

# Blockchain in retail and consumer banking

**83%** of FS leaders believe that part of their business is **at risk of being lost to stand-alone FinTech companies.**

With the rise of challenger banks and FinTech start-ups, new players are able to work in an **agile, faster and cheaper** way, with a focus on **customer experience.**

Meanwhile, **complex processes** with **multiple intermediaries**, **duplication of data entry** and concerns over **resilience** impact upon traditional banks' ability to respond to these threats.



*Many banks are starting to explore blockchain as a possible solution, as this exciting technology has the potential to speed up transactions, increase security and transparency, and cut costs.*

*But you don't have to take our word for it...*

- “Santander is **the first British bank** to start using the technology [...] **for recording international payments**, and may start rolling out the service to customers **next year.**”<sup>1</sup>
- “**ABN Amro** is looking throughout its businesses where the new technology might have an impact. From **mortgages** [...] to cross-border payments.”<sup>2</sup>
- “**Royal Bank of Canada** which hinted [...] that it was experimenting with blockchain tech to improve its consumer **rewards and loyalty offerings.**”<sup>3</sup>
- **Over \$1 billion invested** in blockchain companies since the technology's creation in 2009, with a **59% increase** in the last year.<sup>4</sup>

Potential use cases we have seen clients exploring range from mortgages to cross-border payments, KYC and product suitability to loyalty schemes.

Let's explore some of these use cases in more detail



1. Reuters, 26 May 2016
2. Finextra 29 April 2016
3. Coindesk, 14 February 2016
4. CNN Money, KPMG and CB Insights

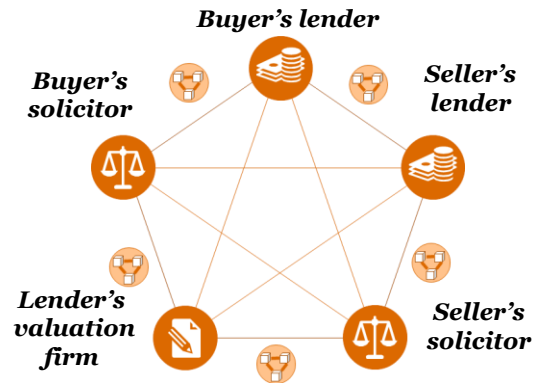
## How blockchain could be applied in retail and consumer banking

Many of our clients are exploring blockchain's potential to disintermediate, increase speed and reduce cost whilst increasing resilience in their businesses. Here are some examples of blockchain's business applications...

### Mortgages

Benefits of putting key actors on a blockchain include:

- Ability to create **shared copies of legal agreements** and **full electronic audit trail**
- Reduce the complexity of release of funds through **simultaneous transfer of title and payment**
- Opportunity to speed up release of funds and **reduce the time from contract exchange to completion**
- **Automating** process steps into **smart contracts**



### Loyalty

Transparency, indelibility, control of data and security are all compelling reasons for why blockchain can better current loyalty schemes. Potential benefits include:

- **Liability** for providing reward points **removed from merchants** and put onto the blockchain
- Reward points can be **updated, issued and made available for use instantly**
- **Interoperating** side-chains could enable points to be **converted between brands with a recorded history**
- Customers can **permission access to their digital identity** to marketers as desired

### KYC

Blockchain could allow customers to own and permission access to a single digital identity, enabling:

- **Quicker onboarding** of new customers, with a **trusted single data source**
- **Easier compliance** to KYC and AML regulation
- Potential for **deeper KYC** if permissioned and a **full electronic audit trail** to improve **product suitability** assessment and tracking

### Single digital ID owned by customers



## Identifying the priority use cases

Blockchain is an **exciting new technology with huge potential** to disrupt and improve numerous industries. But it's **not the answer to everything**.

Understanding which use cases you should pursue requires **business understanding and technology knowledge**, including:

- Your business strategy and process
- The parties that must interact to deliver benefit
- Technology provider landscape
- Regulatory restrictions and requirements

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