Adapting to change and consensus

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If the now distant UN COP26 “Conference of the Parties” and the conflict being fought between Ukraine and Russia has taught us anything, it is that we cannot be complacent, and that serious implications continue to emerge regarding international and domestic security, with spiraling costs of energy, fuel and food.

The unprecedented challenges presented by current disrupted supply chains, open warfare and pressure on local economies requires that nations act with political unity.

Whilst some powers are keen to rip up the rule book by destroying infrastructure, property and even the way of life through military action, protecting the environment is still a major global objective through agreed closer political and economic ties and above all leave a cleaner planet with consensus for future generations.

And consensus is not just confined to politics. Banking and insurance are active sectors in not only exploring but implementing practical solutions which will protect and promote future trade.

From standardised Basle III compliant policy wording in insurance markets to interoperability in open banking platforms, the challenge is on. Above all there seems to be more global acceptance to take on the investment and navigation through new technology projects with blockchain and Ai elements, with a vision to improve systems, supply chain effectiveness and services.

With a raft of new ideas in the digital space, advanced technologies, emerging players in fintech challenging traditional delivery methods, the key drivers to competitive, sustainable international trade will be standardisation, rationalisation and re-usability of processes.

And this drive for smarter, faster, more efficiency and trusted process is not from the industry, but from savvy tech-enabled consumers. Customers are reverting to pre-pandemic demand for goods, not only defined as what they need, but what they want and can easily get, as consumerism through the power of advertising re-emerges.

As the world becomes ever riskier through cyberattacks, ongoing shortages, trade disputes, and active conflicts in over 40 countries, consumers are seemingly unphased by the underlying problems surrounding current issues with global supply chains. A possible lack of Christmas turkey and cheap toys seems to be the biggest issue for many.

But let us get back to consensus.

Amongst its many forms is the proliferation of free trade agreements. In Africa, putting aside, nationalism, protectionism and isolationism, long debated differences between nations have finally resulted in 54 participants able to exploit the new demand for raw materials and services.

From vaccines to technology, the means and finance have been made available to build manufacturing centers, reduce dependency on expensive imports and export more competitively by supplying finished goods to new markets.

More importantly, the example of the African AfCFTA gaining consensus, with several nations agreeing process, taxonomies, customs duties, acceptable documents, payment methods, infrastructure routes, all in the name of building resilience, creation of wealth in like-minded countries is one where the continent may greatly benefit. Apart from immediately taking on cost-effective advanced communications 5G networks in preference to latent 3G, there has been an immediate uptake of smart mobile technology for payments, and use of sophisticated applications (for example created by new technology centres in Ethiopia).

These new apps are helping farmers and remote communities improving crop yield, and entrepreneurs to realise new projects providing gateways of access to enfranchise and lift some 30 million people living in extreme poverty, the unbanked without bank accounts or financial security, to realise real income gains.

The consensus model for Africa will change perception, allowing it finally to be seen as a global collective powerhouse. No longer the continent to be feared or exploited but a major player in supply of the worlds limited precious resources.

Africa has the potential to create more goods locally and become more self-sufficient as opposed to remaining a victim to large economic forces, excessive loans and dependency on both international and charity. Without investment and further industrial development, it is forecast by The World Bank that by 2030 Africa could be home to 90 percent of the world's poor.

Ultimately, by standardising and harmonising both international and domestic regulatory practice, reducing and uncomplicating tariff barriers and minimising punitive tit-for-tat tariff measures, technology will assist with economic effectiveness, digitising documents and digitalising process for faster, trusted, cost-effective outcomes for all.

Today, multilateral and bilateral agreements between nations number in the hundreds, covering geography, farming, IT, intellectual property, and all manner of collaboration, where the goal is not always profit but fair, sustainable, ongoing trade.

The importance of these agreements and their action cannot be underestimated, and whilst we are in the later stages of the pandemic, with signs that trade is edging back to pre-covid levels, there is cautious optimism of normality on high streets and improved global trade albeit with higher prices.

In addition to international trade, consensus checking is a major element driving the power consumption required for validation of computational transactions. As ''consensus protocols form the backbone of blockchain by helping all the nodes in the network verify the transactions, making sure one hacker cannot access more than

51% of the nodes and therefore gain control, vast arrays of computers are now required to be the first to validate and then earn from the process.

There is always a price to pay. In the early days, a simple home computer could validate the transaction, consuming a negligible amount of electricity. But with multiple coins and enormous demand to earn (rewards equate to approximately 6.25 new bitcoins for guessing the hash key correctly) it is no surprise that mining can be very lucrative but needs major investment.

Due to the scale and size of the Bitcoin public ledger, distributed across many multiple network nodes, it is estimated that today, 12 years of household electricity is consumed per coin mined, a staggering cost, and this in turn fuels demand for faster devices, more efficient semiconductors, better cooling systems and higher pressure on electricity supplies.

According to the New York Times, the process of creating Bitcoin to spend or trade consumes around 91 terawatt-hours of electricity annually, more than is used by Finland, a nation of about 5.5 million, affected globally by rising energy costs.

As acceptance of crypto sways between full country adoption and legislative and regulatory suppression, it will be fascinating to see how mainstream crypto becomes, how consensus protocols which favour large arrays will flourish and to what extend the world can satisfy its thirst for energy in these uncertain times.

In conclusion, adapting to change in financial markets is a must, as global companies cannot rely on past performance, past glories, past budgets or past organisational structures.

As the businesses of the world embrace digital processes, we see change in working practice, more cross-border agreements, new international entrants to support supply chains, new economic centres and mobilisation of people, and witness a greater migration from agriculture (with new productivity methods such as vertical farming requiring less manual labour) to industrial centres.

Companies are at a critical stage, and as costs rise just to stay in business they must all plan, prepare and act in handling change immediately if they are to compete, work with consensus, collaborate and continue to exist in our new world. The time is now.