

## Press release

27 May 2021

### LBBW and partners go live with Marco Polo trade finance network

- **Fully digital transactions based on blockchain technology to secure payments for trade transactions**
- **Joint project with the companies Voith and KSB, as well as Commerzbank as banking partner**
- **Major milestone on the path to market readiness**

LBBW and its partners settled trade transactions for the first time in a live environment via the Marco Polo trade finance network last week, creating an irrevocable payment commitment to the supplier. The process was fully digital without a parallel paper-based process. Following several pilot transactions, this first live transaction is a major milestone on the path to market maturity.

#### **Go-live with KSB and Voith**

Object of the transaction was the delivery of special couplings. The required data transfers for the payment commitment between the banks, LBBW and Commerzbank, as well as between the pump and valve manufacturer KSB and the technology group Voith, were performed in a secure and closed area, with access only permitted to the parties involved in the transaction. The time-consuming process with paper trade documents, including preparation, dispatch, and check, as known from the documentary letter of credit, has been replaced by the fully automated matching of trade data. The distributed ledger, built on Corda, ensures the necessary liability as well as the required confidentiality of the settlement. Thanks to the fully transparent settlement

process, KSB, Voith, and the banks involved maintained exclusive visibility on every step along the process.

LBBW and Commerzbank are two of the founding members of the Marco Polo initiative and the first banks in Germany to settle trade transactions digitally and in real-time on Marco Polo's distributed-ledger technology (DLT) network. The pioneering work of the two banks and its business partners ranges from creating and settling a digital payment commitment through to preparing technical integration of innovative blockchain technology into internal infrastructures.

The network, operated jointly with the FinTech TradeIX, is built on R3's blockchain technology Corda, which offers a variety of solutions for different applications in trade finance, supply chain finance, and beyond. The distributed ledger technology on which Marco Polo is based revolutionises this process with decentralised and simultaneous data transmission between parties involved in the network.

"This is absolutely the right time for this innovation to come along. The coronavirus pandemic has shown how susceptible to disruptions paper-based settlement is. Thus, it is all the more important that we can offer our clients a secure, efficient, and fast digital trade finance process with Marco Polo," says Dr Christian Ricken, member of LBBW's Board of Managing Directors and responsible for the capital markets business, asset management, and international business.

"We would not have got this far without the trusting and uncomplicated cooperation between all parties involved," Gerald Böhm, Head of Export and Trade Finance at Voith GmbH & Co. KGaA, emphasises. "We are looking forward to many interesting discussions with other companies and banks, so that we can use the payment commitment module more often."

"KSB is an international digitalisation pioneer in our sector, and has set standards with many innovative solutions," says Dr Stephan Timmermann, KSB Management Spokesman. And Dr Matthias Schmitz, Managing Director responsible for Finance and Procurement, adds: "After digitalising our production and products wherever possible, we are now systematically

approaching digitalisation of our processes. The Marco Polo platform, and technologies such as blockchain and distributed ledger, are allowing us to raise our trading processes to a new, paper-free, and – most importantly – secure level.”

“In achieving the live payment commitment transaction, together with KSB, Voith, Commerzbank, and LBBW, Marco Polo has proven that it is a reality to operate fully digital trade finance transactions that require high-level of automation and data matching, leveraging blockchain technology” adds Daniel Cotti, Managing Director Centre of Excellence Banking & Trade at TradelX.

#### **About KSB**

KSB SE & Co. KGaA is an internationally leading pump and valve manufacturer. Based in Frankenthal, the company is present on five continents with its own sales and marketing organisations, manufacturing facilities, and service operations. KSB's approximately 15,600 employees generate revenues of just under €2.4 billion.

#### **About Voith**

As a global technology company, the Voith Group sets standards in the energy, oil & gas, paper, raw materials, and transport & automotive markets, supported by a broad portfolio of systems, products, services, and digital applications. Founded in 1867, Voith today employs more than 20,000 staff members and generates revenues of €4.2 billion at locations in more than 60 countries worldwide; it is thus one of the largest family-owned companies in Europe.

#### **About LBBW**

Landesbank Baden-Württemberg (LBBW) is a medium-sized universal bank and the central institution for savings banks in the German states of Baden-Württemberg, Saxony and Rhineland-Palatinate. With total assets worth €276 billion (31/12/2021) and around 10,000 employees, LBBW is one of Germany's large banks. Its core activity is business with corporate clients, especially small and medium-sized enterprises, as well as with retail customers, and savings banks. Another focus lies on real estate financing and the client-oriented capital markets business with banks, savings banks, and institutional investors.

#### **About Marco Polo**

The Marco Polo Network is the largest and fastest growing trade and working capital finance network in the world. It is a joint undertaking between technology firms TradelX and R3, the world's leading financial institutions, and their corporate clients. Launched in 2017, the Marco Polo Network provides an open enterprise software platform for trade and working capital finance to

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banks and corporates and a distributed, blockchain-powered solution that allows for the seamless and secure exchange of data and assets between participants.

## **Further Information**

<https://www.marcopolo.finance/>

<https://www.r3.com/>

<https://tradeix.com/>

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