



Digitalisation &  
Innovation  
@Rabobank

# Innovation and we.trade

*Bart van Beek*

27 June 2019

# The world around us is changing rapidly

## Changing customer expectations



## Evolving technology

Partner @scale



Data veracity

AI



Cyber security

## New Regulation



COMPLIANCE



## Rise of Fintech and Big Tech



Tencent 腾讯

amazon payments



# FinTechs attack all parts of banking

## Payments, Treasury & Credit Management

### Personal Finance

### Insurance

### Risk & Compliance

### Mortgage & Consumer Lending

### Investment/Asset Management

### Blockchain Cryptocurrency

### Bank Platform Software

### Accounting Invoicing

### Authentication Security Fraud

### Alternative Finance Investing

### Data Analytics AI

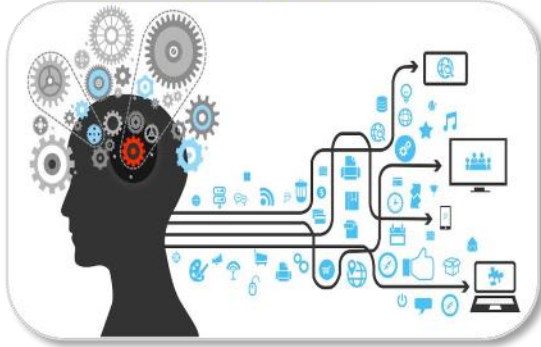


Source: Holland FinTech (4.0)



# New technologies also impact the future of banking

*Artificial Intelligence*



*Partner @scale*



*Data veracity*



*Cyber security*

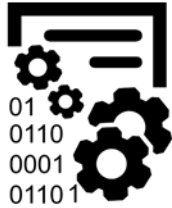


*Banks need to learn to adopt these new technologies to be successful in the future*

# What is Blockchain?

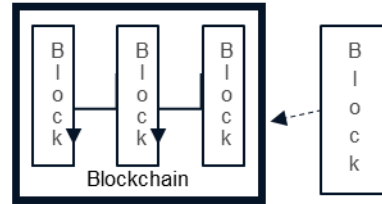
*And what makes it special?*

## Protocol



Collaboration  
in a group

## Shared database



$$\sum_{k=0}^{\infty} \frac{\lambda^k e^{-\lambda}}{k!} \begin{cases} (q/p)^{(z-k)} & \text{if } k \leq z \\ 1 & \text{if } k > z \end{cases}$$

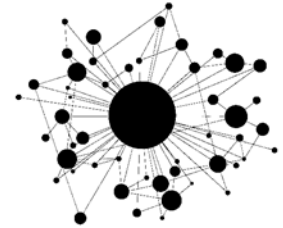
Non-manipulable

## Smart Contract



Programmable  
business rules

## Decentral



Open and  
closed



# Banks react to FinTech and BigTech

*Increasing their digital spend and reinventing their business*

## Digitalization & innovation

- Lloyds Bank to spend £3 billion on digital transformation
- DBS has 400 people in its analytics team and it is growing
- Citigroup, ~20 percent of expense budget is dedicated towards technology spending ~\$8 billion

## Collaboration with BigTechs



- Alipay have signed deals with >100 banks and 40 digital wallets companies in Europe in 2018
- Amazon is preparing to offer checking accounts via JP Morgan and expected to be launched in later part of 2018

## Cross-bank collaboration



## Beyond traditional banking



**BBVA API\_MARKET**



Even more revolutionary  
than blockchain ?

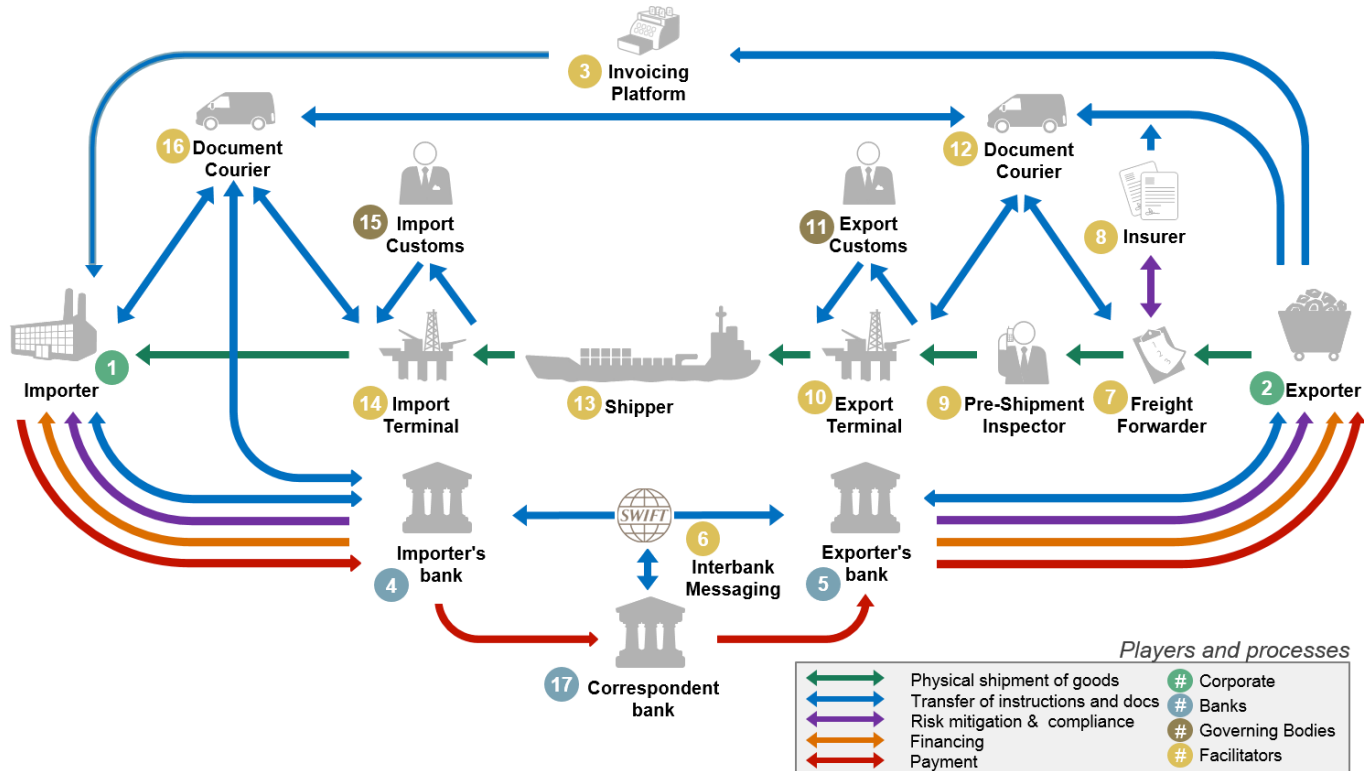


**Collaboration**  
in the financial sector.



# The Challenge

## Highly fragmented ecosystem



Source: BCG SIBOS Digital Innovation in Trade Finance (2017)



# Issues in international trade

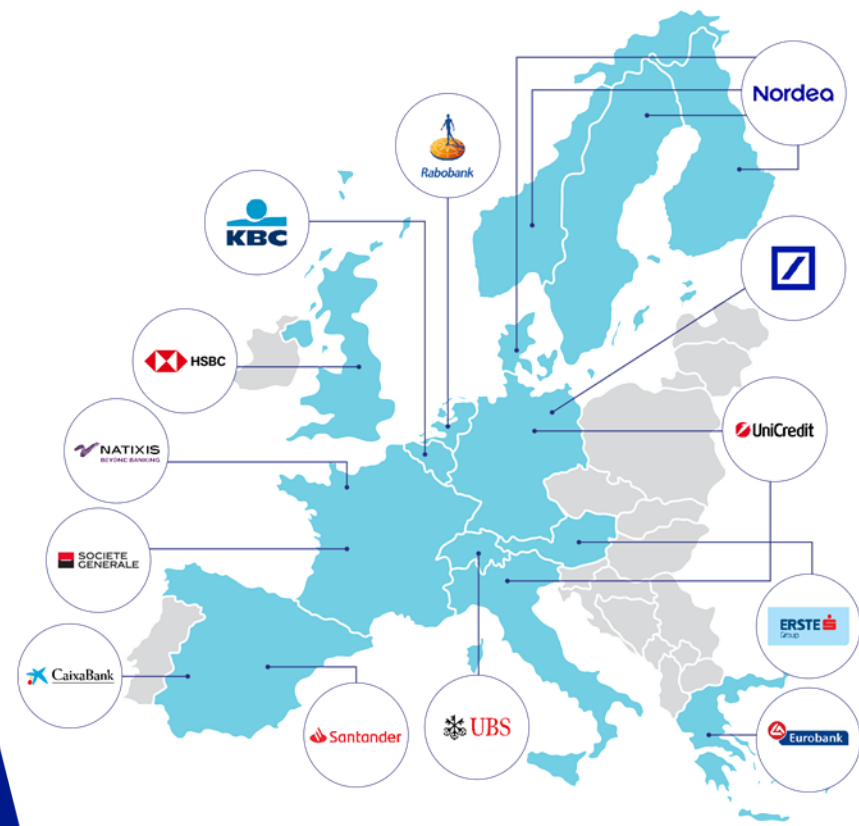
## A Catch 22 – The risk of advanced payment and shipment

- More than 95% of intra EU trade transactions are based on open account
- Trust is a challenge – ensuring payment received for goods dispatched
- 30% of our customers don't even see the risk
- Trade Finance solutions (e.g. Letters of Credit) not suitable for European trade



# About us

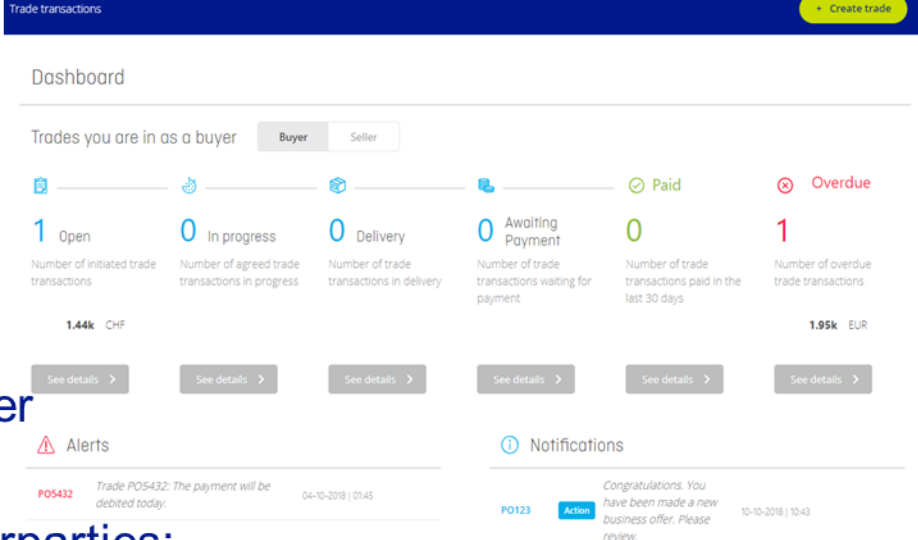
- First blockchain-based digital trade finance platform in production worldwide
- Established Joint Venture company based in Dublin
- 12 top European banks as shareholders
- Created a common Rule Book
- Built with IBM on Hyperledger Fabric
- Developed a managed solution with easy deployment for more banks to join
- Platform live in beta on June 2018
- As of Oct 2018, we.trade network has grown to 14 banks and geographic coverage in 14 countries



# Our Solution

A Platform where companies...

- find a simple, intuitive way to find trade counterparties;
- are KYC'd and access through a member bank;
- make trade proposals with these counterparties;
- set payment conditions which can be agreed upon and executed seamlessly, simply and trustfully using Smart Contracts;
- request services from their banks against these trades: to finance & secure payment.
- ... and banks create new digital journeys for their clients - rethinking trade and trade finance processes



# we.trade Journey

## From Proof of Concept to Production

2016

Hubert Benoot, KBC, had an idea following a chat with a potato farmer reluctant to export due to the risk of unknown trade partners. The Digital Trade Chain (DTC) project began



Jun 2017

IBM selected as technology partner



Feb 2018

DTC rebranded as



we.trade becomes a legal entity and establishes offices in Dublin

Sep 2018

Ex-Batavia Consortium Banks, Caxia, Erste, UBS join as shareholders. Eurobank joins as a licensee bank



Mar 2019

we.trade and Hong Kong based eTrade Connect complete successful PoC to connect platforms

Q3 2019

Ongoing product development and optimizing following customer feedback

2019 and Beyond

Massively scale the number of SME's on the platform and expand to more geographies



Jan 2017

Seven European banks (Deutsche Bank, HSBC, KBC, Natixis, Rabobank, Société Générale and UniCredit) join the project

Dec 2017

Nordea and Santander join we.trade as Shareholders

Nordea



Jun 2018

we.trade platform goes live in beta

Nov 2018

V1.1 of platform launched

Q2 2019

V2.0 Release with additional features and functionalities

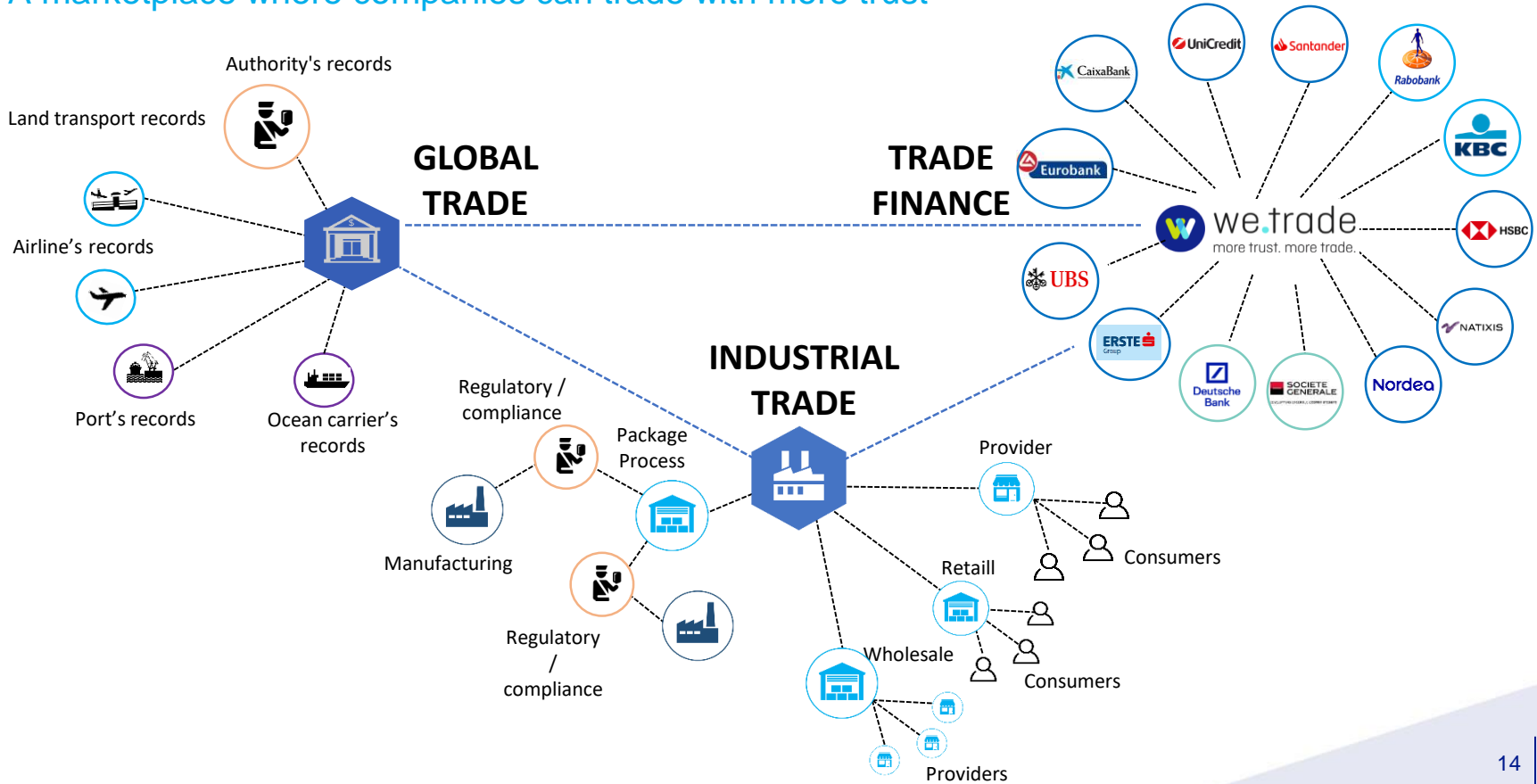
Q4 2019

Explore connections with potential partners (e.g. insurance and shipping companies, port authorities)



# Our Vision: Network of networks

A marketplace where companies can trade with more trust





A woman with dark hair, wearing a white lab coat, is looking directly at the camera in a laboratory setting. In the background, other people in lab coats are working at lab benches with various pieces of equipment and glassware.

Our mission: growing a better world together. We actively engage with our customers to help them grow.

What do you do to help your customers grow?



**Rabobank**