

Singapore tests digital currency system to ease bank payments

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A Bitcoin dispensing machine at a shopping mall in Singapore

Singapore will launch a new electronic payment system using blockchain, the technology behind the cryptocurrency Bitcoin, the city-state's central bank chief said Wednesday.

The Singapore stock exchange and eight banks will take part in the pilot project, which includes [payment](#) between banks, said Monetary

Authority of Singapore (MAS) chief executive Ravi Menon at the Singapore Fintech Festival.

Blockchain technology debuted in 2009 as a public ledger for the [digital currency](#) bitcoin, but its potential for securely tracking transactions has meant it is being eyed for other uses.

The [pilot project](#) aims to integrate the service into the mainstream as the Southeast Asian country seeks to become a regional hub for new financial technologies.

During the pilot phase, banks will be able to purchase a [virtual currency](#) regulated by the MAS, which can then be used for an inter-bank payment. The digital currency can then be redeemed for cash.

This removes a need to send instructions through the MAS, a process that adds time and cost to the payment process, Menon said.

He added: "The next phase of the project will involve transactions in [foreign currency](#), possibly with the support of another central bank."

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 limit potential for error or revision.

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