

Microsoft teams with Bank of America on 'blockchain'

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Microsoft and Bank of America Merrill Lynch on Tuesday announced they are working together to make financial transactions more efficient with blockchain technology—the foundation of bitcoin digital currency.

The companies said they will build and test frameworks for blockchain-powered exchanges between businesses and their customers and banks.

Blockchains are considered tamper-proof registers in which entries are time-stamped and linked to previous "blocks" in a data chain.

Blockchains serve as public ledgers considered easy to audit and verify. They are also automated, speeding up transactions and limiting potential for error or revision.

Microsoft planned to use its Azure cloud service platform to enable blockchain transactions between a major corporate treasury and a financial institution.

"By working with Bank of America-Merrill Lynch on cloud-based [blockchain technology](#), we aim to increase efficiency and reduce risk in our own treasury operations," Microsoft chief financial officer Amy Hood said in a release.

"Businesses across the globe—including Microsoft—are undergoing digital transformation to grow, compete and be more agile, and we see significant potential for blockchain to drive this transformation."

Processes underlying trade finance processes are highly manual, time-consuming and costly, according to the companies.

Blockchain technology can digitize and automate those processes, along with allowing for data to be quickly analyzed and audited.

"The potential benefits of blockchain will help drive meaningful supply chain efficiencies to the clients of both Microsoft and the bank," said BAML head of global transaction services Ather Williams.

Blockchain technology debuted in 2009 as a public ledger for digital currency bitcoin, but its potential for securely tracking transactions has it being eyed for other uses.

Microsoft Azure Blockchain as a Service was introduced late last year, boasting global scale, high-grade security, and regulatory compliance.

More than 80 percent of the world's largest banks are Azure customers, according to US-based Microsoft.

Azure competes with colossus Amazon Web Services in providing businesses computing capabilities in the internet cloud.

Microsoft and BAML made their announcement at a Sibos financial services event in Geneva, where they planned to demonstrate blockchain technology.

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