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Review of the Methodical Manual “Methodology for Determining Whether a Blockchain Token Corresponds to a Digital Asset”, author Kud A. A.

Professor Athavale V. A. (Reviewer)¹

¹ Panipat Institute of Engineering & Technology,
Samalkha, Panipat, Haryana, India

Review:

Blockchain, so enthralling is that it ties in with technology, economics, and psychology. In this manual the author has explored it from a legal perspective, as well. Is that why people get so excited about blockchain – because there are so many different areas to think about? The fact that it is so multidisciplinary is actually more of a challenge for people than what gets them into it. Almost no one has the requisite expertise in all these different areas, so it leads to a lot of misunderstandings where people think they understand what’s going on, but only see one part of it.

The manual describes the characteristics and indicators of a blockchain token to be considered as digital asset. Author has logically projected that digital assets may become universally recognised equivalent of value and have a legal tender status. In such a scenario this manual provides a credible tool to the practitioners in the field of finance to determine whether the characteristics of a blockchain token correspond to those of a digital asset.

In the theoretical discussion author has beautifully explained the basic terms related to a blockchain token, to provide clarity at a glance, regarding the terms “digital asset”, “digital currency”, “virtual currency”, “cryptocurrency”, “virtual money”, “electronic money”. The analysis of all the terminologies have rightfully led to the conclusion that in most of the concerns digital asset means cryptocurrency.

Author's approach in classifying the term digital asset with reference to the four components namely economic, legal, information and value is really commendable. The explanation is self satisfactory to showcase the huge potential of digital assets for real sector of economy and that's why there is a strong need for legal regulation.

The methodology of principle of equivalence of categories proposed by the author to diagnose the equivalence of a blockchain token to a digital asset is fairly simple and reliable as all the nine categories “uniqueness”, “identifiability”, “regulability”, “sessionality”, “derivativeness”, “verifiability”, “transparency”, “decentralisation and “accountability” elaborated optimal characteristics to be at par with the existing international legal standards.

A fairly simple and reliable mathematical formalization is there to determine that the diagnosed blockchain token corresponds to a digital asset.

With all such incredible features the manual is really invaluable to all the practitioners’ as blockchain technology is rapidly changing landscapes of human life by bringing in efficiency both in terms of time and money.

Inclusion of a thesaurus has really added a great value to the manual which provides conceptual clarity about the widely used terminologies in the context of blockchain technology.

References:

Kud, A. A. (2019). *Methodology for Determining Whether a Blockchain Token Corresponds to a Digital Asset: methodical manual*. Kharkiv: KRPOCH. doi:10.26697/9786177089079.2019

Information about the Reviewer:

Athavale Vijay Anant – Doctor of Philosophy in Computer Science, Dean – Engineering, Professor CSE, Panipat Institute of Engineering & Technology, Samalkha, Panipat, Haryana, India.

Research interests: information system, data analytics and image processing, game changing technologies (Blockchain, IoT etc.); <https://orcid.org/0000-0002-6812-5198>

Email Reviewer:

vijay.athavale@gmail.com