



The Reality of Blockchain and Its Limitations

I read with interest the introduction to the June 2018 technology issue of The CPA Journal and the articles related to blockchain technology. I found the blockchain articles well informed, and they resonated with me as an information technology professional.

Taking a broader view, however, no real argument was made about the effects that this technology can bring to the performance of CPAs' daily tasks. This lack of direct effect is due to the fact that changing the underlying technology of most financial systems does not really change the analytical work that CPAs do. Furthermore, it is likely that for CPAs not trained in technology, much of the discussion was over their heads. In short, we should have perspective about the real effect—now and in the foreseeable future—of blockchain on the various tasks that CPAs perform.

In the main, blockchain is a foundational technology, much like previous database systems that have been used over the decades. Just as in the past, the analytical skills of CPAs will generally neither be augmented nor replaced by such underlying technology. For example, there are some who try to seek a connection between, say, blockchain and a reduction in audit risk components. Blockchain, like relational databases and even flat file technology before them, is only as good as the applications logic coded to utilize it. In this example, the fidelity of the underlying database is helpful to be aware of, but it is the information system that uses the technology that really matters.

The readership of The CPA Journal will be best served if it can learn about blockchain technology, as it is always important to progress, but also put it in its place as a means to an end, not the goal itself. I wish to thank the authors of these articles for these excellent reviews, and to put this knowledge in perspective for the readership.

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