



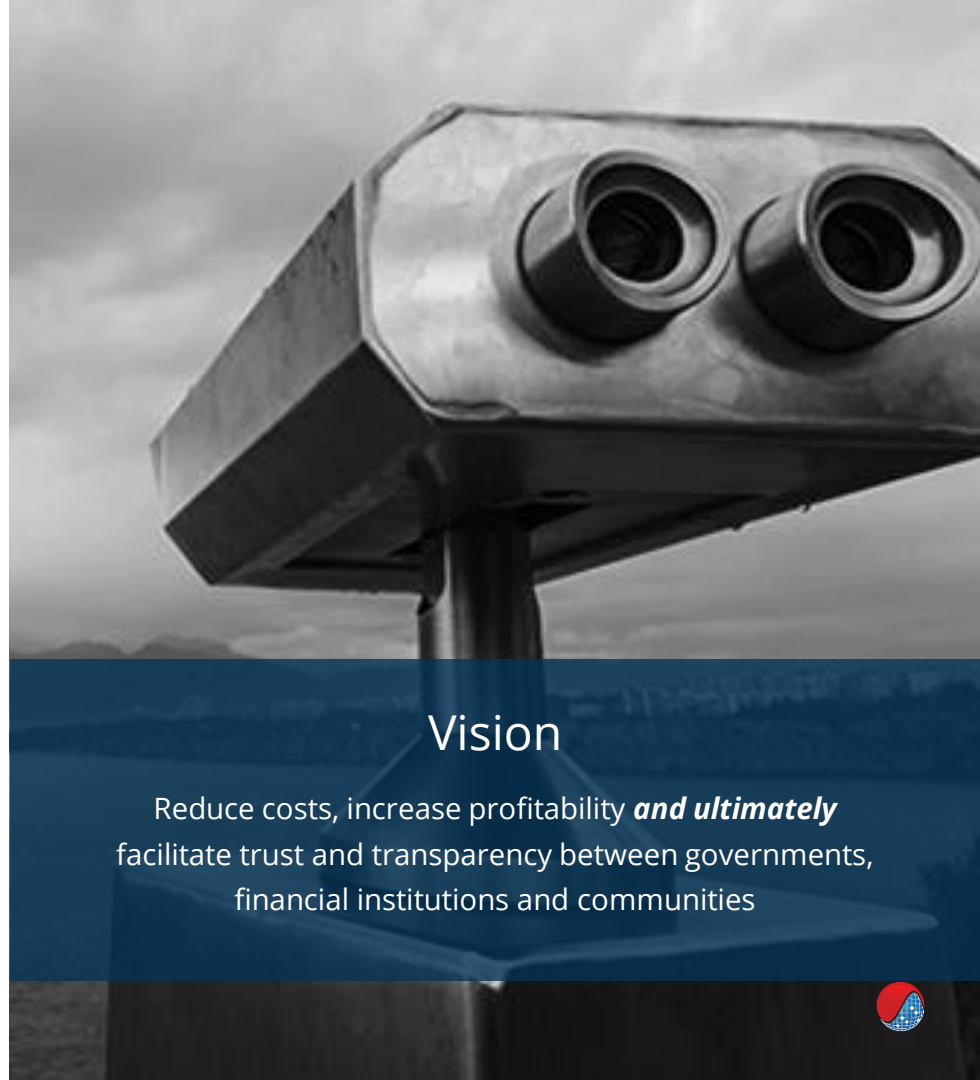
Blockchain infrastructure for capital markets

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Background

- John Pellew, CEO and founder of Othera.
- 20+ years experience in business and banking.
- Worked in industry, business finance and international trade finance in both Australia and the U.K.



Vision

Reduce costs, increase profitability ***and ultimately*** facilitate trust and transparency between governments, financial institutions and communities



Othera delivers blockchain infrastructure solutions to capital markets

Othera utilises the power of blockchain to bring trust, transparency and liquidity back to the financial services industry.



Why blockchain?

- Single source of truth -Centralised record of financial data and transactions
- Immutable audit trail of events for all financial data
- Automate manual workflows e.g. reconciliation and disbursements
- Increase liquidity through transparency of risk and price and provision of low friction trading environment.
- Remove need for intermediaries e.g. for settlement of securities

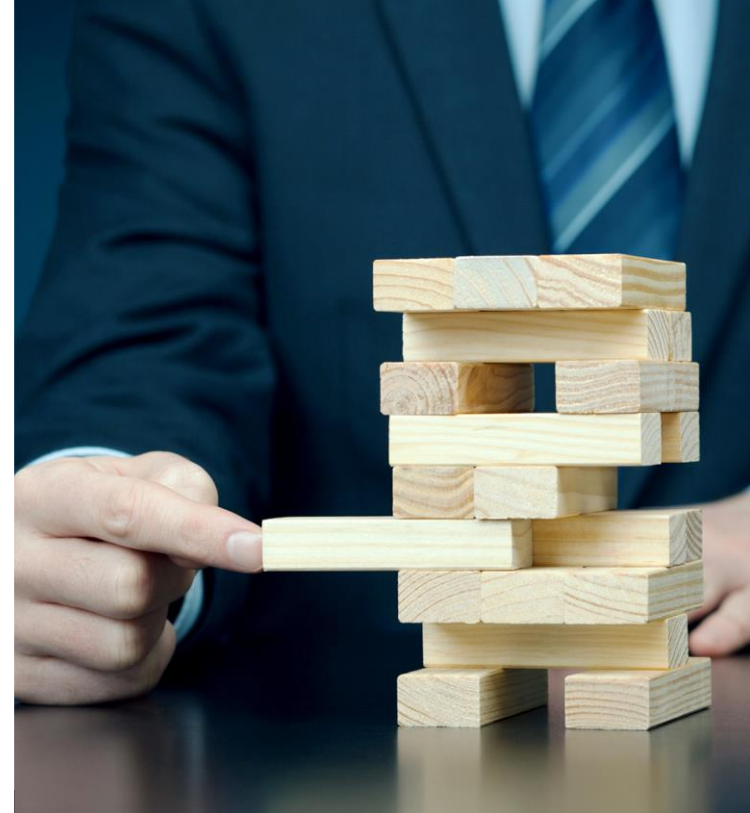
Increase efficiency • Reduce costs • Increase revenue

Leapfrog legacy technology



Challenges in Emerging Markets

- Underdeveloped business and financial infrastructure
- Imperfect governance and limited transparency
- Low banking penetration
- Limited sophistication in financial products
- Limited market depth and liquidity due to undeveloped infrastructure, lack of market trust and lower credit ratings



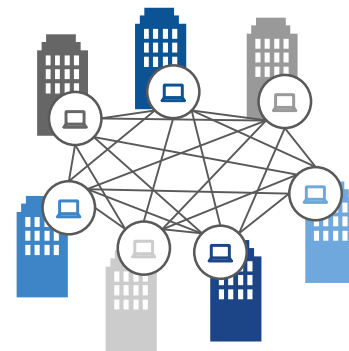
Existing infrastructure can't be built on

Blockchain use case for Emerging Markets

PROBLEM: Lack of trust and transparency between emerging market participants and external market liquidity providers

SOLUTION: Provide centralised financial records on a single, tamper-proof blockchain ledger

- **SECURELY SHARE DATA** Shared single source of truth of all financial data. Institutions can trust the data without trusting the institution.
- **SPEED & EFFICIENCY** Blockchain smart contracts allow the automation of manual processes e.g. reconciliation and data entry.
- **REDUCE RISK & COSTS** Removes counterparty risk and reduces settlement times to T+0, removing intermediaries and dependency on third parties.



OUTCOME IS REDUCTION IN COST OF CAPITAL



Challenges for ADB

RESULTS BASED LENDING

- Complex manual financing processes
- Disconnected data between contractors, project managers, funders and auditors
- Limited oversight over use of funds loaned
- Increasing regulation/ compliance and associated costs
- High administration and transactions costs



ADB use case: Blockchain smart contracts

PROBLEM: Funding leakage and high administrative costs

SOLUTION: Increase accountability with predefined smart contracts

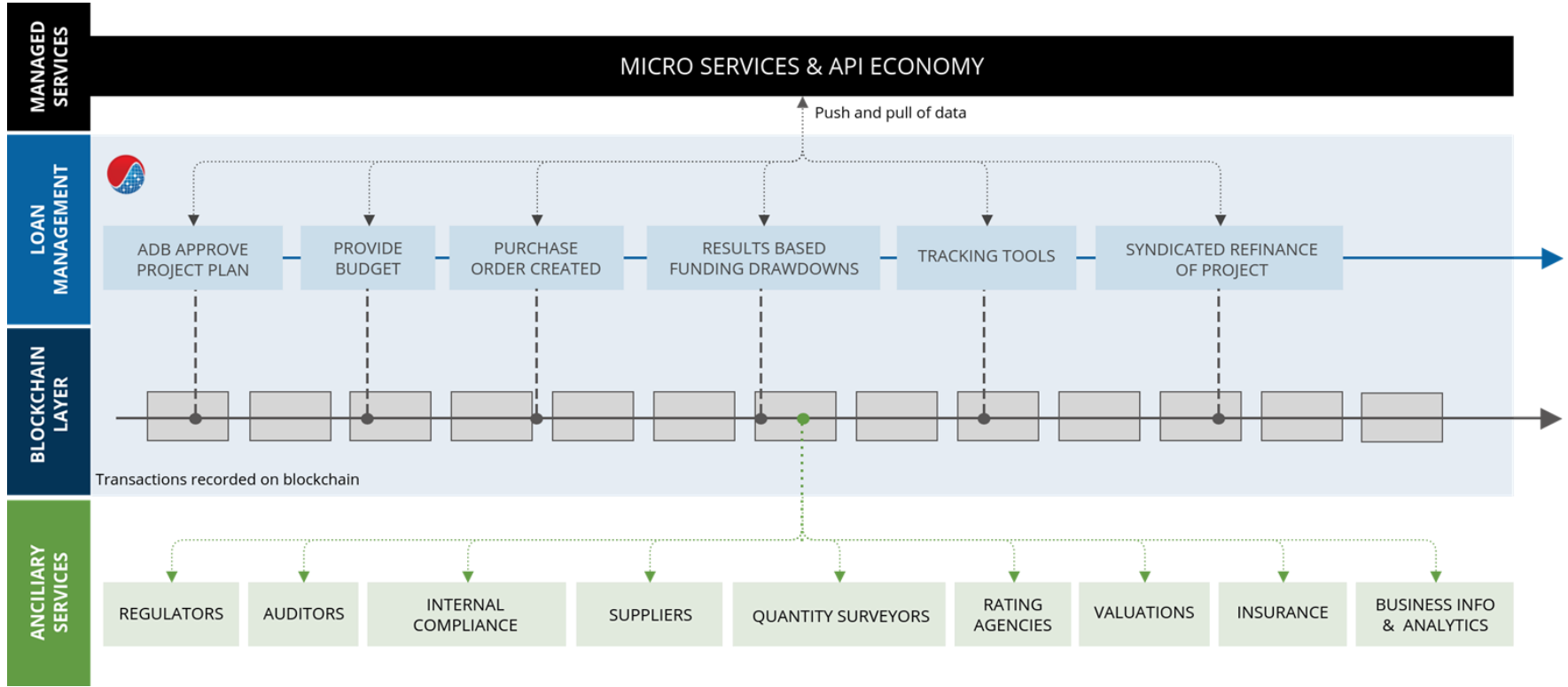
- **AUTOMATE** controls
Purchase order issued into a smart contract that
the funding of invoices and payments tracking
- **AUDIT**
Real time tracking of budget vs. payments and project
progression. Project managers, financiers and
contractors
all access the same project data set.
- **SPEED**
Faster accounts payable processing and reconciliation



OUTCOME IS LOWER COMPLIANCE COSTS AND REDUCED FUNDING LEAKAGE



ADB use of smart contracts



Challenges for lenders & Capital Markets

BALANCE SHEET MANAGEMENT VIA SECURITISATION

- Data challenges in assessing the pool of eligible loans
- Slow transaction times - due to manual processes and forecasting
- Inflexible deal structures - complexity of the legal frameworks
- High administration costs associated with running a securitisation SPV's
- Increasing regulation/ compliance and associated costs
- large cost drives very large minimum transaction size - exclude many buyers reducing liquidity



Securitisation of loans Use Case

PROBLEM: Limited liquidity and high cost of wholesale funds

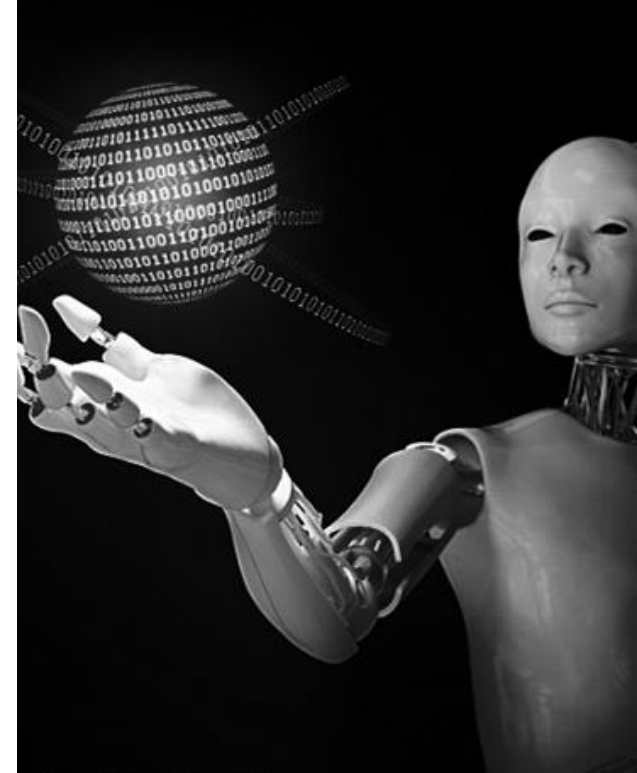
SOLUTION: Digitise and securitise loans to create new, digital assets that can be created & traded faster at a lower cost

- **LIQUIDITY** Facilitate exit of debt position through creation of more liquid, fixed-income investment products
- **SPEED** Reduce securitisations from months to weeks & speed up settlement
- **LESS COST** Automate administrative processes, like reconciliations, accounting

and payments and then sell direct to market without intermediaries

- **COMPLIANCE** Comply with Basel III/ IV by simplifying management of balance

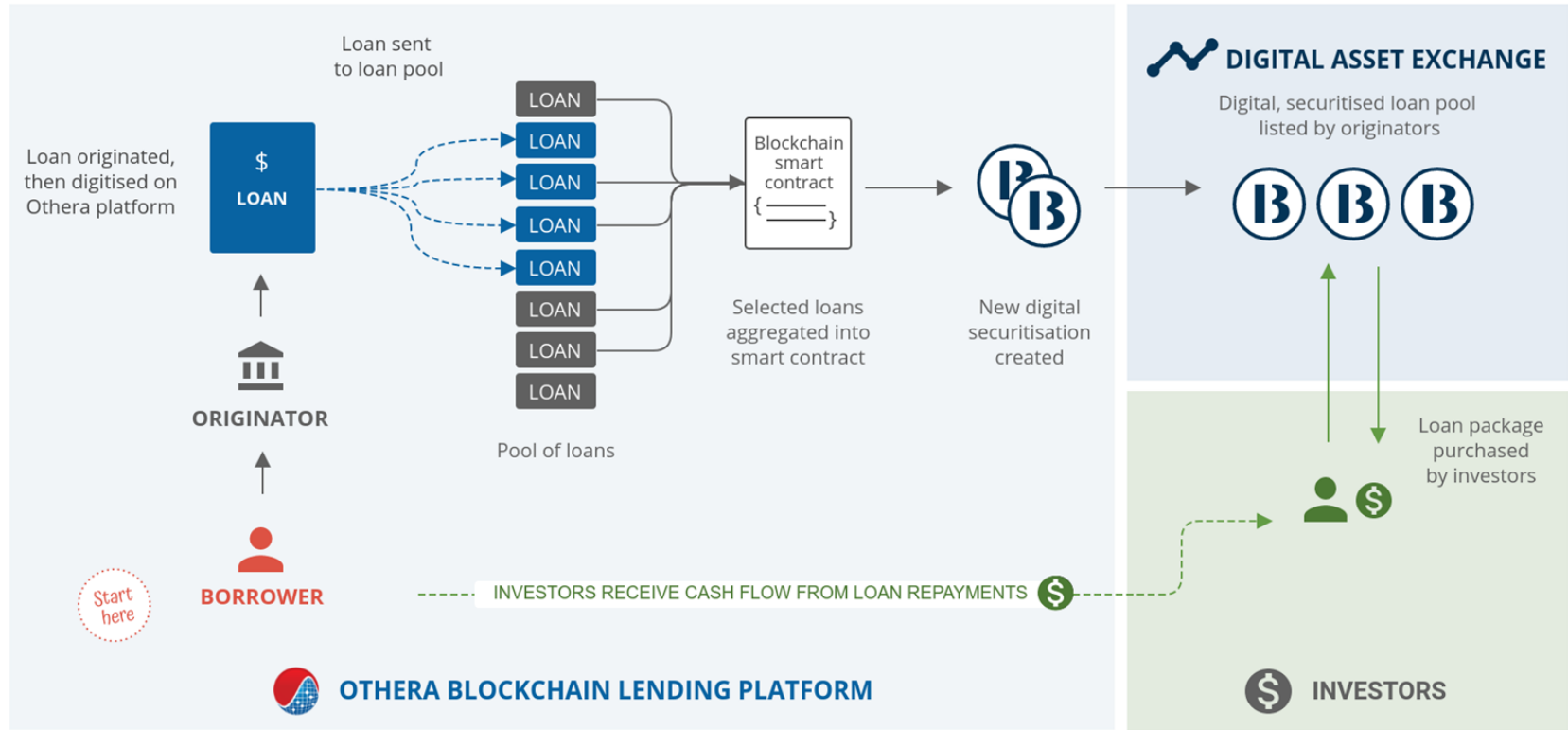
GREATER CAPITAL RELIEF, LOWER COSTS AND ACCESS TO LIQUIDITY
sheet risk and enabling fast liquidation of assets



Create new, fixed- income investment products that operate much like a bond

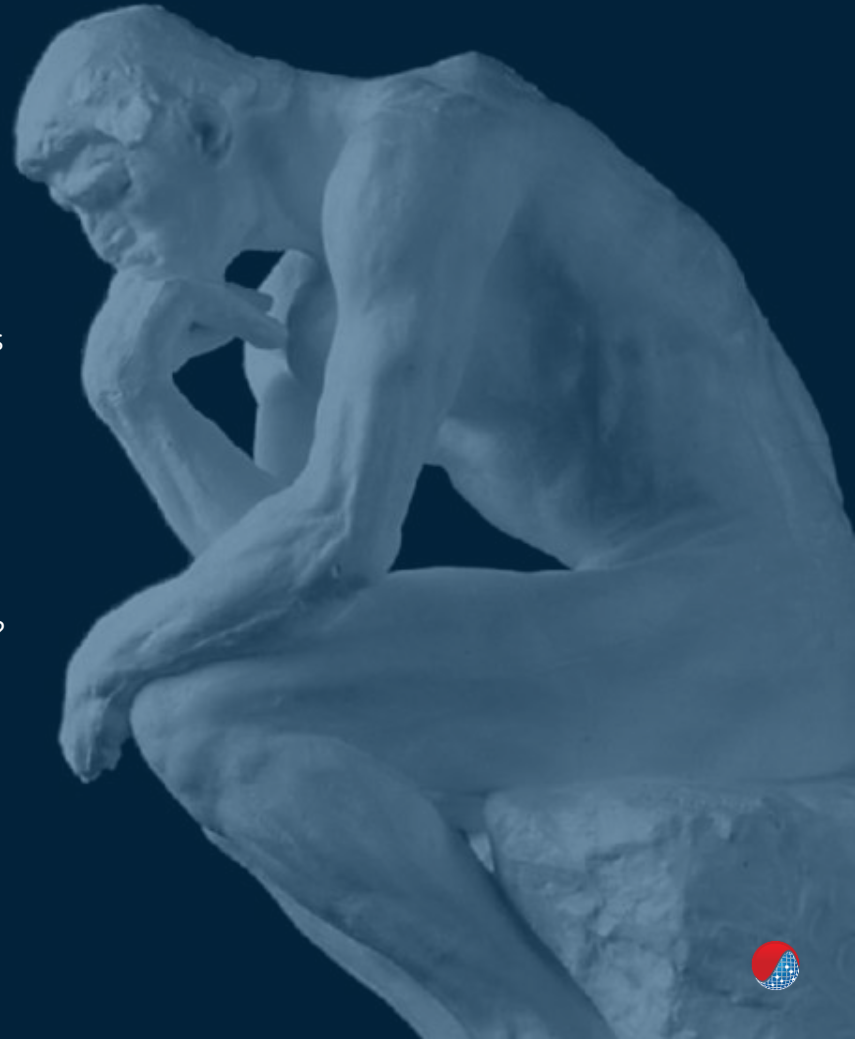


Securitisation of loans



Blank Sheet of Paper & Issues to consider:

- New tech and capability requires new thinking - bypass legacy software.. In a perfect world what should processes and products look like?
- Which blockchain?
- Public vs Private (permissioned) blockchain
- If private (permissioned) blockchain why have a blockchain at all?
- Blockchain and the law
- Proving data on the blockchain
- Blockchain and the network effect





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