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# RDV: Register, Deposit, Vote a full decentralized consensus algorithm for blockchain based networks

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**Abstract.** A decentralized payment system is not secure if transactions are transferred directly between clients. In such a situation it is not possible to prevent a client from redeeming some coins twice in separate transactions that means a double-spending attack. Bitcoin uses a simple method to preventing this attack i.e. all transactions are published in a unique log (blockchain) [6,17]. This approach requires a global consensus on the blockchain that because of significant latency for transaction confirmation is vulnerable against double-spending. The solution is to accelerate confirmations. In this paper, we try to introduce an alternative for PoW because of all its major and significant problems that lead to collapsing decentralization of the Bitcoin, while a full decentralized payment system is the main goal of Bitcoin idea. As the network is growing and becoming larger day-to-day, Bitcoin is approaching this risk. The method we introduce is based on a distributed voting process: RDV: Register, Deposit, Vote.

## 1 Introduction

In Bitcoin a client requires 6 “confirmations” to be sure the transaction is not reversible (that means 6 blocks must be generated over a client’s transaction) . It is interesting that choosing 6 blocks is arbitrary and it is not based on any analysis or probability of forks [6]. Also, Bitcoin using an ad-hoc approach tries to prevent deep forks i.e. including “hard coded blockchain prefixes” as checkpoints by default clients. Laurie [7] proves that using these check points demonstrates Bitcoin system is not a decentralized consensus method since these checkpoints are selected by a centralized method. A significant latency between two blocks and receiving by the rest of network increases possibility of forks. In the other side, a miner who controls a significant number of nodes in the network can increase probability of wining of their branch in a fork by transmission of their own blocks and rejecting the other ones [6]. there are proposals to reduce the latency in the Bitcoin network [2] [8] [9]. Bitcoin’s original paper introduces an informal explanation for eventual concensus [1]. However, other researches shows in presence of some conditions like timely propagation channel and honesty of miners’ majority in the network, eventually Bitcoin reaches a consensus [4] [10]. In case of temporary fork, it is possible for an attacker to make a double-spending attack [11] [12]. Because of latency in block generation and transaction

confirmation the scalability is another problem of current Bitcoin protocol. An attempt on this matter is introduced by [13] called as blockchain pipelining by adding “blockchain-like characteristics to the distributed DB”. Another question is that who is eligible to vote for a transaction? In Bitcoin, the miner who can solve proof-of-work faster than others is eligible to vote, thus one votes and others have to accept it. This is not a fair voting process. Also, consider the fastest miner is an adversary. In RDV, the nodes who have registered are eligible to vote and almost everybody is able to register, thus almost everybody are permuted to participate in voting and as a result, RDV is more democratic than Bitcoin.

## 2 Motivation

Here we explain our motivation to replace PoW by RDV:

**Safety Threshold:** In PoW, safety threshold against attack depends on hashing power of adversary regardless of adversary’s size (in number), but in RDV, it depends on “number” of adversarial nodes i.e. adversary’s cartel size.

**Participant’s Requirements to Participate:** In PoW, participant’s guarantee and requirements to participate in transactions confirmation is external source i.e. *cpu and processors*, but in RDV, source is internal i.e. *deposited coins*. The type of source (internal vs. external) can reduce significantly the motivation of destroying the system by adversary.

**Possibility to Participate:** in PoW: possibility to participate in transaction confirmation is possible for powerful (or fast) nodes in hashing operation, but in RDV, it is possible for almost all nodes.

**Probability of Wining:** In PoW, probability of wining and receiving reward depends on how much you are fast in hashing operation, regardless of number of honest nodes in the network and your honesty, but in RDV, it depends on how many nodes in the network are honest and your honesty as well.

**Majority:** In PoW, if majority in the network are honest, but you are much faster, you likely win even if you are not honest, but in RDV, if majority in the network are honest and you are honest too, always you win, but if you are not, always you lose a part of your coins (as guarantee) that reduces significantly adversary’s motivation.

**Decentralization of the Network:** Decentralization of the Bitcoin network is currently under the risk, since finding the PoW’s answer and as a result block generation is very difficult. Thus, only the mining pools that own major hashing power with very fast processors are able to determine fate of transactions and network situation. In the other side, if a mining pool achieves more than 51% percentage of total hashing power of the network, according to 51% attack it is able to control the network. Currently an organization [14] owns more than 51% hashing power of the network and it means “we have to trust” this organization or any other similar mining pool with such this hashing power which means collapsing decentralization of the network. This means **we have nothing**, when the goal is having a decentralized payment system.

**Full Replication:** In Bitcoin network, if you intend to participate in mining process and receive related reward, you need to have the whole of blockchain (i.e. replica) to calculate the related hash to be able finding the correct nonce in PoW. Over time the blockchain size grows and thus only the nodes with enough resources to hold the data are able to be a participant. This property is another weakness which threatens decentralization of the network. We show our solution for this problem such that a participant does not need to be a “full node” (i.e. a node which holds all data.)

**Preventing Block-withholding:** One of main problems in Bitcoin system is block-withholding that there are some solutions for this attack[15,16]. RDV can prevent block-withholding attack. Since in current Bitcoin network after finding correct answer of PoW and discovering a new block a mining pool the whole of blockchain will be replaced by propagating the new blockchain and all nodes in the network hold longest chain, thus a selfish miner keeps its new block private until in an appropriate opportunity publishes selfish blockchain in the entire network to receive more reward. But since in RDV idea a node receives a reward for participating in voting process if and only if the participant’s vote is equal to voting process result, thus there is no opportunity for an attack such as block-withholding.

**Stronger Decentralization:** Since in RDV each block consists of only one transaction, so this leads to increasing number of blocks significantly. Comparing with Bitcoin system in which because of difficulty in solving PoW and mining process there is a significant latency in block generation which causes inserting several transactions in one block that decreases decentralization of the system importantly.

### 3 Interior vs. Exterior resources:

In general security of a system must not be depended on only exterior resources. For example, in Bitcoin if a miner has access to a free electricity resource, then security of the system faces significant dangerous risk, since the cost of necessary electricity for mining process is not modifiable via inside of the system. On the other hand, if a miner has access to free electricity resources, he / she does not spend any penalty for his / her aggressive behavior like forking blockchain. In other words, forking blockchain has no cost for the adversary.

The security parameters must be modifiable via the system. However, an exterior resource can be very useful as a “complementary” parameter. As a result, exterior resources can be employed as a complementary, but the main resources must be constitutive entities of the system (ex. coins in a cryptocurrency network). However, we must design an appropriate **incentive-punitive system** such that according to the Nash equilibrium diverging from the algorithm does not lead to a net profit [5] to achieve an ideal cryptocurrency.

## 4 RDV main steps

- *Register*: Each node for being able to vote for a transaction has to register, otherwise the node is “ordinary” which is only able to pay / receive a transaction and coins. All “registered” nodes are listed into a field inserted into the blockchain.
- *Deposit*: It means blocking some coins for being able to finish registration step. This amount is calculable regarding to the total amount of coins in the whole of network along with a coin value. The registration process is acceptable if and only if a part of the coins of “volunteer” node for participation in voting process is blocked in depository of the network such that the registered node has no access to this part of its coin as long as the node is a “voter” (i.e. a registered node).
- *Vote*: Each registered node is able to vote for a transaction either positive (i.e. 1) or negative (i.e. 0) In case the result of voting process is not equal to a voter’s vote, then this node will lose a part of its blocked coins “for ever” as a penalty for preventing aggressive behavior. The amount of this penalty is also calculable like previous step. In the other side, if the result of voting process is equal to the voter’s vote then for incentivization and motivation, this node receives some coins as a reward.

*Preventing Aggressive Behavior*: A user can vote for a transaction using several nodes (computers), but the user has to register to each of computer that means blocking a part of coins (ex.  $cb$  coins) for every computer i.e.  $cb \times n$ , thus in case the voting result does not become equal to this user’s vote, then he / she has to pay a significant of his / her coins as a penalty. This decreases significantly risk for voting “aggressively” several times. Also, in such a situation this user’s physical address will be blocked forever that means the user is not able to register as a voter using this physical address. Thus, it causes some additional external cost (i.e. several computers) plus some internal cost (i.e. blocking some coins for registration to be authorized to vote). As a result, RDV avoids the Sybil attack better than PoW by more additional cost (both external and internal cost). In case an adversary uses a virtual machine, then if network monitors the switch MAC table, they will always be able to see two MAC addresses on the physical port and so they would know a second device is attached either with a repeater or virtual machine.

*Transactions Priority for Voting*: For supporting better micro-payments in the network, in RDV nodes do not decide which transaction must be participated in voting process, but also there is a parameter i.e. **Priority Point** which calculated as follow:

$$Priority\ Point = TxAmount + (CurrentTime - TxTimeStamp) \quad (1)$$

Where,  $TxAmount$  is the amount of transaction and  $TxTimeStamp$  is the time at which transaction has been done. Then transaction with most **Priority**

**Point** will be chosen for voting process. In such a situation, for example, a transaction with the amount of 20 coins that has been waited 5 minutes has the same **Priority Point** of a transaction with the amount of 5 coins that has been waited 20 minutes for confirmation.

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