iJRASET
International Journal For Research in Applied Science and Engineering Technology

INTERNATIONAL JOURNAL FOR RESEARCH

IN APPLIED SCIENCE & ENGINEERING TECHNOLOGY

Volume: 13 **Issue:** V **Month of publication:** May 2025

DOI: https://doi.org/10.22214/ijraset.2025.70024

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International Journal for Research in Applied Science & Engineering Technology (IJRASET)
ISSN: 2321-9653; IC Value: 45.98; SJ Impact Factor: 7.538
Volume 13 Issue V May 2025- Available at www.ijraset.com

Blockchain based Transactions in any Financial Application

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Abstract: ***The financial industry recognizing blockchain technology as ever-changing force that changes how the financial systems are working. The tech-nology allows organizations to build financially secure and transparent systems which avoid central control by any single authority. This research explores the development process of implementing blockchain technology for a financial application. The application merges multiple blockchain elements namely smart contracts and distributed ledgers and the InterPlanetary File System to solve current financial transaction problems. Traditional centralized go-betweens lead to the typical issues which include high costs together with slow speeds and the possibility of fraud. Our system aims to deliver a risk-free platform which ena-bles users to conduct safe monetary deals and digital asset management while facilitating peer-to-peer trading.***

The functionality of this application is achieved through Ethereum smart contracts. Financial data recording through these contracts results in non-changeable information that can be verified easily through automatic transac-tion processes without human approval steps. The system combines IPFS stor-age with transactions to preserve related files and images. The system maintains better security and scalability through this implementation. The system operates on Python as the foundational framework together with Django service for dif-ferent user categories including service providers and consumers. Standard us-ers and service providers each have special functions including product listing and wallet management and secure payment capabilities.

Keywords: Blockchain, Financial Technology, Cybersecurity, Smart Con-tracts, IPFS, Ethereum.

I. INTRODUCTION

Blockchain technology emerged to support Bitcoin cryptocurrency operations but it has surged to leadership status as a disruptive financial industry technology. The blockchain framework has developed far off its initial roles in digital currency to become an multiskilled system which restructures functioning of financial systems. Blockchain assumes its position as an essential framework in finance through trust-building operations that demonstrate profound and extensive impact on financial applications regarding their future development.

Smart contracts implemented through blockchain technology increases its financial value. Smart contracts embedded directly onto blockchain activate on their own to manage essential processes that involve fund transfers and payments with settlements. Smart contracts eliminate intermediary requirements to reduce both operational delays together with human error thus improving workflows which were traditionally slow due to prolonged bureaucratic processes. Record transparency coupled with data security functions of block chain effectively solves current compliance issues together with preventing financial fraud.

Major international financial institutions along with government bodies give large financial support to block chain development because they know its ability to enhance security protocols and transparency systems and processing efficiency. The proposed investigation creates block chain functionalities to establish an application solution for existing system flaws. Risks to transparency together with inefficient processes along with security weaknesses of traditional financial platforms lead to decreased trust levels that hinder development. The distributed design of blockchain enables this project to create an enhanced secure system that serves users of all levels. This research applies blockchain technology to practical applications to demonstrate how it solves financial problems which lead to operational systems that merge increased efficiency and equality.

The research contains the following main goals:

1) Evaluation of standard financial system constraints will occur during this study while exploring blockchain solutions for those problems.
2) The project requires the development of a financial application prototype that combines blockchain technology along with smart contracts.

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3) Secure and scalable file management capability through decentralized storage implementation makes up a part of the study objectives.
4) The project prioritizes developing an interface which delivers smooth user-blockchain function interactions.
5) The system assessment includes feasibility analysis alongside security measures and effectiveness evaluations when testing the developed system

II. LITERATURE REVIEW

Blockchain technology has developed from its original role as cryptocurrency in-frastructure into a core operational base for protected and distributed programs that mainly operate in financial networks throughout the last ten years. The initial studiesexamined Bitcoin because it brought forward the decentralized ledger approach for making peer-to-peer digital payments. The Bitcoin technology inspired developers to create Ethereum because this platform increased blockchain functionality through its implementation of smart contracts that carry out automated transactions without addi-tional institutions.

The developed innovative blockchain solutions are presently investigated for de-ployment throughout banking systems and asset management as well as trade finance operations and international payment processing. Blockchain technology now plays a vital part in Decentralized Finance (DeFi) operations which deliver lending and pay-ment and identity verification methods without conventional banking institutions. Research shows how connection between blockchain and IoT systems and big data analytics helps improve blockchain performance quality. The research motivation behind this study is to develop a practical blockchain financial application which solves existing problems through a protected and user-friendly system.

A. *Existing Blockchain Solutions in Financial Services*

Blockchain technology has become popular in finance operations because it deliv-ers improved performance and enhanced security as well as transparent system con-trols. Users choose Ethereum as one of the primary platforms which supports smart contracts to perform automated financial operations. Through its DeFi applications such as Uniswap and Compound users can perform lending transactions along with peer-to-peer trading and assets management systems that operate without traditional financial institutions.

Ripple (XRP) functions as a platform for rapid international money transfers with minimal fees and serves banks for real-time cross-border payment implementations. Entrepreneurs rely on Hyperledger Fabric from the Linux Foundation because this permissioned blockchain provides application support that emphasizes scalable priva-cy features. The system allows banks to execute payment settlements between them-selves while enabling supply chain financing operations.

Corda from R3 specializes in secure financial transactions that achieve high com-pliance standards for processing complex financial instruments that include syndicat-ed loans.

B. *Gaps and Motivations for this work*

The increasing acceptance of blockchain within finance sector shows gaps exist for establishing complete user-focused financial systems. Available blockchain systems currently serve cryptocurrency markets and expansive business solutions yet fail to deliver basic financial attributes through one consolidated platform for payments and wallet control and product handling.

The decentralized principle of blockchain is in conflict with implementations that store files through centralized systems because this approach creates security risks. Most contemporary studies exist in theoretical frameworks while there is a lack of operational prototypes which demonstrate practical integration with standard web systems.

This project addresses decentralized financial needs by creating an application that unifies Ethereum smart contracts with IPFS storage and implements a user-friendly interface based on Django. The platform emerges to provide transparent financial services and secure operations that reduce intermediary reliance through an accessible solution for users.

III. METHODOLOGY

A. *System Architecture*

The blockchain-based financial application has a modular decentralized framework which guarantees safe financial operations and visible data management and depend-able system performance. The system contains three essential components: presenta-tion layer, application layer and blockchain and storage layer.

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The user-friendly presentation layer utilizes Python Django to create a web inter-face that enables users and service providers to perform registration, login, product listing, wallet management and transaction execution. The interface functions as the united channel that enables users to communicate with their blockchain backend sys-tem.

The application layer of the system executes business logic through its responsi-bilities that cover user authentication in addition to transaction validation along with wallet management functions and smart contract processing steps. The system adopts Web3.py as its Python library because it enables live blockchain interaction through deployed smart contracts.

The blockchain and storage layer contains Ethereum smart contracts that automate financial transactions and store immutable data plus IPFS (InterPlanetary File Sys-tem) which lasts and gets files that consist of product data.

The system functions on a blockchain environment of Ganache that delivers real Ethereum network simulation capabilities for development requirements. The multi-level design creates safe storage and transparent visibility and achieves efficient user-decentralized technology communication.

B. Smart Contract logic and Interactions

The blockchain-based financial application utilizes a smart contract that enables protected secured transactions that prevent malicious modifications between users and service providers. Users benefit from the Ethereum blockchain deployment of their smart contract which performs tasks related to user registration and product listing and wallet management and order processing. User data becomes protected when customers sign up for registration through the smart contract which verifies authenti-cation details at login. Service providers have the ability to include new products that get stored on a distributed ledger for permanent and tamper-proof recordkeeping.

User funds loaded into their wallets through smart contract operations result in au-tomatic balance adjustments after each transaction takes place. The smart contract performs three triggers after user-initiated purchases: first it confirms available wallet balance then it makes records of transactions followed by funds deduction before writing down order data. The system uses IPFS to encrypt and distribute all data en-tries connected to product information and user registration data for decentralized file database maintenance.

Within this system the smart contract establishes trustless financial operations which remove the necessity of third parties. The system reaches superior security and transparency and auditability in operations through blockchain integration with decen-tralized file systems such as IPFS

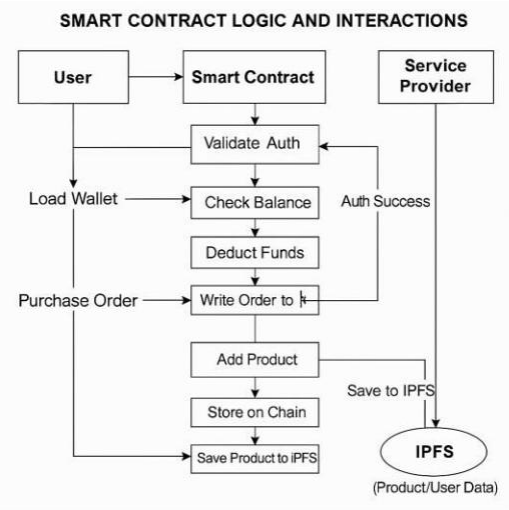

Fig. 1. The figure illustrates the interaction between user and a service provider using a smart contract.

C. Data flow and Encryption methods

The proposed blockchain-based financial application needs secure and transparent data flow as its core requirement. Transaction requests and user registrations start the system through web-based communication channels. The client application starts by encrypting the data through SHA-256 hash encryption before transmitting it to the backend servers. The backend selects functions from the smart contract to execute including registerUser, addProduct, loadWallet and placeOrder.

After execution the smart contract adds transaction logs to blockchain databases and stores sensitive materials including product descriptions and order records on the InterPlanetary File System (IPFS). The blockchain executes the IPFS hash to establish unalterable proof of data survival although the actual contents stay concealed.

All wallet balances and order transactions become blockchain-encoded data using Ethereum's ABI (Application Binary Interface) while MetaMask and Web3 protect both interactions. The storage system maintains all data in hashed format and custom-ers' product details while user credentials remain unpersonally stored.

A complete workflow between participants allows no unauthorized access to data while it simultaneously relies on chains and off-chains combined with hash-based cryptography and peer-to-peer verification protocols to guarantee both security and data integrity.

IV. IMPLEMENTATION

The blockchain-based financial application has four essential modules which guar-antee secure decentralized transactions.

1) User Authentication Module: This module handles user registration and login. The process of hashification runs user credentials through SHA-256 algorithm before saving them to blockchain-based smart contracts in a secure manner. After login the system rehashes the input credentials twice to verify them against stored values thus providing a secure non-disclosure password authentication system.

2) Through the Product Listings Module service providers can create product list-ings which they manage on the system. Users maintain their product details through IPFS storage solutions while blockchain records their content hashes. The combined methodology implements an authentic system which provides data immutability and minimizes blockchain storage alongside credible record keeping.

3) The wallet system module functions as a balance management tool which ena-bles smooth financial operations for users. Users connect their web3 interface to ac-cess functions for depositing funds within their wallet. The blockchain-based smart contract allows the tracking of wallet funds and completes automatic payment deduc-tions throughout the shopping process while keeping transaction history fully trans-parent.

4) The Order Management Module requires the smart contract to evaluate wallet balances followed by order recording and connection to metadata stored on IPFS. Trustless automated processing together with transparent traceability provide the main features of this system.

The system's components function together as a single unit to produce an encrypted financial solution that operates without a central controller.

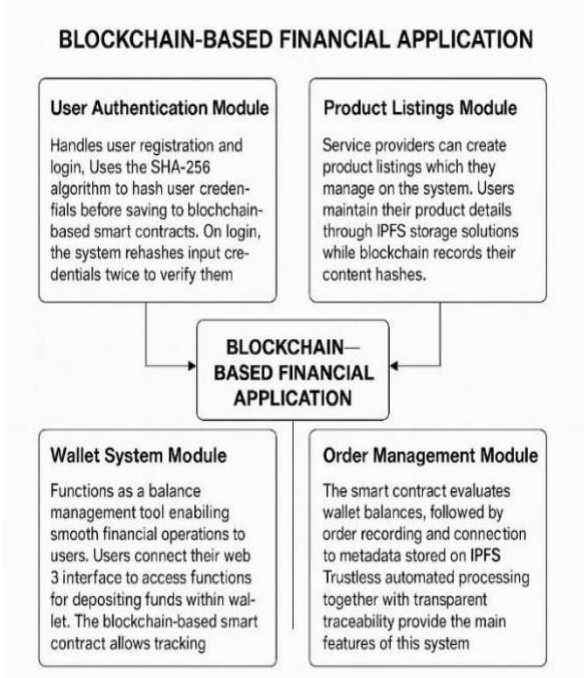

Fig. 2. This Figure shows the main building blocks powered by blockchain.

V. EXPERIMENTAL RESULTS

A. Testing Environment

We performed experimental testing of their blockchain financial system inside simulated real-life user scenarios. Web3.js worked as the integration component be-tween HTML, CSS, JavaScript frontend development and blockchain communication capabilities. Users accessed the Ethereum wallet services through MetaMask for per-forming transactions. Development of smart contracts along with the backend logic happened in Solidity before deployment to the Ethereum test network (Ropsten) through Truffle Suite alongside Ganache for local testing.

Ganache functioned as users' own Ethereum blockchain to offer both safety and de-terministic conditions which supported smart contract testing and debugging activi-ties. The implementation used test ETH to run transactions which reduced dedication expenses while avoiding potential risks that occur during mainnet releases. IPFS of-fered decentralized file storage through Pinata Cloud which enabled interactions with the platform.

The testing environment accurately evaluated smart contract operational aspects alongside data integrity while enabling users to assess performance together with blockchain response during normal usage.

B. Metrics Evaluated

Several important performance and practicality metrics were used to evaluate the proposed blockchain-based financial application during testing and simulation peri-ods.

1. Transaction Latency indicates the time required for Ethereum test network to verify and confirm mutual transactions between users including registration and wal-let funding to order placement. The testnet environment verified that standard transac-tions received confirmation between 15 and 20 seconds. The main determinants of latency within the network were network congestion alongside gas fee settings.
2. Testing involved the use of simulated test Ether (ETH) for evaluating cost effi-ciency. The smart contract implements optimized functions `registerUser` and `addProduct` and `placeOrder` to reduce processing costs. The application used be-tween 40,000 and 120,000 units of gas per transaction which represents an optimal amount of energy usage for decentralized systems.
3. Multiple simultaneous user interactions flowed into the system which processedthem successfully without any errors occurring. The use of Ganache as a local block-chain enabled faster bulk testing despite Ethereum's throughput limitation of approx-imately 15 TPS.
4. The integration of IPFS technology achieved quick decentralized data retrieval through its storage system which delivered content hash access between 2 and 4 sec-onds.

The combined metrics confirm that the system is ready for real-world operation because it demonstrates usability together with responsiveness as well as cost-effectiveness.

Table. 1. This table shows how fast the application works.

Metric	Description	Observed Value
Transaction latency	Time taken to confirm a transaction	15-20 seconds
Average Gas con-sumption	Average gas used per function	40,000-120,000 units
Transaction Throughput	Number of transactions processed per second	15 TPS
IPFS Access Time	Time taken to retrieve content from IPFS	2-4 seconds
Error Rate	Failed transactions	0% (during controlled test)
10		
Cost Efficiency	ETH cost per transaction	0.0005-0.002 ETH

C. Interpretation of Results

Results show that the blockchain-based financial application operates with effi-ciency and reliability when operating in decentralized networks. The transaction la-tency measures 15–20 seconds which meets typical Ethereum test network perfor-mance standards and supports financial operations focused on security and transpar-ency rather than real-time execution.

The cost-efficient performance of the system can be observed through its gas con-sumption metric ranging between 40,000 to 120,000 units. The smart contract design features operations that prevent avoidable state modifications because these opera-tions become the most expensive ones in Ethereum code execution. The solution be-comes scalable and suitable for cost-sensitive applications because of these imple-mented optimizations.

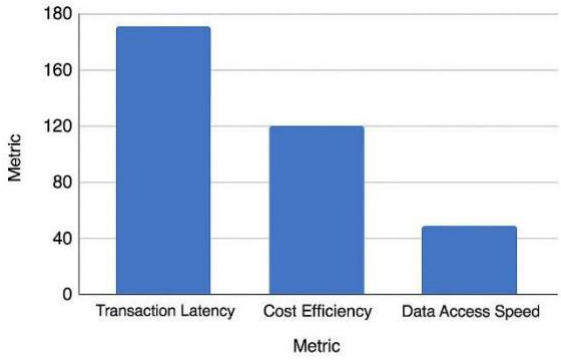

Fig. 3. This chart shows how the app performs in terms of speed, cost and data access.

While Ethereum's system architecture naturally restricts the TPS to approximately 15 transactions per second the simulation of small-scale financial systems demanded enough performance. Data access through the IPFS network required 2–4 seconds to complete and this delay proves suitable given IPFS's powerful decentralized storage characteristics combined with extended accessibility and resistant tampering.

The absence of errors recorded in testing runs demonstrates that the smart contract system maintains its intended operation correctly. The application proves to be profi-cient and inexpensive along with secure to deploy in financial applications need traceable and decentralized capabilities.

VI. CONCLUSION

Researchers developed a blockchain framework which optimized financial applica-tion support by resolving crucial points related to transparency and security as well as operational efficiency. One of the implementations of smart contracts brought auto-mated finances and it led to reduced transaction expenses as well as no requirement of middle entities. The system benefits from IPFS data storage integration that ensures both secure and scalable data storage through its combination of Python programming and machine learning techniques and system robustness features. The platform main-tains essential user capabilities that let users complete secure registration while man-aging digital wallets and shopping alongside blockchain-based payment operations. The developed system architecture utilizes UML diagrams and feasibility testing to demonstrate how it maintains high potential for growth along with operational excel-lence and user compatibility. Research in decentralized financial services now has grounds for advancement because test results prove blockchain technology deploy-ment remains feasible in financial industries. The project demonstrates how block-chain technology enables modern financial operation transformation by delivering secure and efficient while transparent technological solutions.

VII. FUTURE WORK

Financing benefits from the united potential of blockchain with AI and IoT sys-tems. The union of blockchain transparency with AI predictive capabilities allows systems to conduct automated risk evaluations while spotting real-time fraud activi-ties and delivering customized services. The combination of artificial intelligence with smart contracts enables systems to modify agreements as per market conditions without human intervention. IoT systems using blockchain technology allow stake-holders to maintain approval-ready physical asset data which creates full-time re-source tracking and automated insurance coverage and transparent supply chain visi-bility. Data privacy receives improvements through blockchain because AI operates at decentralized locations to process sensitive information.

The integrations enable fi-nancial systems to become stronger and smarter while delivering better customer-focused services to these systems. Next-generation financial services become achiev-able through perfect technology compatibility between systems which ensures global operational efficiency and innovation and inclusivity.

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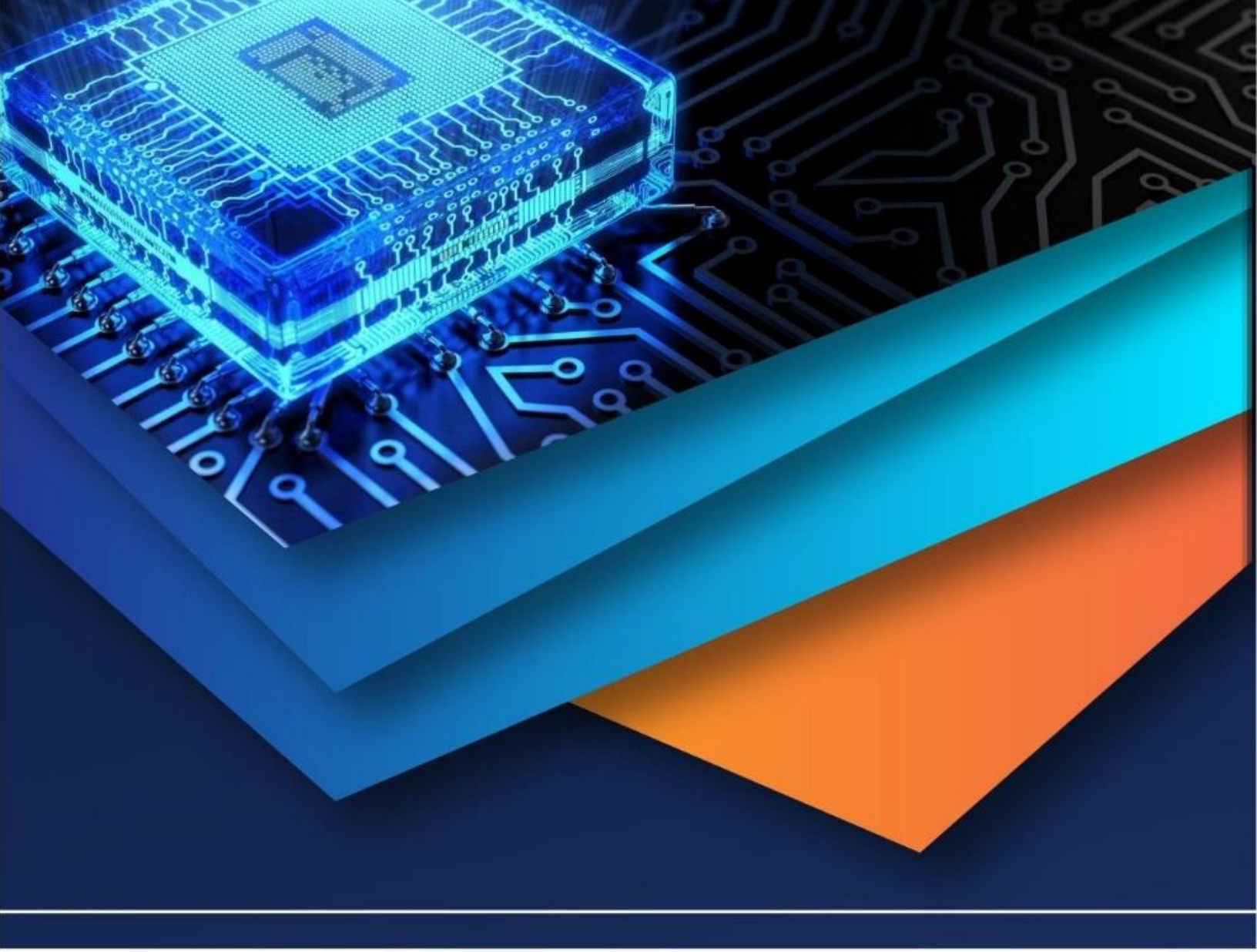

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