

## Media Release

# Kotak Mahindra Bank Re-defines Trade Finance with Blockchain

**Mumbai, May 17, 2017:** Kotak Mahindra Bank (Kotak), with the help of Blockchain technology, ushers in a new era in trade & commerce by reducing time taken for a Letter of Credit (LC) from 20-30 days to only couple of hours. Kotak is India's first bank to successfully complete the PoC (proof of concept) for end-to-end trade finance transaction for one of its clients, and will soon roll out this technology for all customers.

LC – a negotiable instrument, is a critical document in both domestic and international trade finance, and is also one of the most tedious documents to process in banking. The time involved in completing the process deprives exporters from utilising their sale proceeds efficiently.

The verifying, approving and documenting process takes time given that multiple parties from different countries with varied regulatory frameworks are involved in the process. Blockchain technology not only eliminates duplicity of data but also integrates data to a central cloud-based access system for participants in a transaction.

In a first of its kind transaction in India, Kotak partnered with Deloitte and used the blockchain technology to complete LC transactions with JP Morgan Singapore as Partner bank (Outbound - LC issuance; Inbound - document & bill lodgement) - from issuing the LC for outbound transactions to transferring trade documentation and bill lodgement for inbound LCs to facilitating the transaction funds using Swift.

KVS Manian President – Corporate, Institutional & Investment Banking, Kotak Mahindra Bank said, "In an ever-evolving digital ecosystem, while instant money transfers have progressed significantly, trade finance in India has a lot of catching up to do. Blockchain, the "distributed ledger" technology has emerged as an object of intense interest in the financial services industry and beyond. Since 2008, the Blockchain technology has evolved from a way of recording transactions to a digital revolution that has the potential to be highly secure, transparent, resistant to outages, auditable, and efficient. Banks and financial institutions across the globe are exploring various Blockchain applications such as Trade Finance, Cross Border Payments, Trade Settlements, FX Settlements, Commodities Exchange, Audit & Regulatory Reporting, User Identity Management and User On-boarding among a host of exciting possibilities.

"In the Indian context, banks are experimenting with Blockchain applications in various areas of transactions journey and processes, including paper intensive processes of Trade Finance and Supply Chain financing segments, which are ripe for disruption. Our proof of concept transaction will change the narrative hereon. We are leveraging this technology to give our clients hassle-free and profitable trades finance solution on an almost real time basis" added Manian.

"We have been investing in technology solutions that create tremendous value for customers. This transaction is the beginning of a journey on integrating Blockchain and moving towards full-scale adoption, thus giving Indian importers, exporters and domestic traders the best solution", added Manian.

Tushar Trivedi, Sr. EVP, Kotak Mahindra Bank, said, "Blockchain will empower our customers with speedier and better transparency at lesser cost of operation as it reduces the level of intermediation of business processes. The technology is here to stay and we will implement it across multiple functions in banking transactions, thereby improving efficiencies and reducing lag times through a transparent and secured process."

We envision a future where banks will collaborate and participate on Blockchain consortium which will help improve operational efficiency, reduce risk of fraud and improve the customer experience in key offerings:

KYC, Cross border payments, Import / Export Finance, Supply chain finance, Syndicated loans, Regulatory audit and reporting.

### **About Kotak Mahindra Bank Limited**

Established in 1985, Kotak Mahindra Group is one of India's leading financial services conglomerates. In February 2003, Kotak Mahindra Finance Ltd. (KMFL), the Group's flagship company, received banking license from the Reserve Bank of India (RBI), becoming the first non-banking finance company in India to convert into a bank - Kotak Mahindra Bank Ltd.

Effective April 1, 2015, ING Vysya Bank Ltd. merged with Kotak Mahindra Bank Ltd. As on March 31, 2017, Kotak Mahindra Bank Ltd, has a national footprint of 1,369 branches spread across 689 locations and 2,163 ATMs.

The Bank has four Strategic Business Units – Consumer Banking, Corporate Banking, Commercial Banking and Treasury, which cater to retail and corporate customers across urban and rural India.

For more information, please visit the company's website at <http://www.kotak.com/>

For further information, please contact

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