

Bank of Thailand Launches World's First Government Savings Bond on IBM Blockchain Technology

\$1.6B USD in government savings bonds were successfully sold within two weeks of launch



Bangkok, Thailand – 5 October 2020: SIBOS: IBM (NYSE: IBM) today announced that Bank of Thailand (BOT), the central bank, has successfully launched the world's first blockchain-based platform for government savings bonds issuing a total of \$1.6B USD within two weeks.

Leveraging blockchain technology on the highly secured IBM Cloud, the platform allows investors to benefit from speedy bond issuance, reducing a process that previously took 15 days to two days. The efficiency provided by blockchain also reduces operational complexity and the overall cost of issuing bonds.

According to The Thai Bond Market Association, the outstanding Thai bond market stood at \$421B USD as of December 2019. Government bonds dominate the Thai market, with outstanding value of \$157B USD in 2019 [1], accounting for 37% of the total outstanding Thai bond market.

In the past, the sale of government savings bonds was a complex, multiparty, time-consuming process that relied on a non-real-time system, with duplicated validation steps and manual reconciliation prone to data errors.

As blockchain technology streamlines the processes of bond issuance for issuers, underwriters, registrars, investors and key ecosystem participants, the government savings bond platform now becomes an immutable, real-time single source of truth for network participants, which minimizes the redundant validation and reduces the costs of reconciliation. In addition, Thai investors can now purchase bonds up to the maximum value of their individual allocated quota from a single bank.

The effort to develop a secure and efficient government bond infrastructure involved collaboration among eight institutions including BOT, Public Debt Management Office, Thailand Securities Depository Co., Ltd, Thai Bond Market Association and selling-agent banks, including Bangkok Bank, Krungthai Bank, Kasikorn Bank, and Siam Commercial Bank, with IBM Blockchain as technology and cloud platform partner.

The benefits and business value of using blockchain technology for government bond distribution is shared across stakeholders, and include faster bond issuance for investors, decreased workloads and processing time for issuers, underwriters and registrars, as well as greater transparency and reduced operating costs across the entire value chain.

“Bank of Thailand’s success with the government savings bond project is the latest example of how blockchain technology can redefine the way businesses operate by simplifying complex processes resulting in fast, transparent, secured and efficient multiparty collaboration,” said **Patama Chantaruck, VP for Indochina Expansion and MD of IBM Thailand** “IBM is proud to bring our world-class blockchain platform and IBM Cloud to support Bank of Thailand, and work side-by-side with them in achieving this important milestone for Thailand’s financial industry.”

Bank of Thailand now plans to extend blockchain to all other government bonds targeting both retail and wholesale investors.

Thailand is an active adopter of blockchain technology, with a dynamic ecosystem extending to both public and private spheres. In 2019, the electronic letter of guarantee (eLG) platform and network participated in by 22 Thai banks and 15 companies successfully went live and currently handles approximately \$300M USD in guarantee letters. Thai Customs Department also became the second government agency in southeast Asia to use TradeLens, a blockchain-based global trade digitization platform that improves the speed, accuracy and security of local and international shipping activities. More pilots and applications of blockchain are also being rolled out to bring transparency and efficiency to finance, insurance, government and other sectors.

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[1] Size of Thai Financial Markets , Issuance of Domestic Bonds , Outstanding Value of Domestic Bonds <http://www.thaibma.or.th/EN/Market/SummaryStatistics.aspx>

About IBM Blockchain

IBM is recognized as the [leading enterprise blockchain provider](#). The company's research, technical and business experts have broken barriers in transaction processing speeds, developed the most advanced cryptography to secure transactions, and are contributing millions of lines of open source code to advance blockchain for businesses. Since 2016, IBM has worked with hundreds of clients across financial services, supply chain, government, retail, digital rights management and healthcare to implement blockchain applications, and operates a number of networks running live and in production. The IBM Blockchain Platform delivers the end-to-end capabilities that clients need to quickly activate and successfully develop, operate, govern and secure their own business networks. IBM is an early member of Hyperledger, an open source collaborative effort created to advance cross-industry blockchain technologies. For more information about IBM Blockchain, visit <https://www.ibm.com/blockchain/> or follow us on Twitter at @ibmblockchain.

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