



BANK OF THAILAND

BOT Press Release

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Re. : The outcomes and findings of Project Inthanon Phase II and the Project's Next Steps

Project Inthanon is a collaborative project amongst the Bank of Thailand (BOT) and commercial banks that aims to explore potential benefits of the Distributed Ledger Technology (DLT) in enhancing Thailand's financial infrastructure as well as to develop an ecosystem which supports technological learning and advancement.

The BOT along with eight leading financial institutions¹ and a technology partner; R3, had conducted Project Inthanon Phase II during February - June 2019. The latest phase was built upon Project Inthanon Phase I and involved collaborative designing, developing and testing a proof-of-concept (POC) of the decentralised Real-Time Gross Settlement system by using the wholesale Central Bank Digital Currency (CBDC). Project Inthanon Phase II was driven by business use cases in order to solve current business pain points and improve efficiency in the settlement system. The scope of Phase II included 2 key areas: Delivery-versus-Payment (DvP) for interbank bond trading and repurchase transactions, and regulatory compliance and data reconciliation for third party funds transfer.

The outcomes and findings of Project Inthanon Phase II

Project Inthanon Phase II illustrated that DLT can help enhance the efficiency of the bond trading and repurchasing activities through the bonds' life cycles which include coupon payments, interbank outright trading and repurchase transactions. Process automation using smart contracts demonstrated capabilities that can help improve post-trade operational efficiency as well as liquidity management. In addition, the end-to-end third party funds transfer workflow was redesigned to prevent fraudulent transactions by allowing the senders to check beneficiary information before submitting the transactions. The new workflow also enabled involved parties to track the status of the transactions, improving the transparency.

The outcomes and test results from Phase II will provide crucial fundamental for the development of Thailand's financial infrastructure. The details are available for download at the following URL:

https://www.bot.or.th/English/FinancialMarkets/ProjectInthanon/Documents/Inthanon_Phase2_Report.pdf

Eight financial institutions include Bangkok Bank Public Company Limited, Krung Thai Bank Public Company Limited, Bank of Ayudhya Public Company Limited, Kasikornbank Public Company Limited, Siam Commercial Bank Public Company Limited, Thanachart Bank Public Company Limited, Standard Chartered Bank (Thai) Public Company Limited, and The Hongkong and Shanghai Banking Corporation Limited

The Scope of Project Inthanon Phase III

As for Project Inthanon Phase III, the BOT will collaborate with the Hong Kong Monetary Authority (HKMA) to explore the interoperability amongst ledgers to achieve cross-border funds transfer which includes business modality and implementation of relevant foreign exchange regulations, aiming to reduce associated costs and enhance efficiency.

Project Inthanon Phase III is expected to start in August 2019 and aimed to complete by the fourth quarter of 2019, after which the BOT together with the HKMA will subsequently publish a joint project report accordingly.

Bank of Thailand

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