

12 March 2019

HSBC is leading the future of trade finance through blockchain networks

HSBC today hosted a press briefing on blockchain with a focus on trade finance. Joshua Kroeker, Director, Commercial Banking, Growth and Innovation, and HSBC's Blockchain Lead, explained how the technology is transforming trade finance, creating opportunities for Korean businesses as they look to expand and trade internationally.

As the leading international trade bank, HSBC has a competitive edge when it comes to the digitalisation of trade. Reflecting on the bank's rich history, HSBC which was established back in 1865 to finance trade between Europe and Asia. HSBC has an extensive global network with a presence in 66 countries and territories, making it a thought-leader and authority in driving the trade into a new era with blockchain.

In his opening remarks, Eunyoung Jung, President and CEO, HSBC Korea stressed, "As world's 5th largest exporting country, Korea can play a critical role in the digitalisation of trade."

Mr. Kroeker believes "There is a commercial opportunity for blockchain to be the catalyst for further trade digitalisation in Korea."

Businesses will see material benefits from blockchain, including:

- reduced transaction times;
- transparency and auditable transactions;
- increased security; and
- cost efficiency

Voltron, which is one of the blockchain-based trade finance platforms, digitises the Letter of Credit (LOC) process, from application, through to document presentation, mirroring the existing LOC flow. It allows the buyer, the seller and their respective banks to communicate directly with each other in almost real-time without a single piece of paper being sent.

The LOC process usually takes ten days via paper-based procedures. Through Voltron, this can be completed in 24 hours.

HSBC executed the first end-to-end trade finance transaction using Voltron in May last year for Cargill, an international food and agriculture conglomerate. HSBC followed the success of this transaction with another two transactions in India and Singapore respectively. The transaction in India with Reliance was a fully-digitised company-to-company trade transaction, using blockchain and integrating electronic bill of lading (eBL) making it entirely paperless.

HSBC is also involved in other industry blockchain platforms such as **eTradeConnect** and **we.trade**.

Mr. Kroeker said, "Globally, there are many blockchain projects underway, which poses a risk of more digital islands. HSBC will participate where our clients are in order to bring all of these networks to our clients."

He added, "We are now identifying the trade markets and trade partners where we can launch and continue to improve our blockchain solutions. We hope to partner with regulators, Korean companies, banks and other institutions."

This news release issued by
HSBC Korea