

Blockchain tech can resolve inefficiencies in Indias current trade finance system: Study

Agencies, Kolkata

Implementing digital technologies such as blockchain, artificial intelligence (AI), machine learning and robotic process automation can resolve inefficiencies in our current trade finance system, and make the process efficient at the bank's, buyer's, seller's, as well as the SME's/MSME's end, noted a recent

ASSOCHAM-Deloitte joint study.

"Blockchains application for identity management and know your customer (KYC) looks quite promising," stated the study titled, 'Role of trade finance for inclusive growth,' jointly conducted by The Associated Chambers of Commerce and Industry of India



(ASSOCHAM) and global professional services firm Deloitte.

"Banks in India should start conducting POCs (proof of concept) in this DLT (distributed ledger technology) to get a deeper understanding of its (blockchain technology) implications from the dimension of deployment in trade finance," the study noted.

However before a widespread adoption, blockchain must address certain implementation challenges – onboarding users, regulatory acceptance, changing role of banks, infrastructural issues and firms/businesses operating on small scale.

It added, innovation in AI is also moving very fast. It too has enormous

application to solve real problems. It could be used to detect transactions quality, or opportunity to market cross channels, to ensure banks are utilizing their resources optimally.

While the year 2017 saw global trade expansion as a consequence of acceleration in global trade growth in the first six months of the year, India's slow growth of trade has been a concern.

"Many are attributing this short term down turn as a negative fallout from the reforms - Demonetization and Goods and Service Tax (GST)."

India's trade deficit hit a 35 month high, at USD 14 billion as exports declined, for the first time in 14 months by 1.12 per cent in October 2017, to USD 23.1 billion. "Exporters faced a liquidity crunch after paying GST for four months in a row without any refund."

Blockchain can improve India's trade finance system: Report

NEW DELHI, March 15 (IANS): Blockchain along with other digital technologies including artificial intelligence (AI), machine learning and robotic process automation could resolve inefficiencies in the country's current trade finance system and make the process efficient, a recent study said.

Titled "Role of trade finance for inclusive growth", the joint study by Assocham and professional services firm Deloitte said here on Thursday: "Blockchain's

application for identity management and 'know your customer' (KYC) looks quite promising."

Banks in India should start conducting proof of concept with blockchain technology to get a deeper understanding of its likely implication in trade finance if implemented in the overall system, the study noted.

However before a widespread adoption, blockchain must address certain implementation challenges - onboarding users, regulatory acceptance,

changing role of banks, infrastructural issues and firms and businesses operating on a small scale, it said.

It added that innovation in AI is also moving very fast and it too has enormous application to solve real problems. It could be used to detect transactions quality, or opportunity to market cross channels, to ensure banks are utilising their resources optimally, the study said.

On the state of the country's trade, the study said, while 2017 saw global

trade expansion as a consequence of acceleration in trade growth in the first six months of the year, India's slow growth of trade has been a concern.

"Many are attributing this short term down turn as a negative fallout from the reforms - demonetisation and goods and service tax (GST)," it said.

The report however said that fine-tuning GST data that feeds information technology platforms will have a significant impact on trade finance.