



# Driving banking innovation with blockchain



## How can blockchain help banks cut costs and comply with complex regulation while saving time for customers?

The digital transformation in retail banking has gradually shifted from a welcome bonus afforded by technological advances to something consumers expect as standard from a service provider. For many banking customers, visiting a bricks-and-mortar bank branch seems inconvenient and old-fashioned compared with, for example, making payments on a smartphone.

However, in the EU, this growing consumer demand for remote services has been accompanied by increased regulatory pressures on banking and payments security.

Key among these pressures is the ‘durable medium’ principle stipulated by EU financial services regulations. This requires banks to be able to send information to clients on a medium that can be addressed directly to the recipient; that the recipient can store; and that the recipient can reproduce unmodified. The clearest way to achieve this is through postal delivery of paper documents, but this is a slow and costly process.

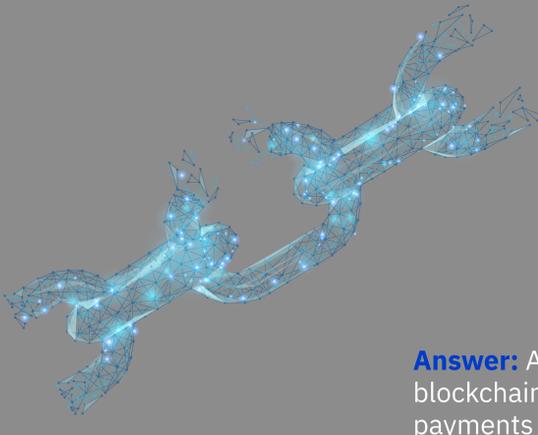


## Banking on blockchain

Establishing a transparent, secure and instantly accessible platform that serves as a ‘durable medium’ helps banks and payments providers comply with regulations, while ensuring convenient access for consumers.



**Question:** How can the banking and payments sectors ensure that customers retain easy access to services, while complying with stringent regulations?



**Answer:** A ‘durable medium’ blockchain platform enables banks and payments providers to cut costs, maintain regulatory compliance and ensure a convenient customer experience.

## How does the solution work?

The durable medium blockchain solution acts as a secure database for banks and their customers that is not controlled by any single party.

The platform provides a proof-of-existence service that enables users to register and verify documents through timestamped transactions stored on a distributed ledger. This ensures that every transaction or exchange of information receives an electronic timestamp and a unique cryptographic signature, which means that any subsequent changes to the information entered are immediately visible to the relevant users of the blockchain.

This means that the entire lifecycle of documents issued and exchanged by banks and their clients can be traced and audited by all parties with access to the blockchain platform.

The entire process takes only a few minutes, does not require a log in and does not store sensitive customer data in the system.



## The benefits



• Enables fast, convenient and highly secure exchanges of information



• Significantly cuts costs associated with traditional paper-based communication



• Helps banks to comply with new banking regulations



To learn how blockchain is helping to transform the banking and payments sectors, read this IBM case study:

Easing banking compliance, reinforcing trust and accelerating services with IBM Blockchain

[Read the case study here](#)

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