



Alfa Bank – Use Case

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1. Introduction to conventional remittances:

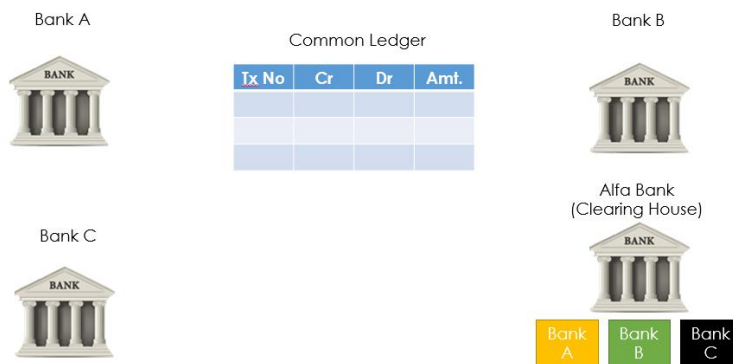
The clearing of funds usually takes time to settle and there is no visibility between the parties for settlement. Moreover, in the current scenario there is a cost of funds transfer, affecting liquidity management in banks. Liquidity is not well managed in terms of cost of funds and capital adequacy maintenance. The other grey areas include the security in sharing documents across parties in cross border remittances, and there is no transaction visibility across the sender and receiving terminal on end to end basis. Considering all the above-mentioned factors, there is a huge concern on the efficient flow of funds on a real-time basis at beneficiary’s end at almost instant basis.

1. Remittance through Blockchain -HC Remit:

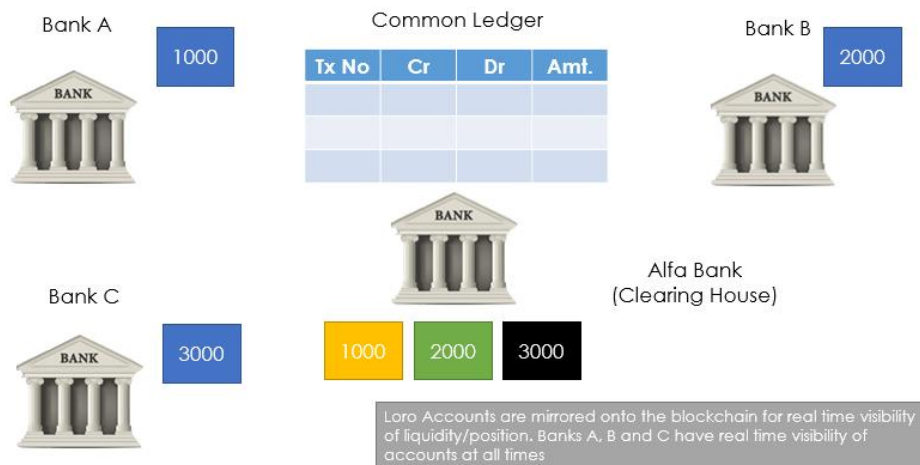
In this use case, consider 3 banks in the payment ecosystem. Alfa Bank is the clearing house that hold LORO/Nostro accounts for the banks. Banks in this case prefund the LORO account at the start of the day/predetermined with Alfa Bank which are used for settlement.

Step-I

Consider the case where there are three banks involved. The fourth one being Alfa Bank, holding service accounts of Bank A, Bank B and Bank C.



Step-II:

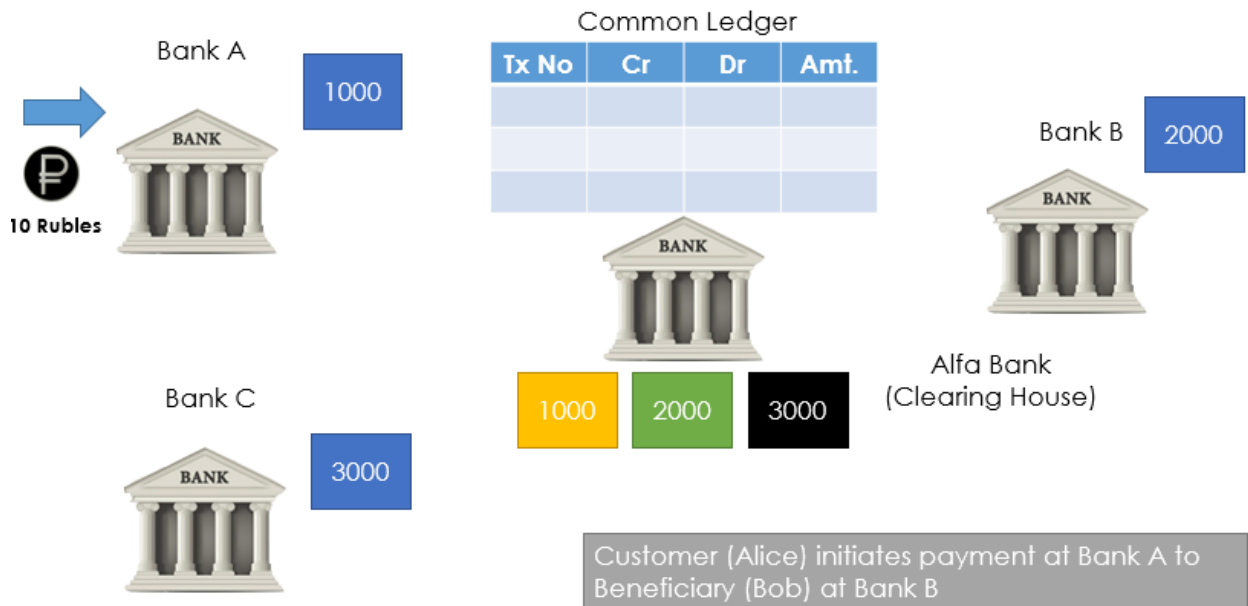


Consider, Bank A, Bank B and Bank C will have real time visibility of prefunding with Alfa Bank, using HC Remit, a blockchain based product.

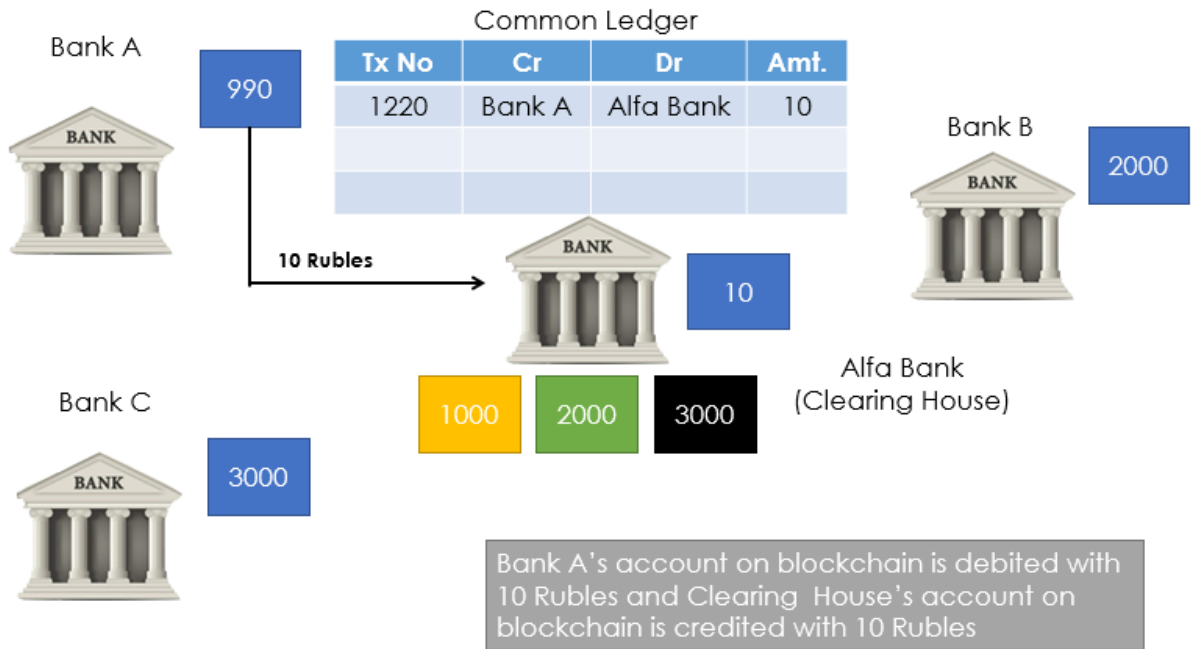
2. Real time settlement using blockchain:

Now Alfa Bank is the clearing house and payment router. All transactions are sent to Alfa Bank on blockchain. Alfa Bank clears in real time between the Loro accounts of the transacting parties and forwards the transaction in real time to the receiving bank. It can also create a repository of supporting documents for all transactions. Banks do not need to generate new address every time as only the Clearing House can identify them on blockchain. The settlement takes place by the following steps:

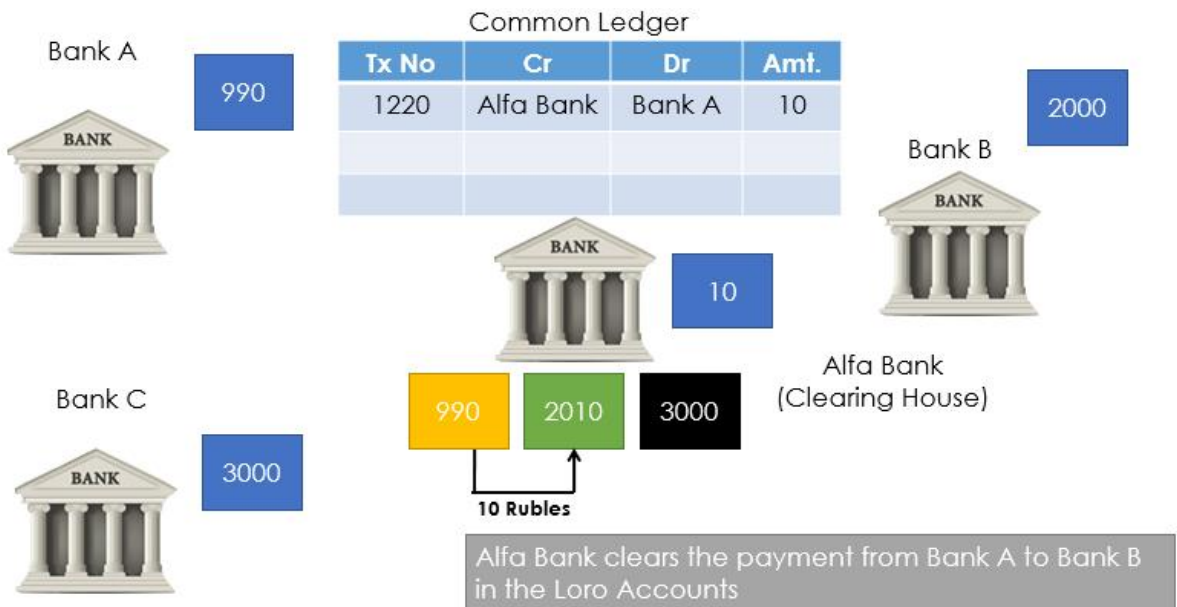
Step-III



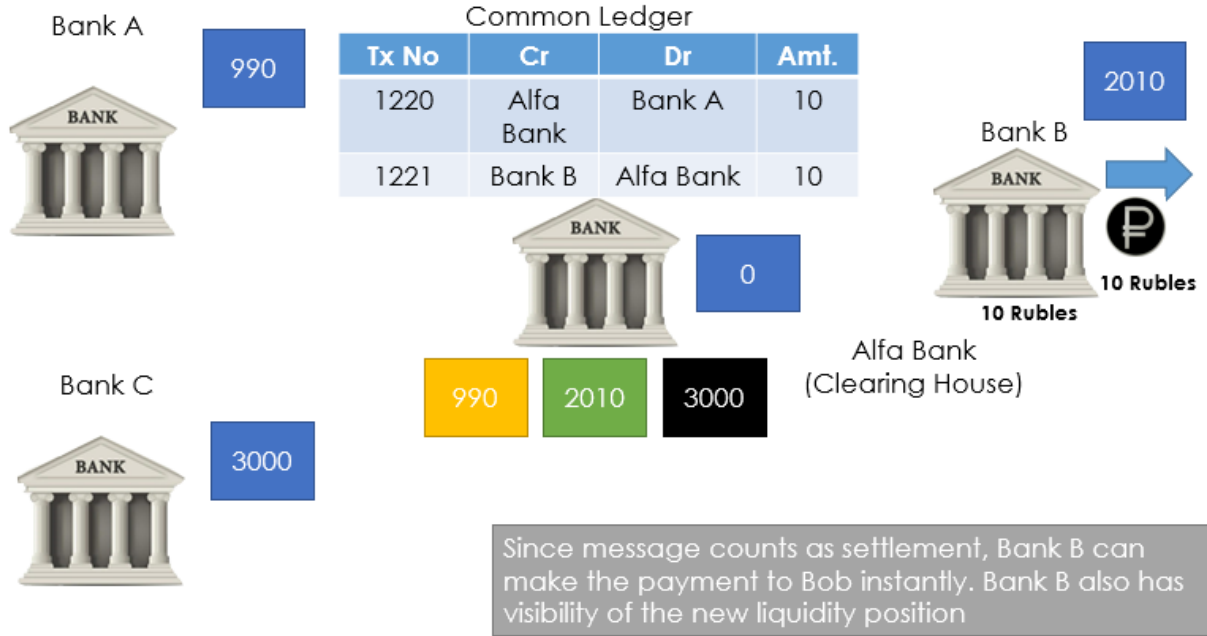
Step-IV:



Step-V:



Step-VI:



3. Summary:

The clearing through blockchain facilitates the transaction in a real-time settlement basis and there is complete visibility of the transaction status across all parties. The different parties across gets a visibility and hence clearing bank also has traceability of all transactions of all settlements.