

February 24, 2017
Sumitomo Mitsui Banking Corporation
IBM Japan, Ltd.

Proof-of-Concept for application of Blockchain Technology to Cross-border Trading Operations

Sumitomo Mitsui Banking Corporation (President and CEO: Takeshi Kunibe; hereinafter “SMBC”) and IBM Japan, Ltd. (General Manager: Paul Yonamine; hereinafter “IBM Japan”) have agreed to initiate a Proof-of-Concept (hereinafter “PoC”) from February 2017 to verify the applicability of blockchain technology¹ to cross-border trading operations.

Cross-border trading operations have more diversity in, for example, business custom and parties involved than domestic operations do. Taking advantage of expertise in trade finance, SMBC supposes that blockchain technology would provide significant impact on the operations; digitization of ex/import documents, prompt and secured exchange of such documents, and real time information sharing among exporters, importers, forwarders, shipping companies and port authorities.

The planned application includes a market-place platform of advanced technologies, such as visualization of logistics status, real time data analysis with high accuracy, and failure prediction and process optimization in use of cognitive computing². In addition, settlements in a timely manner on demand of exporters and importers will be considered. In this PoC, the test application will be open to parties involved in actual trading operations for exploration of their feedbacks and any thoughts.

This PoC was preceded in collaboration of IBM Japan, IBM’s global team, and SMBC, in particular a team in the San Francisco bay area, which does look into

new, innovative technologies.

SMBC will continue in its efforts to further enhance the quality of its products and services in order to ensure the clients' diversified needs being satisfied.

IBM is a premier member of the Linux Foundation's Hyperledger Project and actively working with hundreds of clients globally to understand what it takes to make blockchain ready for business. For the PoC with SMBC, IBM Japan will structure operating process flows and help to develop a test application, using IBM Cloud.

1. Blockchain technology offers a distributed ledger and processing that do not require a central institution, which is expected to reduce the costs for system development and operation. As the technology allows sharing of electronic data speedily and safely between parties involved, it has a great affinity with trade transactions that involve many parties and require secure exchange of documents. Recognizing business opportunities in the technology, many venture companies have been established. Around the globe, consortiums for discussing this field have been founded and various governmental and financial institutions are conducting demonstrations and verifications.

2. Cognitive Computing is information technology that identifies specific knowledge from big data and allows users to search and understand information required for better decision-making.