Entity to Entity Funds Transfer

Executive Summary

Over the years, technology has matured to facilitate many customized processes to pass assets from source A to source B, with patches and modifications to make the end to end process seamless. However, although errors may be small, when caught, they can consume a tremendous amount of manual resources to reverse and correct. Settlement can take many days and at scale, the human capital can be excessive.

As an example: **Entity 1** offers a limited selection of investments. Account holder at Entity 1 (Investor), wants to purchase an investment that is offered by **Entity 2**. The enterprise challenge is to move funds as rapidly as possible from Entity 1 to Entity 2 once Entity 1 receives trading instructions from the account holder to sell the investment held at Entity 1 and purchase an investment that is offered by Entity 2.

This solution aims to rectify the delays and errors with the implementation of a common ledger (blockchain) and smart contracts to continually verify, reconcile and settle the transaction as it moves thru multiple systems.

Challenges in Enterprises

/ **Multiple Confirmations and System Checks**
   Instructions - In Good Order, Authorizations, Sale of Assets, Cash Balances
/ **Connecting**
   Intermediary 3rd party systems that perform compliance, audit and system conversion and mapping function
/ **Time and Delays**
   Because of batch processing asset movement, the end to end transaction can take up to 1 week to complete.
/ **Manual Processing**
   Reversing a failed transaction is labor intensive and can take 2 hours each.
/ **Limited Visibility**
   As the transaction as it moves through processing. Limited ability to identify a potential failure before it occurs.

Solution

Using Blockchain technology, create a golden ledger that both entities have access to. All transactions are posted to the ledger in real time as they are reconciled at each step. Implementation of smart contract business logic allows for a new business workflow.
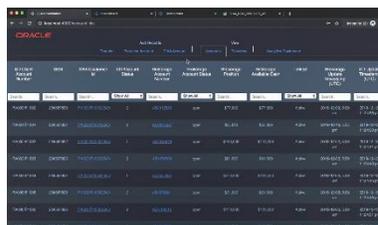
Summary

Although a high percentage of transactions are currently processed without a problem, the small fraction of failed transactions represents an enormous amount of manual effort and time to reverse and resolve. To scale the current environment would mean hiring additional staff just to manage the failed transactions. Because of batch processing and the inability to "catch" a potential failed transaction in a timely manner, the customer experience is poor. If the transaction failed, the customer may need to be notified, and that communication may not take place until a day or two after the trading instructions were received.

With a decentralized golden encrypted ledger built using blockchain technology, a new automated business process is realized.   Batch processing transactions was no longer needed because monitoring and reconciliation occurs at every point in the process in real time. The end to end transaction can occur as fast as 3rd parties can confirm fund settlement. Future state could be real-time with stablecoin digital currency.

The customer experience is enhanced with much shorter end to end processing time, and the business process is now more automated and streamlined. A significant license fee for 3rd party intermediary mapping and conversion software can be eliminated because of smart contract business logic for reconciliation.

For more information or to discuss this solution use case, please contact:
www.Alontrus.com / 347-480-1974 / info@alontrus.com