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# BLOCKCHAIN IN CHARITY AND AID SECTOR

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A Quick Summary



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### CHARITY AND AID

Charity and Organisations faced criticism over misusing or abusing the donations which caused decline in trust towards these organisations. This is usually rooted to the fact that the donations as well as the transactions carried out to donees have not been transparent enough for both parties.

Additionally, they also arguably struggle with ineffective and underfunded administration who is not able to direct the collected donations frequently and sufficiently which may cause the most vulnerable and needy to be missed out. (Köksal, 2019)

Currently it is the governments' and regulatory bodies' duty to oversee a set of rules to monitor the charity and aid organisations. In the case of a rule/regulation not followed correctly/sufficiently, the overseeing body has the authority to practice their power. However, rather than a reactive solution to the problem of transparency and speed for donations, a proactive, error-free approach would be beneficial for both the organisations and the donors.



Specific areas of interest for Charity and Aid Organisations and how Blockchain Technology will address these areas are summarised below (Blockchain Use Cases: Charity, 2019):

- **Transparency:** As the records kept in Blockchain Technology are immutable, this introduces a higher level of trust and transparency to the process and reinforces charity organisations' reputation.
- **Decentralisation:** Most blockchain networks do not depend on centralized government or authority of some sort as they offer high degrees of decentralization. This means, donations can move directly from donors to charities and from charities to donees.
- **Smart Contracts:** Any type of agreement between donors, donees and charities can be recorded in the form of smart contracts on top of Blockchain Infrastructure and any conditions for a transaction can be digitally programmed.

Reduced commission fees due to transfer: International money transaction costs can be significantly high and this has been one of the pain areas for charities. Blockchain solutions also address this by allowing even micro amount transactions with considerably low commissions.

### Stakeholders

Charity Management, Donors, Donees, Government, Supervisory/Monitoring Bodies

### Asset Type

The type of tokens in this sector are generally payment tokens with exceptions.





### References

Blockchain Use Cases: Charity. (2019, 12 09). Binance Academy: <https://www.binance.vision/blockchain/blockchain-use-cases-charity>

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