



HSBC claims first trade-finance deal with blockchain

HSBC has claimed the world's first trade finance transaction using blockchain, which shows the technology is commercially viable for international trade.

HSBC is said to have issued a letter of credit (LoC) for Cargill Inc, which relied on blockchain technology developed by R3 consortium for a shipment of soybeans transporting from Argentina to Malaysia via the global commodities trader's Geneva and Singapore subsidiaries.

The Cargill transaction marked the first use of a single, shared digital application rather than multiple systems. The use of blockchain technology in the banking industry is expected to reduce the risk of fraud in LoC as well as streamline the long paper trail process which can take 5-10 days, to a matter of hours.

The technology to digitize all of Asia Pacific's trade-related paperwork could slash the time it takes to export goods and cut costs by more than 30 percent, citing a study by the United Nations. This has made trade finance transactions simpler, faster, more transparent and more secure for businesses.

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