

KBank and IBM Develop Blockchain-Based Letter of Guarantee Service

Digitized Letters of Guarantee can help reduce time and costs among enterprise trading partners

BANGKOK and ARMONK, N.Y., Aug. 8, 2017 /[PRNewswire](#)/ -- IBM (NYSE: [IBM](#)) and KASIKORNBANK Public Company Limited (KBank), one of Thailand's largest banks, today announced the launch of a new enterprise Letter of Guarantee network based on IBM Blockchain. The new solution is designed to help simplify and expedite procedures for KBank's Letter of Guarantee process, with the goal of improving the customer experience, strengthening security and reducing costs for clients and the bank.

With a more digitized, streamlined and transparent process enabled by blockchain, KBank's enterprise Letter of Guarantee solution is completely paperless, allowing banks and customers to do with the click of a button what previously required paperwork. The transparency provided by blockchain can help eliminate forgery and provide efficient service delivery. The solution is designed so that a Letter of Guarantee process that previously took up to several days is now significantly shortened.

Letters of Guarantee issued via the commercial banking system in Thailand are expected to reach over \$40 billion, increasing by 8 percent in 2017. Of that total, approximately \$9 billion will be issued by KBank, which has the largest share of the market at 25 percent. KBank is targeting an increase in Letter of Guarantee issuance via electronic channel to 35 percent by the 2018 year-end, 5 percent of which will be processed via the blockchain.

"Blockchain technology is applied to create highly secure networks of document filing and retrieval," said Pipit Aneaknithi, president of KBank. "As Thailand's largest issuer of Letters of Guarantee, KBank is working with IBM to implement this innovative technology to further define and articulate our leadership in this market."

Built on Hyperledger Fabric, a blockchain framework and one of the Hyperledger projects hosted by The Linux Foundation, the solution was tested in the Bank of Thailand's regulatory sandbox and built to be able to scale up to meet an expected increase in Letters of Guarantee issuance through electronic channels. By offering a single, shared data structure, the solution is also expected to help deliver new business opportunities with other banks in the region.

"Blockchain reduces traditional transaction barriers and can help to improve business processes in the financial services sector and beyond," said Parnsiree Amatayakul, managing director of IBM Thailand. "As

IBM continues to support KBank's important initiatives in blockchain, the value this technology can bring to the bank and its clients is becoming increasingly clear, and can redefine the way businesses in the region operate and grow."

KBank provides banking services including personal and commercial banking, international trade, and investment banking services to its customers throughout Thailand. The bank has foreign branches in Los Angeles, Hong Kong, Cayman Islands, and Shenzhen, and representative offices in Shanghai, Beijing, and Kunming. KBank also partnered with other business partners to pilot the use of Enterprise Letter of Guarantee on Blockchain service including Metropolitan Electricity Authority, Provincial Electricity Authority, PTT Global Chemical PLC, and PTT Polymer Marketing Company Limited.

About IBM

IBM is the leader in open-source blockchain solutions built for the enterprise. As an early member of Hyperledger, an open source collaborative effort created to advance cross-industry blockchain technologies, IBM is dedicated to supporting the development of openly-governed blockchains. IBM has worked with more than 400 clients across financial services, supply chains, IoT, risk management, digital rights management and healthcare to implement blockchain applications. For more information about IBM Blockchain, visit www.ibm.com/blockchain.

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