

IBM, Five International Banks Pilot Blockchain-Based Platform for Trade Finance



Batavia, a global trade finance platform based on distributed ledger technology (DLT), which has been jointly developed by a consortium consisting of [IBM](#), [Bank of Montreal](#), [CaixaBank](#), [Commerzbank](#), [Erste Group](#) and UBS, “has successfully completed its first live pilot transactions with corporate clients.”

“The complexity of today’s global financial systems is making it more important than ever for networks of institutions to work together with their clients to efficiently and securely share trade data,” said Jason Kelley, general manager of IBM Blockchain Services, in the company’s press release announcing the pilot. “The members of Batavia have demonstrated how sharing data among permissioned network members can accelerate

cross-border trades and bring new transparency to the financial system, both in real-time and at scale.”

“Batavia is built on the [IBM Blockchain Platform](#), powered by The Linux Foundation’s [Hyperledger Fabric](#).” Batavia wants to provide a foundation for a future trade finance ecosystem, with end-to-end support to trade processes, including the closing of trade agreements and the execution of smart payments triggered by predetermined events in the supply chain, recorded on the blockchain. The Batavia platform is also able to integrate tracking, tracing and risk management tools, “which can be tied to key events in the supply chains and signals from IoT devices.”

The first pilot transactions included the trading of cars from Germany to Spain and raw textile materials for furniture production from Austria to Spain. The banks collaborated among themselves and with corporate clients that are active in international commerce, including textile operators [Lenzing](#) and [Fluvitex](#), car maker [Audi](#) and car importer [Domingo Alonso Group](#), to test the behavior of the platform in complex real-world supply chain monitoring, trade data gathering and trade finance scenarios. The pilot transactions were conducted with a variety of transportation modes, geographies and trading parties of various sizes, in order to test Batavia’s ability to scale and manage diverse transaction types.

“The first live transactions involving corporate clients mark a real milestone in Batavia’s development and underscore the immense potential of this global trade platform,” said Patrick Götz, the head of corporate flow products at the Vienna-based Erste Group Bank AG, per the bank’s pilot press release. “Erste Group is grateful to its corporate client Lenzing AG and their subsidiary company Lenzing Fibers GmbH, as well as to its fellow Batavia participant CaixaBank, for successfully cooperating on one of these pilot transactions.”

In its release, CaixaBank espoused blockchain technology’s ability to improve services for customers and increase transparency, traceability and

risk management, all of which are paramount for successful international trade management.

“It is very important to involve our corporate clients as early as possible in our research and development activities regarding the digitalisation of trade finance,” said Niko Giesbert, divisional board member at Commerzbank, in that bank’s release. “I am very grateful to Audi for their cooperation and their support for our project.”

Giesbert added that, in the pilot, a smart payment was automatically triggered by shipment data, which shows the potential of the Batavia platform.

“In cooperation with Commerzbank, we have processed a worldwide, blockchain-based commercial transaction through the Batavia platform for the first time — efficiently, safely and transparently,” said Alexander Dietlmeier, head of group treasury at Audi, per the Commerzbank release. Dietlmeier added that Audi has gained important experience and will be testing blockchain technology for other use cases in its distribution process.

The press releases issued, to date, by IBM and four of the five participating banks, state that Batavia has the potential to revolutionize the client experience by providing a digital and automated way of arranging, securing and financing international trade transactions. The Batavia project is now planning to start a new development phase to build a production-ready solution.