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What are Blockchains Oracles and what do they mean for the crypto?

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Oracles are absolutely essential to developing better and more useful blockchains, and learning their roles in the crypto space and the stock market provides a better understanding of where technology and finance are headed in the future.

As advanced [blockchains](#) use smart contracts (agreements on the blockchain which only execute if certain conditions are met), the role of blockchains oracles is quickly becoming more and more important, but can they take the stock market to a completely new level?

First, understand how smart contracts work

Smart contracts have gone from simple lines of code which stated, for example, “if User 1 gives User 2 10 X tokens, then User 2 will in turn give User 1 5 Y tokens”, to now requiring for certain real-world, real-life conditions and events to be verified and reported, meaning that they have finally “breached” into the real world.

As an example of this, theoretically you can now write insurance contracts where a user commits to paying a monthly premium and, in the event of a flood, house fire, and so forth, the smart contract will pay him or her a specified amount. Or a farmer can do the same as means to protect his or her crops.

The question you are probably asking is obvious: how would a blockchain know if a house burned to the ground or a farmer lost his or her crops?



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What are blockchains Oracles?

An oracle is a trusted third party which feeds the blockchain or smart contracts with reliable data outside the information it could have access to.

As a blockchain is only programmed to store data and transactions, it is not able to “see” outside of its own code, as such, it is simply not possible for it to query an online search engine, to ask for more information, and to verify the authenticity and veracity of its results.

As such, smart contracts can be written in a way which they rely on trustworthy third parties with said processes (Oracles).

An important clarification must be made here: oracles are usually code which users trust and not a real physical oracle.

What is Blockchains Oracles’ role in the stock market?

An oracle can be programmed to return innumerable information, including stock prices.

As such it is not a very big step from here to creating a price oracle, meaning a synthetic token which follows the price of a stock.

This means that price data can easily be streamed right onto the blockchain and by doing so, investors from all over the world could invest in stocks without ever having to present their social security numbers, report their taxes, and so forth.

It would basically operate as a mirror protocol such as the M-GOOG token, a token which was

developed to exactly mirror the price of the real Google stock.

It may not be too long before we finally see a fully decentralized stock exchange on the blockchain.

Many projects claim they will be the future of finance, but the most important question remains: which project will ultimately do it?

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