

**Floyd DCosta**

Harnessing the potential of Blockchain technology  
for Digital Transformation in Banking



**Distributed Ledger Technology**



**New medium of digitized value creation and exchange**



**Emergence of Digital Asset Marketplaces**

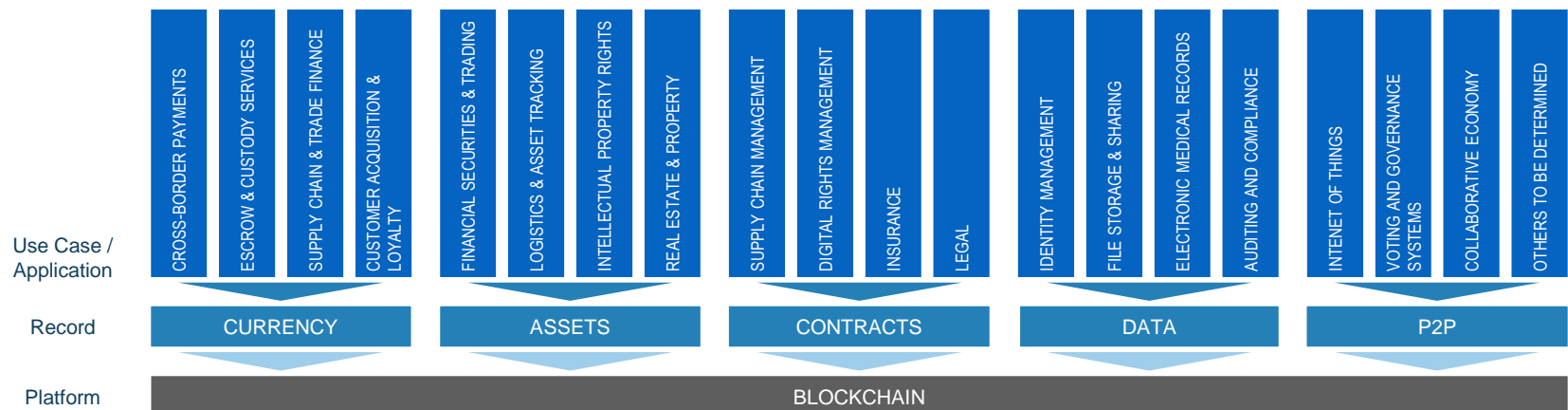
# Financial Institutions are experimenting and investors have poured millions of dollars into Blockchain related firms

*Having initially emerged alongside Bitcoin, Blockchain technology has swiftly diverged & continues to independently gain traction*

## Large financial institutions experimenting Blockchain



## USD millions invested in Blockchain start-ups

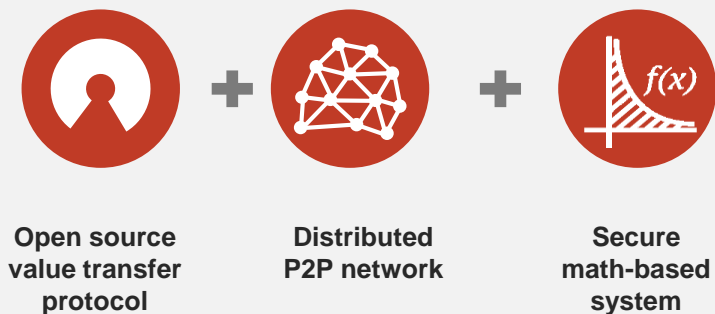


Source: CNN Money, Coindesk, Citi Research

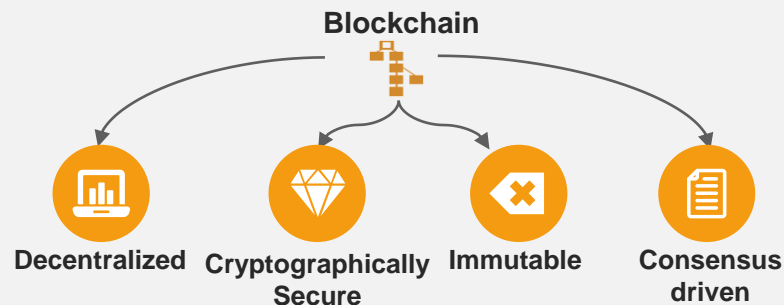
# Blockchain technology, by its very nature, lends itself to the digital transformation journey of a bank

*The blockchain, a cryptographic ledger comprising a digital log of transactions shared across a public or private network, can address some of the pitfalls of digital transformation programs – id, security and trust*

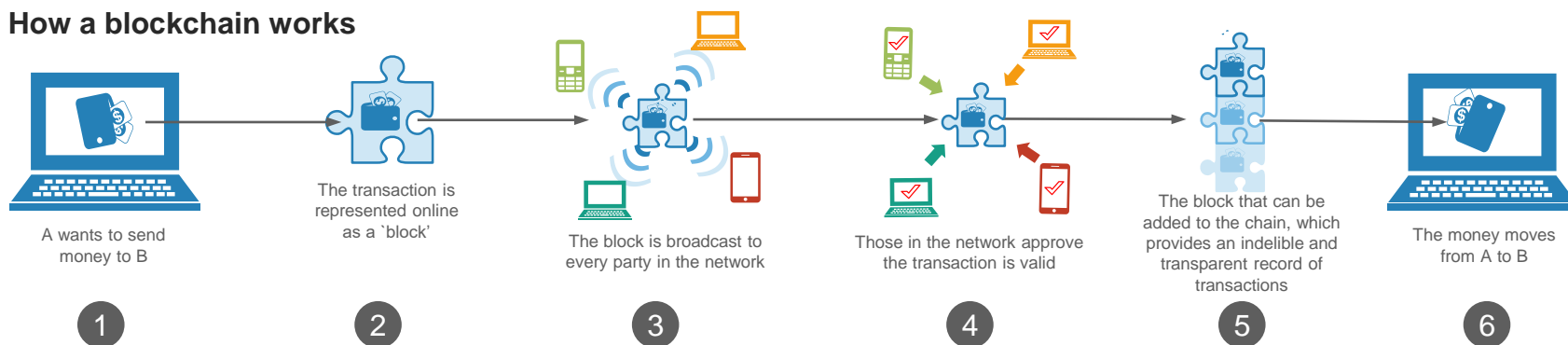
## The first electronic value transfer protocol



## Key features of Blockchain technology



## How a blockchain works

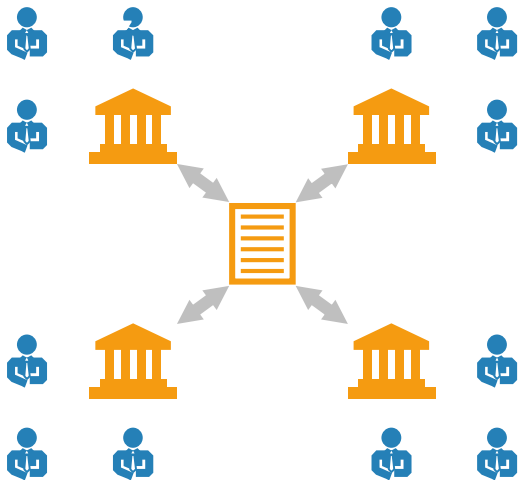


From digital identity and tokenization to using smart contracts to automate businesses, Blockchain technology is swiftly establishing itself as a key enabler of the emerging digitized enterprise environment

# Blockchain can be a powerful tool anywhere trading occurs, trust is at a premium and people need protection from identity theft

*Blockchains have potential to radically change the future of transaction and records based industries*

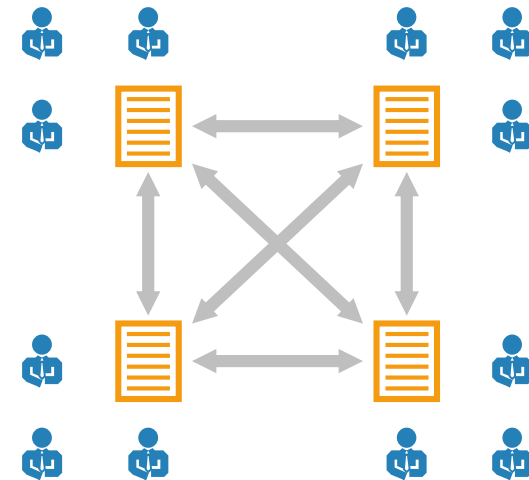
## Clearing House (centralised ledger)



### Financial intermediaries (Today)

- Requires trusted, centralised intermediaries
- Batch clearing and settlement
- Higher fees and costly infrastructure

## Financial Network (distributed ledger)



### Blockchain protocol (Emerging)

- No intermediaries required
- Faster processing and management
- Lower fees and reduced infrastructure cost

Blockchain is a native digital technology that is setting up the financial-services industry (along with others) for significant disruption — or crucial transformation, depending which side of the table you look at it from

*Image: Adapted from Citi research, Strategy+Business,*

# Four early blockchain use cases for a bank include KYC, Cross-Border Payments, Loyalty & Social Development

*An emerging set of Blockchain use cases provide banks with the opportunity to swiftly secure some quick wins, showcase the potential and effectively accelerate their digital transformation journey*

- 
- Blockchain tech can bring the millions of the world's unbanked into the mainstream economy
  - It could provide the backbone infra for more interoperable, open mobile money and other related services
  - Facilitate the creation, distribution and trading of assets in digital format on the Blockchain
  - The distributed ledger enables instant, secure and efficient settlement and eliminates the need for any reconciliation
  - Banks spend on average \$60 million on KYC and customer due diligence
  - Once verified, a client's data can be put on a Blockchain so that it can be securely accessed by the various divisions of the bank
  - From remittances to cross-border wiring services, Blockchains offer a faster, effective and much lower-cost alternative
  - The emergence of consortia will also quicken adoption intra-bank, inter-bank and beyond

Blockchain, the revolutionary shared ledger technology, is swiftly beginning to acquire a new identity in the banking world

# A 5-Step Methodology to harness the potential of Blockchain technology within and beyond the enterprise

1

**Understand the technology.**  
**Study and evaluate impact.**  
**Secure exec sponsorship.**

2

**Setup a Working Group (incl Partners).**  
**Identify potential use cases**  
**Validate fitment (in overall strategy).**

3

**Score and prioritize use cases.**  
**Outline roadmap.**  
**Setup a Lab (with a team, processes and the reqd. tech infrastructure).**

4

**Launch design and development.**  
**Build Prototypes.**  
**Test Use Cases.**

5

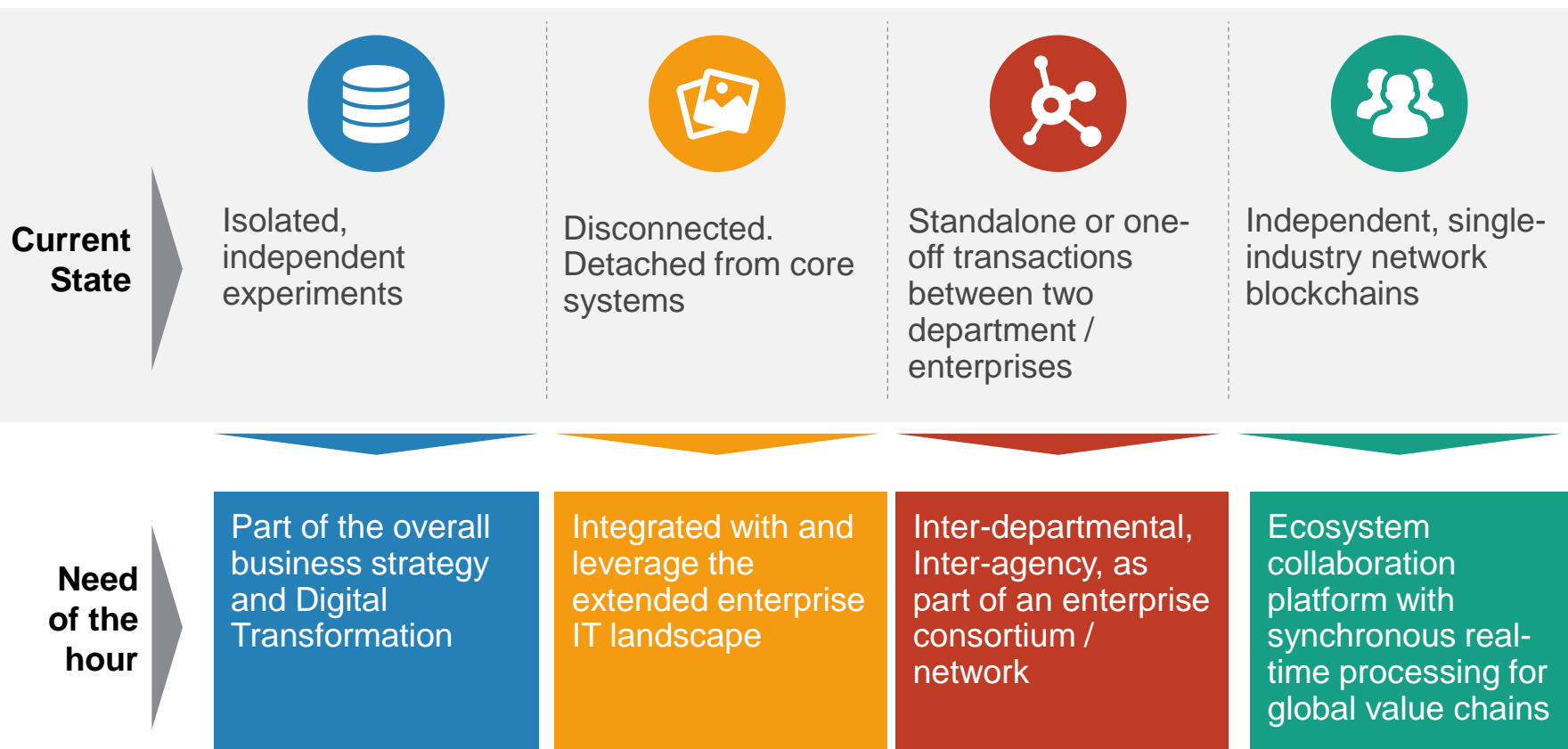
**Evaluate Prototypes. Pick Leaders. Move to Mainstream Deployment (in a phased approach).**

- Perform a comprehensive assessment of opportunities from a business, technology, and the legal standpoint of using blockchain technology
- Set up a lab. Start small. Begin with select processes that could be showcased to a wider audience to highlight benefits and prime adoption.
- Evaluate. Invest in technology and expertise related to blockchain. Secure alignment. Press for industry-wide change.
- Collaborate and work together to design solutions for specific use cases and processes. Form consortia and work with regulators early in the process.

A structured approach will help organizations to explore possibilities, experiment with the technology, and develop innovative blockchain-based solutions quickly, in a cost effective way

## 4-Considerations to help move blockchain experiments from the lab and towards mainstream deployment

*Blockchain technology needs to fit into the enterprise IT fabric and be integrated with core systems and processes*

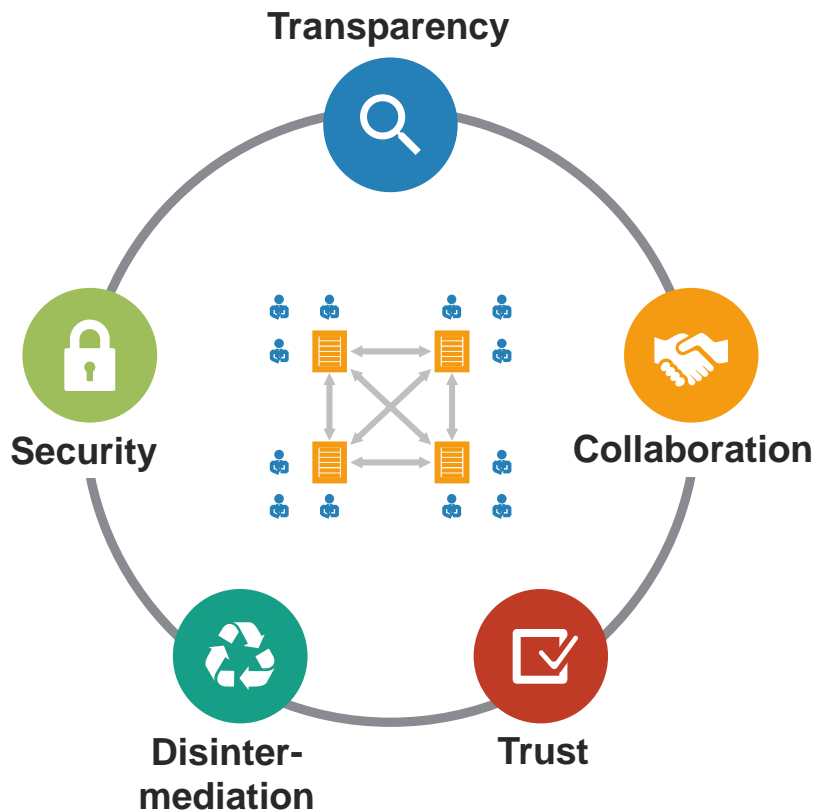


Participation in industry consortia and engaging with regulators early in the process to collaboratively design solutions for specific use cases (especially inter-institutional ones) will help bring the solution swiftly and more effectively to deployment

# Take The First Step: Identifying the right pilot use cases will highlight the potential of the technology to all stakeholders

Blockchains are best suited for situations where there is a distinct need for a select set of values

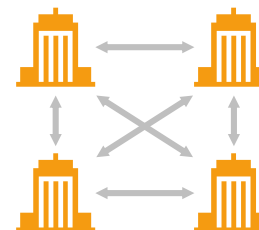
Blockchain make for a robust distributed transaction infrastructure, well suited for collaboration within and across institutional boundaries



## Intra-institution



## Inter-institution



Between fully centralized and fully decentralized lies a middle path – a permissioned distributed ledger - allow semi-trusting parties to securely share information among themselves and interact directly with one another without a co-ordinating intermediary



Want to know more? Have a suggestion? Connect with us. We are eager to hear from you

*Drop us a line or reach us via any of the channels below:*

# Reach Us



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