

Blockchain Alert

A bi-weekly publication from the Accordo Team

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Leading the Pack in Blockchain Banking

IBM (2017)

First adopter banks believe that solutions focused on reference data, retail payments and consumer lending have the greatest potential upside, and expect significant disruption in the areas of international payments, other cash management, corporate lending, consumer lending, mortgages and deposit taking. Blockchain allows for real-time data collection, validation and sharing, both creating a verifiable audit trail and assuring data integrity. Transactions on blockchain also minimize error, reduce risk and decrease the amount of time required for settlement; and new forms of identity and know your customer (KYC) data can deter fraudulent activity and open previously untapped markets. Credit Mutuel Arkea, a French banking and insurance group, is already working to transfer its identity and KYC data to blockchain. [Link](#)

State Bank of India to Implement Blockchain for KYC Procedures

Cryptovest (Nov 1, 2017)

The State Bank of India (SBI), in conjunction with BankChain (different from Bankchain) and Intel, announced development on an identity and KYC blockchain solution. The system will increase data integrity and security, simplify the transaction process, and open the bank to FinTech innovations such as peer-to-peer lending, crowdfunding and digital marketplaces. [Link](#)

Euroclear Announces New Blockchain-Based Gold Settlement

Bitcoin.com (Nov 6, 2017)

Euroclear, one of the largest global settlement houses, announced plans to develop a settlement system for the London gold market using blockchain technology. The product will be created in collaboration with the US bitcoin start-up itBit, which created Bankchain as its own blockchain settlement platform. While adoption of blockchain settlement remains a challenge, the goal of the partnership is to create a distributed ledger that clears, tracks and settles transactions in the gold market in real time. [Link](#)

Distributed Ledger Technology

FINRA (Jan. 2017)

The advent and proliferation of Distributed Ledger Technology (DLT) has far-reaching implications for FINRA rules and regulations relating to trade and order reporting requirements, supervision and surveillance, anti-money laundering, and know-your-customer. Early adopters are experimenting with applications of DLT in debt, equity and derivatives markets, and industry utilities, and specifically in areas with the lowest efficiencies. DLT is likely to influence market efficiency, transparency, post-trade processes and operational risk by reducing settlement time, limiting potential counterparty risk, enhancing market transparency, and automating processes with smart contracts. However, DLT may also introduce new security-related risks. [Link](#)

Key Industry News Trends:

State of the Market

- ✓ 90% of leading North American and European banks are experimenting with blockchain solutions. [Link](#)
- ✓ First adopters are more likely to be medium sized banks, or large institutions with over 100,000 employees.
- ✓ Between 2013 and 2016, the financial services industry invested over \$1.4 billion in researching and implementing DLT.

Next Steps in Blockchain Adoption

- ✓ Prepare your organization to accept disruption and fluidity across businesses.
- ✓ Adopt a management style focused on agility, innovation and self-reliance.
- ✓ Evaluate potential blockchain use cases for your financial institution or ecosystem that provide opportunities to streamline existing business processes or create new offerings.
- ✓ Invest in developing proofs of concept (POCs) and/or partner with blockchain-specialized advisory firms.
- ✓ Start POCs for blockchain development and test specific use cases relevant to your financial institution.
- ✓ Share the results with your stakeholders and continue with an iterative approach to refine POC.
- ✓ Prepare for the future impact on business models. It won't happen overnight, but all things being equal, blockchain looks set to impact the fabric of the financial services infrastructure. Thinking about that impact and what it might mean, and formulating strategies to respond, is essential.