



14 May 2018

## **HSBC and ING Execute Groundbreaking Live Trade Finance Transaction on R3's Corda Blockchain Platform**

*Successful transaction using blockchain proves a better way to trade*

*\*\*First end-to-end trade finance transaction on a scalable blockchain platform\*\**

*\*\*Demonstrates blockchain is a commercially and operationally viable solution for trade digitisation\*\**

*\*\*Significantly reducing paper-based documentation exchange times to 24 hours\*\**

*\*\*Increasing efficiency, security and transparency for businesses doing trade finance transactions\*\**

HSBC Singapore, Cargill and ING have successfully executed the first live trade finance transaction on R3's scalable blockchain platform called Corda.

The blockchain transaction involved a bulk shipment of soybeans from Argentina, through Geneva's trading arm of Cargill, to Malaysia, through Cargill's Singapore subsidiary as the purchaser. A Letter of Credit was issued using Corda by HSBC to ING. The two banks were acting on behalf of Cargill entities.

The Letter of Credit transaction was an end-to-end trade between a buyer and a seller and their respective banking partners, completed on a single shared application rather than multiple systems.

The transaction demonstrates that blockchain as a solution to trade digitisation, is commercially and operationally viable. Conventional exchanges for paper-based documentation related to letters of credit usually take between 5-10 days. This exchange was done in 24 hours

*"What this means for businesses is that trade finance transactions have been made simpler, faster, more transparent and more secure," said Vivek Ramachandran, HSBC's head of growth and innovation. "The need for paper reconciliation is removed because all parties are linked on the platform and updates are instantaneous. The quick turnaround could mean unlocking liquidity for businesses."*

The improved operational efficiencies, greater security with real-time tracking of goods and documents, and automatic reconciliation of payments is particularly pertinent to Singapore. This is due to the sheer volume of shipments, both global and regional, that passes through its ports. Singapore's ports handled a total of 626.2 million tonnes in cargo last year, up 5.5% from 2016, while annual vessel arrival tonnage increased by 5.1% to reach 2.8 billion gross tonnes<sup>1</sup>.

The faster documentation turnaround for each shipment could potentially lead to increased flexibility in liquidity management for businesses. This is a significant development for any organisation involved in buying and selling goods internationally.

The success of this live transaction builds a firm foundation for the future of trade finance, especially for Singapore. *“Singapore is both a global and regional trade hub. Our customers are thought leaders in using technology to optimise trade and this represents a key step towards the digitisation of trade,”* said Iain Morrison Head of Global Trade and Receivable Finance, HSBC Singapore.

According to the the United Nations, digitizing all of the Asia-Pacific region’s trade-related paperwork could slash the time it takes to export goods by up to 44% and in doing so, cut costs by up to 31%, and boost exports by as much as \$257 billion a year<sup>ii</sup>.

Enterprise blockchain records data digitally in much the same way as bookkeepers used to write in old-fashioned ledgers. However, the information is recorded on a shared ledger, with each party holding a copy of said ledger that updates the appropriate information required by the participant instantaneously. Each party can only see the information that is relevant to them. This kind of technology is perfect for trade because it maintains an unchangeable record of the transaction (including a description of the goods themselves, the cost, and any legal requirement) on one digital ledger. At the appropriate time in each transaction, the information required by participants can be shared with them for approval.

At present buyers and sellers use paper-based Letters of Credit to underpin transactions. Physical documents are sent to each party in the transaction by post, courier or fax. These documents set out what goods are being provided and how much will be paid for them. A Letter of Credit is effectively a promise that the buyer’s bank will pay for the goods, once they are received, if the buyer is unable to. While these paper documents provide certainty, the time and cost involved in processing them are deterrents for many would be exporters [and importers]. Typically, processing a Letter of Credit accompanying the movement of goods from one company to another takes between five and ten days. This transaction took two days to complete.

R3 and the group of 12 banks supporting the Corda application are seeking to expand the network on an open basis to drive adoption across the industry. They welcome engagement from banks and other ecosystem participants.

*ends/more*

**Media enquiries to:**

Dora Cheok  
Daniel Fitzpatrick

+65 6658 0775  
+65 6658 4799

[dora.cheok@hsbc.com.sg](mailto:dora.cheok@hsbc.com.sg)  
[daniel.fitzpatrick@hsbc.com.sg](mailto:daniel.fitzpatrick@hsbc.com.sg)

**Note to editors:**

**HSBC Commercial Banking**

For over 150 years we have been where the growth is, connecting customers to opportunities. Today, HSBC Commercial Banking serves around 1.7 million customers across 53 markets, ranging from small enterprises focused primarily on their home markets through to corporates operating across borders. Whether it is working capital, term loans, trade finance or payments and cash management solutions, we provide the tools and expertise that businesses need to thrive. As the cornerstone of the HSBC Group, we give businesses access to a geographic network covering more than 90% of global trade and capital flows. For more information visit: <http://www.hsbc.com/about-hsbc/structure-and-network/commercial-banking>.

**HSBC Holdings plc**

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. The Group serves customers worldwide from around 3,900 offices in 67 countries and territories in Europe, Asia, North and Latin America, and the Middle East and North Africa. With assets of US\$2,522bn at 31 December 2017, HSBC is one of the world’s largest banking and financial services organisations.

## **ING**

ING is a global financial institution with a strong European base, offering banking services through its operating company ING Bank. The purpose of ING Bank is empowering people to stay a step ahead in life and in business. ING Bank's more than 51,000 employees offer retail and wholesale banking services to customers in over 40 countries.

ING Group shares are listed on the exchanges of Amsterdam (INGA AS, INGA.AS), Brussels and on the New York Stock Exchange (ADRs: ING US, ING.N).

Sustainability forms an integral part of ING's strategy, evidenced by ING's ranking as a leader in the banks industry group by Sustainalytics. ING Group shares are included in the FTSE4 Good index and in the Dow Jones Sustainability Index (Europe and World), where ING is also among the leaders in the banks industry group.

## **R3**

R3 is an enterprise software firm working with a network of over 200 banks, financial institutions, regulators, trade associations, professional services firms and technology companies to develop on Corda, its blockchain platform designed specifically for businesses.

R3's global team of over 140 professionals in nine countries is supported by over 2,000 technology, financial, and legal experts drawn from its global member base. R3 is backed by investment of USD 107 million from over 40 firms.

Corda is the outcome of over two years of intense research and development by R3 and its members and meets the highest standards of the banking industry, yet is applicable to any commercial scenario. It records, manages and executes institutions' financial agreements in perfect synchrony with their peers, creating a world of frictionless commerce. Learn more at [www.r3.com](http://www.r3.com).

## **Cargill Corporation**

Cargill provides food, agriculture, financial and industrial products and services to the world. Together with farmers, customers, governments and communities, we help people thrive by applying our insights and over 150 years of experience. We have 155,000 employees in 70 countries who are committed to feeding the world in a responsible way, reducing environmental impact and improving the communities where we live and work.

---

i <http://www.businesstimes.com.sg/transport/singapores-container-traffic-up-89-in-2017-thanks-to-shipping-alliances-reshuffle>

ii <http://www.unescap.org/news/first-regional-agreement-enable-cross-border-electronic-trade-asia-pacific-opens-signature-un>