

# Canada's ATB Financial successfully leads practical, customer-centric blockchain innovation with Germany's ReiseBank and Ripple

**Author**  
**Chami Akmeemana**

In a story not only of Canadian fintech innovation, but also of 21st century customer-centricity, Edmonton-based ATB financial embarked on a journey a year ago to make sense of blockchain technology.

.....

I was honoured to witness the transfer of \$1,000 between Canada and Germany and here is how it all began.

As the 9th largest financial institution in Canada by assets, ATB is agile enough and has the critical mass to be able to meaningfully adopt and adapt to new technologies. Coupled with its culture of innovation, it sought to leverage its SAP digital core banking platform by integrating with startups and by testing new solutions. Dave Mowat, ATB CEO, says that moving money is an essential part of how they add value for their customers. ATB saw blockchain as a key way forward to innovating in this respect.

ReiseBank, a 100% subsidiary of DZ Bank, has a cash based business model. In a world where digitization is a growing, a niche bank like ReiseBank has to respond to this challenge. ReiseBank thus defines itself as a converter between the offline and the online world where "offline" means cash and "online" is a synonym for any digital money.

## Blockchain as a financial industry disrupter

Blockchain has the potential to level and disrupt a playing field packed with intermediaries and inefficient processes. This is partly because blockchain inherently challenges traditional IT architecture and business processes, which makes it difficult for large, established financial institutions to apply the technology.

Now while many banks have signed with blockchain vendors, few have yet to engage them in execution. This is because many financial institutions are used to buying solutions off-the-shelf. Since all blockchain vendors are effectively startups, blockchain solutions are not yet mature enough for this. In contrast, ATB believes that the key to working with startups, is to align with their lifecycle, and to be open to new ways of engaging in business.

Given these challenges, it however isn't inconceivable that financial institutions will be forced to adopt technologies like this at a faster rate than we have seen in the past.

## Blockchain, and Ripple, as a solution to real business issues

Examining the market for potential partners, ATB selected Ripple to help test the concept of a permissioned distributed consensus ledger. Ripple

seemed to be the only provider with a focus on cross-border settlement and payments, aligned with one of ATB's core business focus areas. Ripple was also the largest enterprise blockchain solution.

According to Mowat, "... working with Fintech companies that are 'pushing the envelope' helps us to stay agile and tests products that can meet the growing needs of our customer base. The blockchain represents an entirely new way of moving value, including currency."

Ripple gives ReiseBank the opportunity to extend their current business model of European Union (EU) focused operations, to operations of a global scale. In the words of Frank Boberach, ReiseBank's Head of Product Management,

"In the future, Ripple won't just be limited to account-to-account based transfers, but also available for cash-to-account and account-to-cash transfers while respecting high regulative demands from all over the world."

## The use case

The excitement, competing priorities, diverging perspectives and the noise of hugely different opinions about blockchain is like a storm, where the safest place is sometimes in the middle. It's here where ATB kept its focus on always improving the customer experience, where it was clear to the Innovation Team that a tangible blockchain use case was important. In developing a proof of concept, the idea isn't as much to evaluate a fully integrated solution as it is to provide a platform for further testing. For ATB, being risk-conservative means continually revisiting your purpose; an all-or-nothing approach does not work here.

Ultimately, ATB wanted to see if they could use blockchain to move real money to a real financial institution, in real time. Transactions currently take

3-6 business days, while Ripple had the potential to reduce this to mere seconds.

ReiseBank has a unique core banking system for its special business needs, servicing its clients with the possibility of carrying out SEPA transactions without an account. ReiseBank's deep knowledge of cash-based transfers that comply with both German and EU anti-money laundering regulations, is now being implemented in the Ripple network. That ReiseBank lacked a customer-facing front end meant that an essential part of this project was to build a web-based user interface properly aligned with its business model.

Additionally, ReiseBank ensured that in addition to the pure payment information, that all relevant ALM data would be securely exchanged between sender and receiver, all while complying with worldwide regulatory requirements.

When the decision was made to partner with German Bank Reisebank, the ATB teams needed to adapt to work with the reality that there was an 11 time-zone difference. Teleconferencing was key, and in person visits to Ripple offices in San Francisco were vital to the successful delivery of the POC.

## The outcome

Ultimately, the blockchain proof of concept was highly successful, as presented at Payments Panorama in July 2016. Indeed, \$1,000 was sent by ATB, in Canada, to ReiseBank, in Germany, in only 8 seconds using the Ripple protocol.

What remains is finding solutions to key concerns and questions raised during the implementation of the POC, before being in a position to take the solution mainstream.

Mowat adds, "While there is a great deal still to learn, the test we performed has proven that we can reduce the time it takes to move money cross-border from days to seconds."

ATB on the critical matter of being a learning organization

ATB believes that for a new technology like blockchain to be successful in an established industry like the financial industry, the entire organization needs to become a learning organization, supported in this case by a blockchain practice leader and champion.

As a practice leader of a new technology, visionary questions such as “what if” become more important than “why” or “how”. Any organization can talk themselves out of initiatives that help build their innovation capital if they don’t have a vision.

Persistence, perseverance and tenacity are key attributes in the application of new technology, as there are always moments of absolute darkness that need to be navigated in order to take the technology to the next level.

## Conclusion

Finding better and faster ways to get things done is the driver behind implementing new technologies. Making it work takes focus, and a champion that often puts it all on the line. Without this, organizations will be tempted not to take their innovation far enough, resulting in failed or otherwise meaningless proofs of concept, both of which reduces the learning

experience for adopting organizations, a key outcome of any innovative endeavour.

“We’ve reached a tipping point where financial institutions are moving beyond blockchain experimentation and projects to real world applications that are driving significant bank-to-bank volume,” said Ripple CEO and co-founder Chris Larsen. “This is a major step forward for the global financial system, and as the Ripple network grows, together we are paving the way for new connected commerce opportunities and growing demands for real-time, high volume, low value global payments.”

Beyond ATB and ReiseBank, as of June 2016, there are five more institutions using the Ripple network: CIBC, Santander, UniCredit, UBS and National Bank of Abu Dhabi (NBAD).

Mowat concludes, “There is an increased demand for faster payments in the marketplace while maintaining the safety and security our customers expect. Blockchain may in fact be a technology that meets that need.”

---

## About the Authors

[Chami Akmeemana](#) is Managing Director of Global Markets at the [Global Risk Institute](#).