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Public Finance and the Fintech Frenzy.

Innovators, investors and practitioners are on the hunt for fruitful applications of blockchain and other evolving financial technology. Undoubtedly some of their ambitions will involve government finance. Which ones might actually pan out?

When bitcoin ignited the cryptocurrency craze back in 2009, most investors and public officials had never heard of the blockchain technology that underlies it, or they knew just enough about it to believe it could soon be the next Internet in terms of its impact. For now, artificial intelligence has displaced the blockchain and "smart cities" as the flavor of the year on Wall Street and in public management, with its potential to enhance operational productivity and even the policymaking process of budget-cutting.

But as blockchain and other forms of advanced financial technology — "fintech" in industry argot — evolve, they are already making inroads into public finance. The challenge is to separate the noise from the signal. More importantly, public officials must also be watchful for those nasty laws of unintended consequences. Technology can be wonderful in driving improvements in public services and financial efficiencies, but its proponents often have a blind eye to unpredictable negative outcomes.

That warrants a closer look at the cutting edge of governmental fintech. It all began on the crypto front, as speculators bid up the prices of numerous cryptocurrencies. This infatuation has blossomed to almost-mania levels. Meanwhile, the allure of stablecoins, tokens, and permanent financial and property ledgers all residing on blockchain systems keeps feeding the imaginations of private investors and various public officials alike.

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OPINION | September 16, 2025 • Girard Miller

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