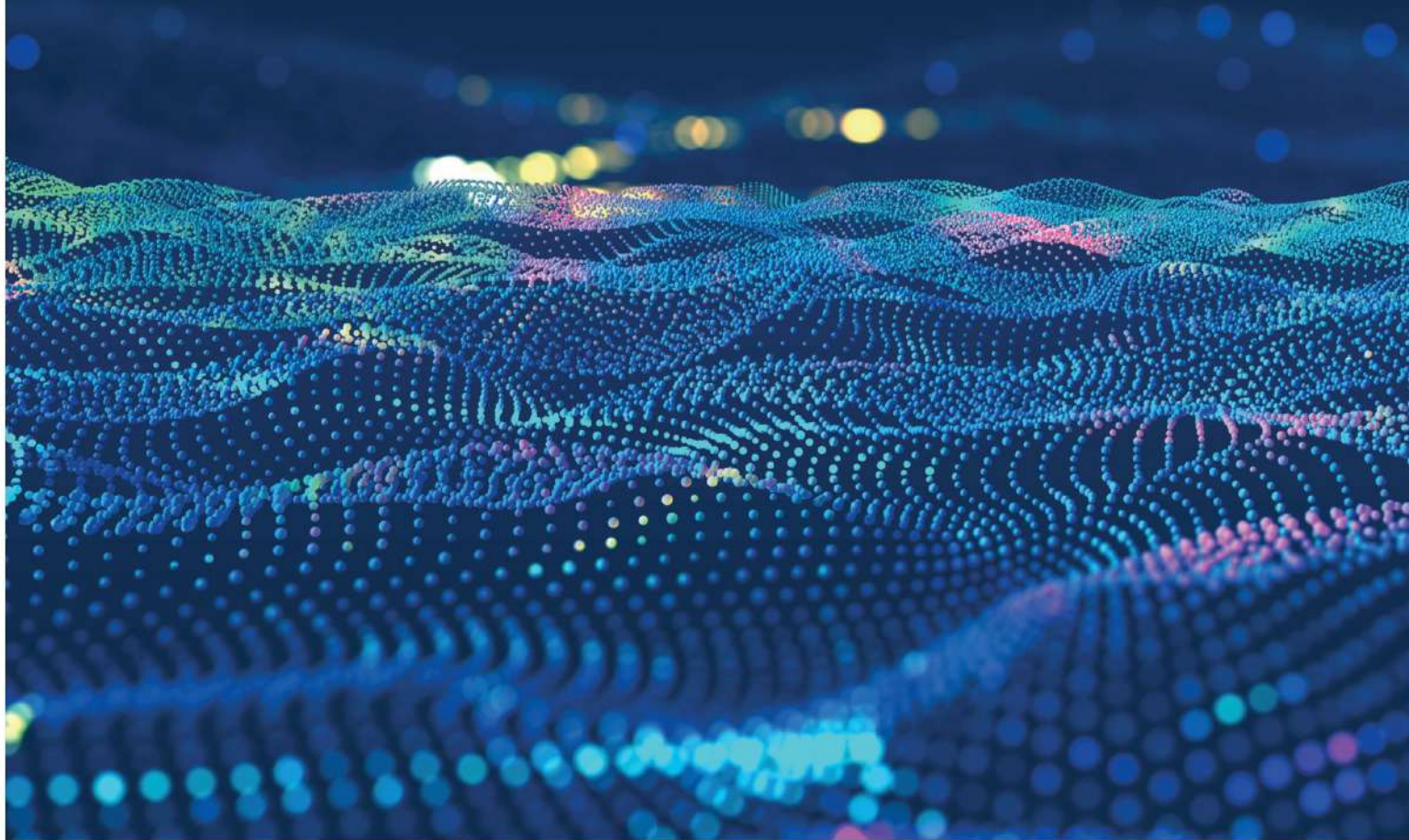


# Riding the crypto wave

Efficiency is everything in business, and with the right application, blockchain technology will be a game-changer. **Graham Bright** of Euro Exim Bank introduces an exciting new utility coin



Over thirty years ago, a set of solutions were proposed to resolve business inefficiency. Who can forget the hype around straight through processing (STP)? And then middleware, and business process re-engineering? STP was the methodology and technology used by financial companies to speed up financial transactions by processing without manual intervention. Rationalising and standardising multiple systems and removing redundant machines, applications and processes.

Then business process re-engineering (BPR) arrived on the scene, with a strategy focusing on the analysis and design of workflows,

application interconnectivity and business within an organisation. The aim of BPR was to help organisations fundamentally rethink how they do their work in order to improve customer experience, cut operating costs, and become world-class competitors.

Then there was middleware technology, the software that lies between an operating system and the applications running on it. Not APIs (application programming interface), but working as an underlying translation layer, enabling communication and data management between, and across, distributed applications.

With heavy demand on IT departments, and not



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don't automate  
for the sake of it**



wishing to risk total replacement of the core systems of banking, middleware pipes promoted connectivity of legacy systems with restricted data to feed their content to another application, and to have that enriched with additional information from another. With ability to mix, add to, and match formats, banks could keep up with mandated standards and regulatory changes, and customer-driven enhancements, faster and economically.

Rather than apply automation across the board and affect every task (with an increase of third party technology which would potentially be implemented at the expense of people and human interaction) the key was to eliminate work that does not add value.

Organisations today are keen to embrace technology, examine potential architectures and copyright new processes, but still struggle across multiple business sectors with analogue processes in a digital world.

Financial institutions do not automate for the sake of it, as there are so many demands on IT just to stay relevant in retail and wholesale banking. They automate to purposefully reduce internal cost of services, improve client experience, increase channels to market and sales. They also do it to maintain healthy/growing credit and cashflow, and to retain clients.

### **Buying in to blockchain**

Today's universal challenger in the bid for technological glory is blockchain. But rather than seeing it as the latest game-changer, we need to consider some fundamental truths. Rather like the telephone – the true value of which cannot be seen in isolation – blockchain will only be a game-changer when applied at scale.

Blockchain technology has potential in a distributed ledger environment, underpinning digital assets, becoming the technology of choice in commercial and central banks, and assisting in driving transparency, trust, immutability, shared communication, and speed in international trade. But everyone needs to buy-in.

Perhaps its blockchain's possible use across so many spheres that causes most concern, as the technology can have multiple uses in different sectors. Whether it's private or public, managed by consortiums, or even in space through satellites, the final decentralised frontier.

Rather than focus on the public perception of speed, trust, etc., we need to consider the reality. How it may affect and enrich specific trade, and how it continues to fall woefully short in all aspects in terms of connectivity, preparedness, cost, scale and ultimately, value.

Across the globe, tier 2 and 3 corporates numbering millions are the key drivers of economic growth. From sole-traders to multinationals,

subsistence farmers to heavily mechanised industries, the world still revolves around ancient paper-based and bureaucratic processes.

Leaving aside the subtle nuances and differences between nations, blockchain will not magically solve the issues of digital and digitised processes.

Imagine the scenario of a farmer in a landlocked country in Africa, selling crops to Asia. They are reliant on hard copy documents, getting certified paperwork, resolving multi-stop processes with many counterparties, operating with different formats, languages, standards, service level agreements, and so much more before achieving a final settlement.

The objective remains to move, store and issue digital assets, and gain access to self-custody digital asset wallet technology, an asset transfer network and tools to access staking, decentralised finance (DeFi) and control of digital asset exposure. As digital currencies become more mainstream, there is a defined use case for capital markets activity, where firms may be the first to benefit from a single solution that helps them manage many classes of digital assets.

And then come the regulatory issues. In the US, the battle rages over whether cryptocurrencies are prone to insider trading, demanding increased scrutiny and consumer protections and whether they are classified as securities. There is the question of how, if and when they may be taxed, and if companies are illegally listing coins and currencies on exchanges, many of which have closed.

But it's not all doom and gloom. Blockchain technology can and will provide significant benefits, including allowing machines to have unique identities, a virtual presence and automated verification. By taking out the human element, time, error, money, and resource may be saved, where processes can now allow exchange of value, assisted by artificial intelligence.

When bringing vast efficiencies and reduced costs to the financial services industry, whilst the consumer may gain the opportunity to transact without the traditional cost barriers, achieving value at scale, monetising the offering becomes more difficult. With so many players, margins are tight, and with technology lowering the cost, only immense volume and scale will provide the necessary revenue streams in trade finance banking and a fast return on investment.

Technically, by adding robotic process automation (RPA), machines will be able to interpret and apply human behaviour, and blockchain adoption will provide the secure layer of golden untouched, trusted records where business processes can run across multiple organisations with unfamiliar participants.

However, transforming trade takes time, and banks tend to want to see a return on their huge ►

investment in digitisation faster than the current market is proving, and where predictive timelines for solid returns are in the tens of years. It will be fascinating to see which companies stay the course, and whether current networks and applications, always evolving, present a faster, cheaper option, with retunes based on more clever use of existing technology.

Industry experts point out that blockchain is simply a technology, an enabling layer, rather than a solution in itself. With so much hype in the market and some sceptics firmly of the opinion that blockchain is a solution looking for a problem, its true value comes in moving and securing money, either in the form of cryptocurrencies (like bitcoin) or in the tokenisation of assets, such as property.

And this is the area where Euro Exim Bank (EEB) are most interested, with specific attention to a new viable blockchain, stablecoins which do not suffer from market volatility and the whim of individuals, and utility tokens for trade. Whilst the concept allows the bank to enter multiple market spaces, offering all things to all people, a more strategic approach has been adopted. By focusing on trade and pegging value to main fiat currencies, the coins offer stability, trade options without losing value, and a trusted digital store of wealth.

## EXIM COIN

Aiming for a full announcement in Q4 2022, EXIM COIN is a new crypto offering from Euro Exim Bank, and is asset backed and regulated. In addition to a newly incepted blockchain, EXIM COIN will offer investors the opportunity to engage and participate with a secure utility coin for trade projects.

The goal is to allow the complex, multi-party trade market to access trade finance asset classes and instruments expressly, efficiently and economically.

Adopting digital trade ecosystems requires full management buy-in, vision and serious financial commitment. And, after years of feasibility studies, continued research, observing market take-up, evolving design and selecting the most flexible platform, EEB have moved forward with its new offerings. Although many blockchain initiatives have successfully developed technology and onboarded partners, few to date have been able to prove the use case and make enough of a difference to the trade finance industry to justify the exhaustive change management and investment involved in adapting their systems.

The main challenge continues to be the demonstration of value. In a world where, despite all of the industry's conferences, discussions and inflated talks of a world already moving to full data information interoperability and digitisation, the world's supply chains remain complex, challenging and paper-based.



## The new EEB utility coin and blockchain is specifically for trade

Graham Bright,  
Head of Compliance  
& Operations at  
Euro Exim Bank

Without the necessary building blocks in place, the will, money and the resources to make it happen, no technology yet exists to link the world and bring trade's ancient processes into the modern era. And, to paraphrase Rowan Atkinson in a famous Barclaycard advert "we are both fluent, sadly in different languages".

Initiatives in digitalisation of process and digitising of documents, the modern iteration of STP and BPR, may yet be transformative in trade and supply chains. But re-engineering the entire trade ecosystem, from buyer to exporter, shipper, customs, warehousing/logistics, carriers etc, can only progress with agreed standards and protocols. Once this is achieved across millions of businesses and hundreds of countries and jurisdictions, blockchain-based ecosystems may truly revolutionise digitise trade finance have faltered.

Clients are not interested in the mechanics of systems. To use a motoring analogy, they merely wish to drive the car, fast efficiently and economically, the engine and electrics are of no consequence. And, as with blockchain, the underlying technology may be brilliant, future-proof and secure, and all transactions should run on this technology, not just a privileged few. Our goal is to deliver functionality, not hype around new technology.

And with the new EEB utility coin and blockchain specifically for trade, our solutions look at reducing the current barriers to trusted fast communication for the industry. Our aim is that blockchain – like BPO, STP and those touted as game-changers before it – will go down in history as the underlying technology that truly delivered. ■

**Further information**  
[www.euroeximbank.com](http://www.euroeximbank.com)