citigroup, Morgan Stanley and Bank of America are among 13 banks that recently joined an initiative to develop blockchain technology for the banking sector, R3.

The banks' excitement around bitcoin is matched by NYU Stern's rival US schools, such as Duke University's Fuqua School of Business, which this year began teaching a course — Innovation and Cryptoventures (https://faculty.fuqua.duke.edu/~charvey/550crypto.htm) — that tries to assess the potential for bitcoin's technology to disrupt the way we transact, verify ownership, and construct financial contracts.

"Any simple financial contract can be included in the blockchain," says Professor Campbell Harvey at Duke Fuqua. "This means that this decentralized technology has the potential to threaten centralized technologies like stock exchanges."

Sensing the threat, US stock exchange Nasdaq has pledged to use blockchain technology developed by Chain, a start-up, for its new private share trading market.

“They decided to embrace the future rather than take the chance of being left behind in its dust,” says Campbell.

Despite bitcoin scandals, such as the collapse of MtGox, in which the exchange lost $500 million worth of bitcoins, he says that bitcoin has the potential to "fundamentally change the way business is conducted," adding: “Anyone who works in finance needs to be aware of the potential.”

Duke Fuqua's program is also focused on bitcoin entrepreneurship. Start-ups are driving up the blockchain's profile and investment has flooded into the sector.

According to the latest research from Coinbase, in June this year 113 bitcoin start-ups had been backed by venture capitalists, with all-time bitcoin VC investment reaching $832 million.

Top bankers have also joined the blockchain start-up scene, such as former JP Morgan banker Blythe Masters, as well as Duncan Niederauer, former New York Stock Exchange chief executive.

Business schools including Berkeley-Haas, Harvard, and USC Marshall have held large bitcoin events on their campuses. MIT, where some shops accept bitcoin as payment, holds the annual Bitcoin Expo, with 2015's speakers including Gavin Andresen, chief scientist at the Bitcoin Foundation, and Charlie Lee, who created Litecoin, another digital currency.

Dan Elitzer, an MBA graduate of MIT Sloan School and founder of the MIT Bitcoin Club (http://bitcoin.mit.edu/), believes blockchain technology has the potential to impact the global economy on the same scale of the internet.
“We are still in the early days, but as future leaders of industry, business students need to be alert to how bitcoin could change longstanding assumptions about financial flows, regulation, [and] competitive advantages,” he says.

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