



MEDIA RELEASE

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Rabobank and AgriDigital team up to deliver inventory finance on a blockchain and real-time payment for farmers

The world's leading food and agribusiness bank Rabobank and Sydney-based international agtech company AgriDigital have teamed up to push the boundaries of blockchain technology in agricultural value chains.

A 'proof of concept' – which was conducted earlier this month in Australia – successfully demonstrated a purchase and sale of commodities on a blockchain.

AgriDigital CEO Emma Weston said the proof of concept exercise tested whether the AgriDigital platform, supported by a blockchain, could facilitate a commodity purchase and sale transaction – in the form of a Rabobank structured inventory product (SIP) – with automated settlement of the purchase and forward sales contract.

"This included the transfer of ownership and delivery of grains to Rabobank through a smart contract as well as automated cash flow settlement – all in bank-backed digital Australian dollars," she said. "We did this successfully and there was a lot of excitement as we saw all of these different transactions auto-complete at the same time."

The transaction

The proof of concept was completed as a simulation and involved three parties: a grower, a buyer and Rabobank. Completed as an atomic (ie. simultaneous) transaction, the smart contract layer auto-executed the transfer of title in the commodity from grower to Rabobank in exchange for payment made under the buyer's Rabobank SIP facility. The bank was then automatically repaid by the buyer at the time it was ready to sell the commodity to a third party.

All payments were made in real time using a Rabobank-backed digital dollar that was pegged one to one with the Australian dollar and was issued and cleared by a central issuing and settlement institution. Ms Weston said this was a role that could be undertaken by a central bank.



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“One of the most innovative aspects of this proof of concept was the incorporation of a bank-backed digital currency, which meant that real-time payment to the farmer was possible in a currency that a farmer recognised and could easily transfer from digital to traditional Australian dollars,” she said.

Rabobank Australia & New Zealand’s head of Trade and Commodity Finance Ilze Nijs said the proof of concept had demonstrated many improved efficiencies could be achieved, resulting in a faster and leaner transaction process.

“In addition, we see significant benefit in the creation of a centralised database with commodity details leading to ‘one version of the truth’ for all parties and simplification of the reconciliation process. We recognise there is significant potential to widen the scope of this initiative in a pilot and develop a digitalised inventory product for our client base.”

Global context

The partnership with AgriDigital was initiated by Rabobank’s Netherland-based global chief innovation officer Trade and Commodity Finance Angelique Slach, after “coming across” AgriDigital’s innovative commodity management platform at a global commodities conference in Geneva earlier in 2017.

Fresh from a [recent pilot](#) with CBH Group in August 2017, AgriDigital has been exploring how to extend its digital title and real-time payment exchange on a blockchain to incorporate supply chain finance.

Rabobank’s global head of Trade & Commodity Finance Jasper van Schaik said, as a leading provider of trade and commodity finance and inventory purchase and sale globally, Rabobank has been actively investigating how blockchain could transform its business operations and that of its customers.



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"At Rabobank, we have undertaken a number of proof of concepts and pilots with blockchain technology across many facets of our operations and with customers across the globe, and the challenge now is to bring real-world use cases to commercialisation. We see real efficiencies to be gained in implementing blockchain technology particularly in our trade finance and SIP solutions", he said.

Angelique Slach said "the bank believes this technology is transformative and offers new business opportunities for farmers, traders, warehouses, the processing industry, technology providers and for Rabobank".

"It will also increase transparency benefiting good sustainability practices, benchmarks, tracking and tracing back to the source," she said.

Ms Slach said Rabobank and AgriDigital were well positioned to take the lead in this new digital service offering in the future. "Both companies have proven they have the capacity and the knowledge to lead in the digitisation of the supply chain," she said.

"Rabobank and AgriDigital look forward to continuing to work together to bring their blockchain solutions into the commercial sphere."

About AgriDigital:

AgriDigital develops digital solutions to real world problems in the agri-sector, bringing trust and transparency to the global agricultural supply chain. AgriDigital is the fastest growing commodity management solution in market, connecting farmers, buyers, site operators and financiers in a single platform. Currently enabled for the grains industry, AgriDigital will be expanding cross-commodity in 2018.

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For more information on AgriDigital visit <http://www.agridigital.io>

About Rabobank Group:

Rabobank is an international financial services provider operating on the basis of cooperative principles. It offers retail banking, wholesale banking, private banking, leasing and real estate services. As a cooperative bank, Rabobank puts customers' interests first in its services. Rabobank is committed to being a leading customer-focused cooperative bank in the Netherlands and a leading food and agri bank worldwide. Rabobank employs approximately internal and external 44,600 people. Rabobank Group is active in 40 countries.

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