



EXPLORING THE LEGAL LANDSCAPE OF BLOCKCHAIN TECHNOLOGY.

- ✓ What is blockchain?
- ✓ How does blockchain work?

Tech Tuesdays *With Musa.*

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Blockchain, also known as distributed ledger technology, is a distributed and decentralized digital ledger technology used to record transactions across multiple computers in a way that ensures the security, transparency, and immutability of data. The technology offers a secure way for individuals to deal directly with each other, without an intermediary like a government, bank or other third party.

When we say blockchain is decentralized, we

mean that the blockchain is not controlled or owned by a single central entity or authority. Rather, control, decision-making, and data management are distributed across multiple participants in the network. The participants agree on what the true ledger or set of transactions that have happened is. Therefore, anytime there is a change, or a new transaction is recorded, the message is broadcast out to anyone else monitoring the blockchain to add the transaction to their ledger.

How does Blockchain work?

To explain how blockchain works, we'll use bitcoin as an example. After all, it is the most documented implementation of blockchain technology.

Say for example, I pay you \$300 in bitcoin (300BTC). This is what would happen behind the scenes:

1. The transaction is entered and transmitted to a network of powerful computers, known as nodes.
2. This extensive network of nodes, dispersed worldwide, competes to validate the transaction through computer algorithms, a process commonly known as Bitcoin mining. Miners are like digital bookkeepers who check and confirm the transaction. They compete to do this, and the first one to confirm it adds the transaction to a "block."
3. The other nodes on the Bitcoin network also check the transaction to make sure it is valid and not fraudulent. They need to agree before the transaction is fully approved.
4. Each new block is linked to the previous one, forming a chain of blocks. This chain records all Bitcoin transactions ever made.



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5. Once a transaction is approved and added to the blockchain, it is considered complete. The Bitcoin ownership is transferred from me to you, and the transaction is permanent and secure.

This same process would apply to other applications of blockchain such as voting systems, intellectual property protection and smart contracts, which we will learn more about next week.

If you have interest in an in-depth discussion on this subject matter or any Technology law related issues, feel free to contact us at info@gobhozalegalpractice.co.bw

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