

## Successful blockchain trial for bank guarantees

### IBM teams with ANZ, Westpac, Scentre for trial

**Sydney - 10 Jul 2017:** ANZ and Westpac have teamed with IBM (NYSE:IBM) and shopping centre operator Scentre Group and have now successfully digitised the bank guarantee process used for commercial property leasing. The trial used Distributed Ledger Technology (DLT) to eliminate the need for current paper-based bank guarantee documents, resulting in a single source of information with reduced potential for fraud and increased efficiency. DLT powered by Hyperledger Fabric V1.0 is a blockchain framework and one of the Hyperledger projects hosted by The Linux Foundation. DLT is part of what underpins a blockchain.

The companies involved in the trial have today released a whitepaper detailing how the solution worked and how it could be used in other situations that rely on bank guarantees.

In addition to eliminating the need for physical document management, the trial also addressed other inefficiencies in the current bank guarantee process, including the challenges in tracking and reporting of a guarantee's status through multiple changes.

This forms part of a broader plan to build a shared solution with the rest of the industry, and to invite other organisations to participate in a larger pilot.

Commenting on the successful trial, Mark Bloom, Chief Financial Officer at Scentre Group, said: "An update of the decades-old process for issuing, tracking and claiming on guarantees is long overdue.

"With approximately 11,500 retailers across Australia and New Zealand, who use guarantees to support rental obligations, manual tracking of guarantees has been an extremely cumbersome and labour intensive process."

Nigel Dobson, General Manager Wholesale Digital, Digital Banking at ANZ, said: "We have been keen to avoid the hype surrounding blockchain and distributed ledger technologies, and instead focused on practical and deliverable use cases.

"This proof of concept demonstrates how we can collaborate with our partners to develop a digital solution for customers, which also has the potential for industry-wide adoption."

Andrew McDonald, General Manager Corporate and Institutional Banking at Westpac, said: "This is about removing the cost of fraud, error and operational risk that will continue as long as bank guarantees remain paper-based and manually issued.

"Next steps involve encouraging all industry players to adopt this technology so we can better protect and save money for our customers. Beyond that there is no reason why this couldn't be applied across other industries."

Dr. Joanna Batstone, Vice President and Lab Director of IBM Research Australia, said: "Using an agile approach, IBM collaborated with ANZ to combine the bank's deep knowledge of the industry and their partners, with IBM's blockchain expertise.

"The business use case demonstrates the opportunity to lift efficiency and transparency for all parties involved. We believe blockchain can potentially drive productivity across all Australian industries."

You can view the whitepaper

here: [https://bluenotes.anz.com/content/dam/bluenotes/documents/whitepaper%20\\_bank\\_guarantees\\_dlt\\_poc.pdf](https://bluenotes.anz.com/content/dam/bluenotes/documents/whitepaper%20_bank_guarantees_dlt_poc.pdf)

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