

Zencode CASE
STUDY

ZENCODE

Helps a Singapore bank save thousands of trees and save manpower

SMART Letter of Credits

AT A **GLANCE**

Banking

A Singapore based bank wanted to see what could be done to modernise the issuance of letters of credit as part of their push towards digital banking.

However with Zencode it was able to use Zencode's blockchain expertise to ensure well kept chain of information and authority throughout the letter of credit process.



SERVICES



Industry : Banking
Location : Asia
Employees : over 20,000
Services : Blockchain, System Development, System
Integration

CASE STUDY



THE ORGANISATION



Established on 16 July 1968 by the Government of Singapore to take over the industrial financing activities from the Economic Development Board, the bank's main purpose was to provide loans and financial aid to the manufacturing and processing industries and to help establish and upgrade existing industries in Singapore. The proposal included setting up a development bank, together with an economic body to attract foreign investments and provide financing and managing the industrial estates. The bank was incorporated in July 1968 and began operations in September of the same year.

With operations in 17 markets, the bank has a regional network spanning more than 250 branches and over 1,100 ATMs across 50 cities.



Faced with the challenge of modernising the very traditional process of issuing letters of credit, whilst ensuring minimal infrastructure changes whilst ensuring highest security was a seemingly impossible paradox

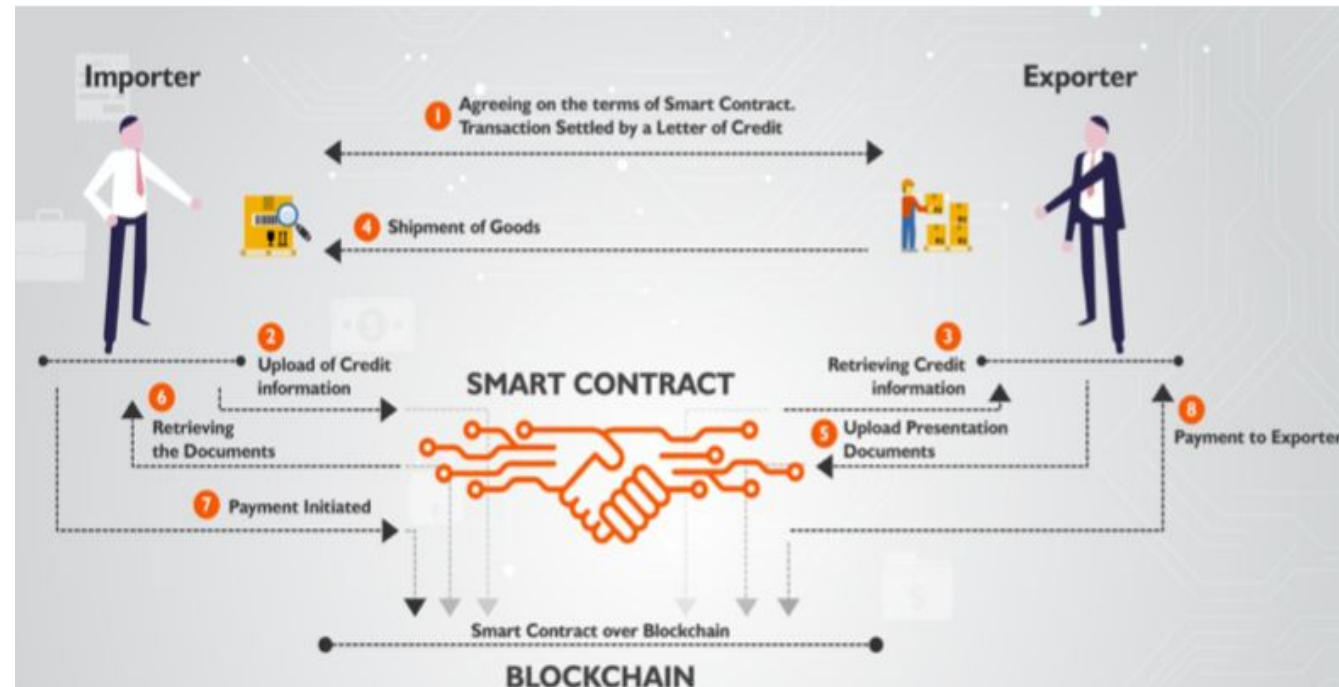
With the need to ensure that the process was well documented at every step of the way of the signing and approval by each person in the process; from banking officers to directors of companies.

THE SOLUTION

To use Zencode's Blockchain capabilities and System Development.

Smart Contract over the Blockchain solves multiple level of trust issues with the traditional approach.

- Involving parties need to trust only the immutable ledger records to carry out the transactions.
- Parties can perform the payments using the Smart Contracts.
- Data can also be shared using the Smart Contracts and verifiability is maintained due to the immutable nature of the Blockchain.



With *Zencode's* Blockchain Expertise:

All the vendors can access the LoC documents from the Blockchain which is verified and cannot be tampered. Letter of Contract can be modeled as a smart contract between the financier and the supplier to guarantee payment to the latter – if the trade merchandise is delivered to the buyer in accordance with all specified conditions

Specifying LoC requirements as logical and verifiable conditions in the smart contract-based template compels exactness and precision regarding time, place, value and manner of shipment while drafting the LC. For example, phrases like “beginning of the month” and “as soon as” are replaced by discrete date and time ranges to clearly specify the allowed dates for shipment, delivery, payment, etc. Through smart contracts, each condition can be evaluated based on the documents submitted by the exporter, effectively removing ambiguities and, consequently, the need for discretion by the issuing bank.

