



# Blockchain powered evolution of inter-bank reconciliation

## Market challenges

Given nowadays complex macroeconomic environment, as well as regulatory and investors' pressures, banks are forced to seek new ways of lowering costs and increasing profitability. In such a setting, technological innovations such as blockchain could become a lifeboat for banks.

Most challenges that banks face with respect to inter-entity reconciliations are broadly attributed to the absence of synchronized information and fragmented communication between counterparties. Accounting errors, duplication of transactions, transfer pricing adjustments, inter-group cost sharing allocations and adjustments, and complex revenue-sharing arrangements can further complicate the inter-entity reconciliation process. Key aspects that make inter-entity reconciliation a complex activity:

- **Limited counterparty visibility.** Usage of varied and isolated accounting systems impairs enterprise-level visibility into each entity's ledger accounts and transaction details.
- **Non-standard accounting systems.** Usage of different accounting and general ledger systems makes interconnection process challenging and time-consuming.
- **Manual or semi-manual processes.** Any human interactions with the system are error-prone, time-consuming and subject to fraud, thus ensuring accuracy and timeliness of inter-entity reconciliation becomes a challenge.
- **The complexity of a comprehensive audit.** The auditor needs to consider the risk that the information is inaccurate due to error or fraud.

## How blockchain helps to increase the speed of settlement

TokenD blockchain powered solution, by virtue of its distributed nature and the use of Federated Byzantine Agreement consensus protocol, is a perfect tool for establishing unified and transparent communication among financial institutions.

The inter-entry transaction could be posted to the private blockchain network simultaneously with execution of the payment instruction, synchronized among involved counterparties and securely saved to the immutable storage. During the processing, transaction status is update by the servicing institution; expected and booked balances of the account are derived automatically; time stamps are provided for each update.

The TokenD solution provides real-time visibility on transaction status, expected and available account balances and timed data to both the account owner and the account servicer. As a result, the amount of dispute situations and liquidity trapped due to lack of most recent information is minimized.



## Key benefits of TokenD platform

### Values that TokenD platform brings to business:

- Fast time to market;
- Predictable operation costs;
- Reduction of operational risks;
- Reducing time for detection and resolution of disputes;
- Real-time liquidity information.

### Values that TokenD platform brings to IT operations:

- Immutability of ledgers;
- Real-time and secure synchronization of the ledgers among all participants;
- Intuitive integration with existing systems using REST API;
- Full control with high level of security;

## Summary

TokenD is a state-of-the-art white label blockchain platform that consolidates the experience gained by Distributed Lab in building the production-ready distributed ledger solutions. It is designed for enterprises that are willing to take advantage of the blockchain technology without the need of maintaining the expensive team of blockchain experts and within the shortest time to market. TokenD, besides the flexible DLT functionality, includes production-ready web and mobile wallets, admin panel, and integrations with external systems. With intuitive REST API, SDKs documentations and reference implementations the required customization efforts are reduced to minimum, which makes it even more valuable in an emerging but rapidly growing industry.

For more information contact [enterprise@distributedlab.com](mailto:enterprise@distributedlab.com)

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