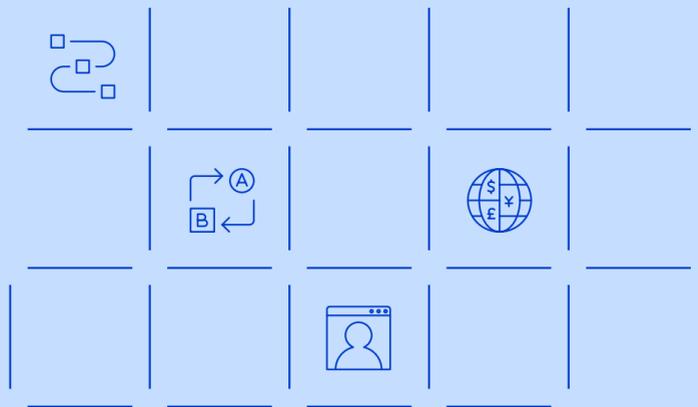


# Streamline transactions and tap into new revenue sources with IBM Blockchain

Build trusted connections and pave the way to innovation



IBM Blockchain is driving innovation in financial markets, unleashing opportunities that establish trust, simplicity and efficiency while encouraging innovation and growth. Information stored in IBM Blockchain can dramatically reduce the cost and complexity of financial activities, speeding transaction times while reducing errors, misinterpretations, disputes and fraud.

IBM has built a blockchain platform based on Hyperledger Fabric, fostering collaborative networks of trust between financial institutions. This opens the door to greater efficiencies, reduces risk and uncovers opportunities for new revenue streams.

Because they rely on a distributed ledger, IBM Blockchain solutions decentralize financial services information, delivering transparency and accountability while driving down manual processing costs.

## Current challenges in finance – and how IBM Blockchain can help:

### Clearing and settlement



#### Challenges

Clearing and settlement processes such as checking reconciliation involve multiple parties. Silos, inefficiency and inconsistency can create bottlenecks that delay settlement and increase costs, which are compounded by heavily regulated and manual processes.

#### Opportunities

Blockchain has the potential to save the world's largest banks billions if the technology is used to its full potential. Real-time, point-to-point transactions can reduce settlement times from days to minutes.<sup>1</sup> Blockchain solutions can also help firms assure trust and facilitate end-to-end auditing across processes.

**The result:** CLS Group (CLS) provides risk management and operational services for the global foreign exchange (FX) market. They've partnered with IBM to build a blockchain platform for a new payment-netting service used by buy-side and sell-side institutions in FX trades taking place outside their settlement service.<sup>2</sup>

IBM is also working with the Depository Trust & Clearing Corporation (DTCC) to provide a blockchain framework for their Trade Information Warehouse, which automates record keeping, lifecycle events and payment management for more than USD 11 trillion of cleared and bilateral credit derivatives.<sup>3</sup>

### Know your customer



#### Challenges

Financial institutions often employ multiple systems to manage customer identification, adding complexity for both customers and employees. This makes identity validation to support Know Your Customer (KYC) compliance arduous and repetitive.

#### Opportunities

Financial institutions could save an estimated USD 3 to 5 billion<sup>4</sup> worldwide by using a blockchain platform to support KYC. The technology can consolidate all identification documents collected by your organization to help improve client satisfaction, decrease duplicate information and ease administrative effort.

**The result:** IBM, in collaboration with Deutsche Bank, HSBC, Mitsubishi UFJ Financial Group and the Treasuries of Cargill, are building a blockchain platform to provide a secure, efficient and decentralized way to collect, validate and share KYC information.<sup>5</sup>

### Unlisted securities



#### Challenges

Investments in companies not traded on a public exchange often require lengthy, paper-based manual processes that can delay critical transactions such as changes in share ownership and loans.

#### Opportunities

IBM Blockchain is helping to open new opportunities for trading and investing by simplifying the tracking and management of securities information.

**The result:** IBM is partnering with the London Stock Exchange Group<sup>6</sup> to build a blockchain solution to digitize issuance of non-public securities for small and medium enterprises in Europe. The shared, distributed registry will contain a real-time record of all shareholder transactions.

**USD 14 Billion** Annual cost of financial trade fraud that could be avoided through blockchain.<sup>4</sup>



#### How IBM Blockchain is driving innovation in financial markets

With their ability to establish trusted, secure connections, blockchain solutions are driving innovation by helping firms slash clearing and settlement costs; revolutionizing KYC with an inclusive ecosystem open to banks, corporations, service providers, and regulators; and opening the door for smaller enterprises and banks to trade securely.

Sophisticated blockchain networks are being built and refined every day. To learn more about how blockchain can help build trusted connections and drive innovation in your organization, visit: [ibm.com/blockchain/financial-services](http://ibm.com/blockchain/financial-services)

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