Smart Contracts: A Tool for Bank Lawyers, Not a Replacement

Banks' interest in smart contracts could lead them to beef up their legal departments in the near term, as the financial industry and regulators alike continue to wrestle with the implications of blockchain technology, writes **Brian Patrick Eha** of ***American Banker***.

In his article Eha explains that "a smart contract is a piece of software that executes its terms automatically and encodes rules agreed upon by all parties. Smart contracts are decentralized – living on a blockchain – and transparent, viewable by all parties. They can be used to transfer value, and that transfer is triggered in response to certain events."

"What if smart contracts were to catch on? Ideally, the code would be reusable in the form of templates, cutting down on legal busywork. Just not all legal work," according to the article.

Read the article.