

## 2.3.2.5 Hybrid Networks

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A **Hybrid Blockchain** is unique in that it is decentralized while also making it possible to restrict the visibility of information on the network with a combination of [public](#), [private](#), [permissionless](#) and [permissioned Networks](#). Thus, a hybrid [blockchain](#) is appealing for regulated markets as it offers the benefits of public blockchain and private blockchain together.<sup>1)</sup>

The hybrid blockchain's decentralized, secure, transparent, and [immutable](#) nature provides benefits similar to those offered by [permissionless](#) and [public](#) networks: it allows for restrictions on rights to view, modify, and append/approve transactions to approved participants. In simple words, if a network member does not want their transaction data to be visible or accessible without their permission, they can earmark particular rights to view, modify, or get into consensus with different members.<sup>2)</sup>

### Benefits of Hybrid Networks

- **Private Transactions**

Transaction are private but verifiable using the [ledger's](#) immutable data objects (i.e., leverage its public state). In its public state, each transaction gets approved by a massive network and is essentially secure and trustworthy. Hence, there is no need for a central [Governing Body](#) or an exhaustive chain of intermediaries to supervise things. So, any change done to a transaction will undergo a “kindred” approval process, making it next to impossible for a single actor to meddle with the transaction or entries<sup>3)</sup>.

- **Equality**

Everyone in the network has equal rights to view, modify, and append their consent to a transaction. In addition, the identity of transacting parties is never disclosed to all the visible network participants.<sup>4)</sup>

- **Non-Repudiation**

Anonymity is simply not acceptable to financial institutions and regulated industries with their strict [Know Your Customer \(KYC\)](#) standards.<sup>5)</sup>

- **Confidentiality**

Unrestricted visibility of the public state of the network exposes all the data to a colossal network breach, which is counter to data confidentiality obligations, as well as their business concerns.<sup>6)</sup>

<sup>1)</sup>

“Hybrid Blockchain: Decentralized Option for Highly Regulated Markets - Few players in highly regulated markets have adopted blockchain technology. However, hybrid blockchain will change this.”, Mina Down, 14 November 2018

<https://blog.goodaudience.com/hybrid-blockchain-decentralize-highly-regulated-markets-900f30a37903>

<sup>2)</sup> <sup>4)</sup> <sup>5)</sup> <sup>6)</sup>

“If you Thought Blockchain was Amazing, Wait till You Read about Hybrid Blockchain”, Atul Khedade, 20 January 2018, <https://www.entrepreneur.com/article/307794>

3)

“If you Thought Blockchain was Amazing, Wait till You Read about Hybrid Blockchain”, Atul Khekade, 20 January 2018, <https://www.entrepreneur.com/article/307794>. This article uses the term “agnate approval” rather than “kindred approval”; however, [agnate](#) limits a [kindred](#) relationship to males only. Thus, we prefer the term “kindred” over “agnate”

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