



# Bank IT Use Case

## **1. Introduction to conventional remittances:**

India is the world's leading receiver of remittances, claiming more than 12% of the world's remittances in 2015. Remittances to India stood at US\$68.91 billion in 2015, accounting for over 4% of the country's GDP. The current scenario in foreign remittances in India mainly occurs through mainly two routes: Host to Host transfer and SWIFT transfer. Host to host transfers features real-time settlements for correspondent bank customers and SWIFT transfer involves repatriation of funds involving message transfer for remittances. But lots of challenges involve with such transfers. In host to host form of transfer, there is a delay in the processing of funds to the beneficiary and receiving the KYC of the remitter. The settlement happens ideally happens in a day or two from receiving the fund at the beneficiary's partner bank. Additionally, there is no visibility of the transaction process in the beneficiary network. In the case of the beneficiary receiving the fund through SWIFT transfer, the settlement of the correspondent partner banks of remitter and beneficiary occurs at end of the day. This also involves high transaction cost which affects the amount transfer.

Moreover, in the current scenario, the cost of funds transfer affects 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 remittance on a real-time basis and along with KYC details of Remitter being shared at beneficiary's end at an almost instant basis.

## **2. Remittance through Blockchain**

The blockchain product - Diamante Blockchain provides benefits that address a lot of challenges in the current remittance scenario for international remittances. The settlement occurs in real-time between remitter and beneficiary within typically 3-5 seconds. KYC documents and details are shared in real-time between remitter, beneficiary, and correspondent banks. There is also visibility in transaction status across the remitter and beneficiary at any point in time in the transaction. The continuous visibility of pre-funded or Nostro account is also another advantage of blockchain. Due to the distributed ledger of blockchain technology, there is instantaneous reconciliation.



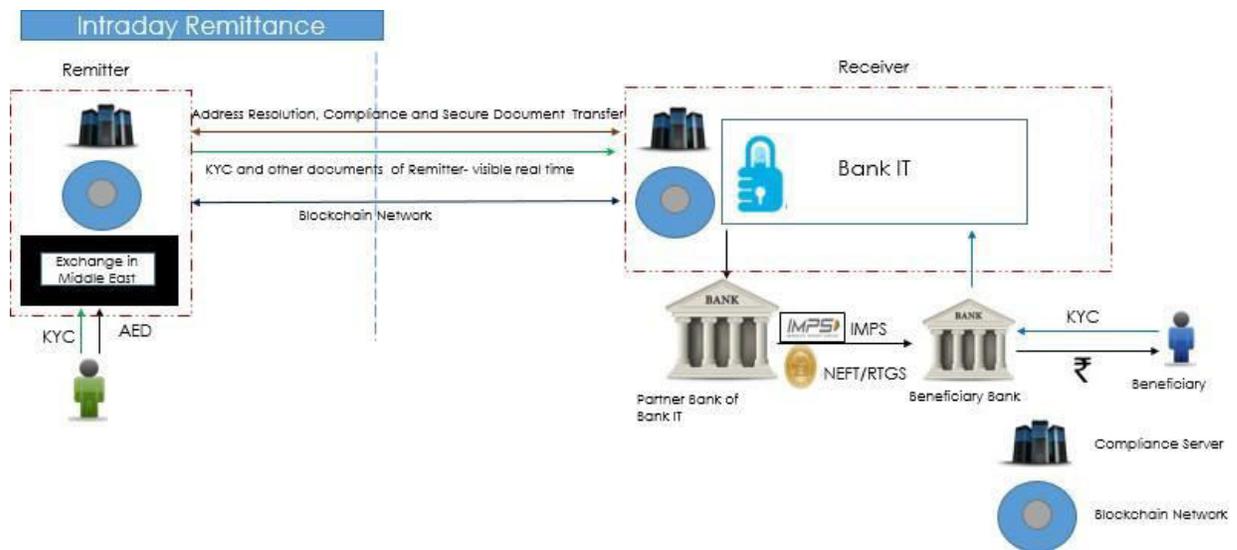
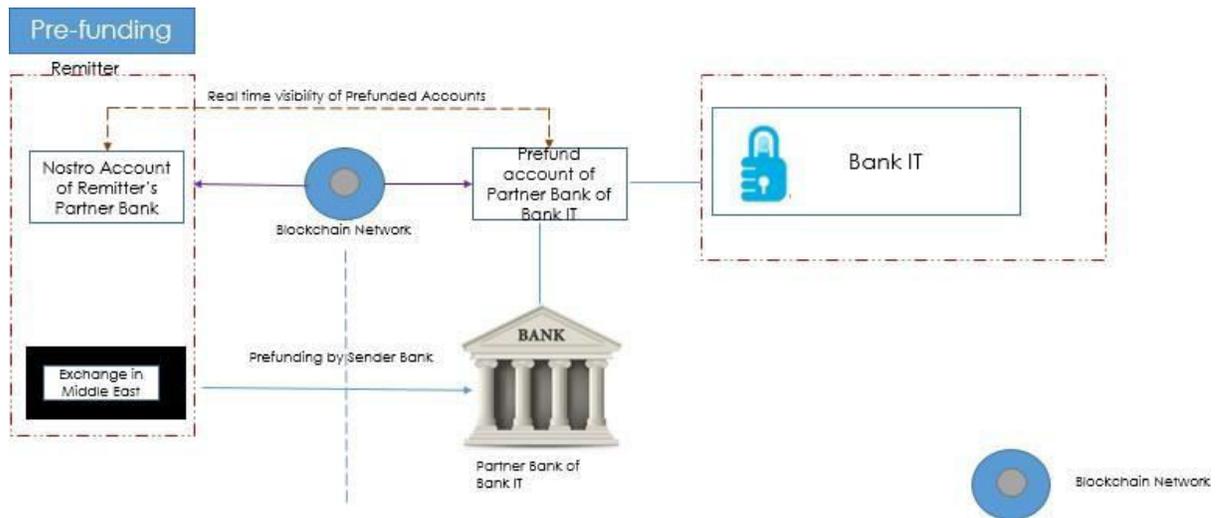
The LORO account of the receiving partner is pre-funded by Remitter's partner, with visibility of Nostro account to Bank IT. This manages liquidity well. The other concern, of delay in receiving of KYC details and other documents, are also resolved as these are shared by Remitter's partner also visible to beneficiary bank on complying documentation and approval by Remitter's partner, making documents sharing secured. The transaction when initiated by the remitter happens in real-time and the settlement status at the terminal bank is visible to Remitter Bank at all times

### 3. The envisaged framework of International Remittance from MENA corridor to India:

At the beginning of the day, the Remitting partner pre-funds Bank IT's account. Remitting Partner and Bank IT get instant visibility of the pre-funded account on Diamante Blockchain Remit. Then the Foreign bank/partner initiates the intraday remittance transaction along with KYC details and other documents.

A compliance check is done between both parties. Bank IT can either approve automatically or can intervene manually- approve or decline a transaction based on the business rules set up on the system Bank IT also shares KYC documents in real-time on its platform with the beneficiary bank. On completion of compliance, a check is done, the transaction is submitted to blockchain network Bank IT receives the transaction on the Remit.

Bank IT debits pre-funded account, initiates inward remittance on the domestic network to the beneficiary account using IMPS, NEFT/RTGS.



#### 4. Summary:

The blockchain technology with Diamante Blockchain remit product addresses the pain areas in the inward remittance from the Middle East region. Mainly by resolving the KYC sharing in real-time and settling the transaction on a real-time basis. It also resolves the issue of visibility of end to end transaction. Incoming remittance is thus facilitated with real-time settlement and compliance of documents thus encouraging the economy to repatriate funds through blockchain.

## **ABOUT DIAMANTE BLOCKCHAIN**

Diamante Blockchain is a global, decentralized finance platform successfully implementing and developing a competitive blockchain-enabled ecosystem for trade, payments, and financing. We proudly provide our consortium with payment and line of credit solutions built on our proprietary blockchain infrastructure.

The Diamante ecosystem will encompass individuals and enterprises throughout the entire global finance supply chain and will give members immediate access to i) PayCircle - PayCircle allows businesses and individual to Custody, Send & Receive multi-currency (USD/AUD/CAD/EUR/JPY) Fiat and Digital assets (BTC, ETH, ERC20 based tokens and stable coins like USDT) anytime & anywhere, 24/7 and 365 days, ii) CreditCircle - a decentralized finance application where individuals and businesses can opt for receiving loans and credit at a relatively low-interest rate compared to traditional financing, and iii) Diamante Net - a safe and secure blockchain network where participants can connect, interact and transact with each other.

### **Sources**

- Image source: [Money vector created by pch.vector - www.freepik.com](https://www.freepik.com/vectors/money)

