

Book review

Supply chain finance and blockchain technology – the case of reverse securitisation

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The blockchain technology (BCT) promises to change the way individuals and corporations exchange value and information over the internet, and hence is perfectly positioned to enable new levels of collaboration among actors along international supply chains. The book thematises how the BCT can facilitate supply chain finance (SCF) programmes, as the authors identify SCF as the next frontier of financial services to improve the supply chain cycle. Most services are offered mainly by financial institutions, and blockchain might hold the key for cheaper forms of financing, liquidity generation and improving working capital. Optimising cash flows throughout the supply chain is a key topic for corporate decision makers, as many key performance indicators actually target working capital. BCT can take the role of a facilitator to accelerate the cash flow throughout the supply chain.

The book comes at the right time. In recent times, fintech companies have turned into hotspots of disruptive innovation. Technology firms partner with logistic service providers, such as IBM and Maersk to digitise the global, cross-border supply chain. A blockchain platform for SCF might soon emerge, providing access to more efficient finance solutions.

To introduce the reader to the subject, the book provides a brief literature review on the topics of BCT and SCF. As these topics are still fairly new, the available research that combines SCF and BCT is still limited. The book provides a good introduction to the SCF, different

financial solutions and contracts, such as reverse securitisation, buyer-led SCF, dynamic discounting, reverse factoring, as well as approved payables financing. These concepts are then analysed through the liquidity they provide, key drivers including firms of different sizes and the risks involved. Subsequently, the book gives an overview of how the BCT works and provides insights into technical aspects. Many of the activities around SCF are traditionally done manually and are hence very costly. Such tasks include compliance checks by comparing different paper-based trade finance documents. After having introduced the reader to the financial solutions, barriers for technologies are discussed and possible blockchain-driven supply chain models to achieve lower overall costs of financing are presented. After the analysis, the authors discuss the practical implication of previously analysed findings and the limitations of SCF. The last chapter summarises the book's findings and draws overall conclusions. The book uses many very indicative illustrations, which helps to visualise the rather challenging concept.

The book gives a good introduction to peer-to-peer value exchange systems, group consensus mechanisms and smart contracts. The authors describe commercial opportunities for SCF instruments which blockchain can offer, e.g. the visualisation of the physical flow of goods, as well as other B2C applications. Such opportunities are defined by a blockchain-driven supply chain, which provides an efficient cash settlement, a simplified invoice validity check and

an integration of product and money flow.

Despite the interesting introduction of how technology platforms can support open-account international trade, the authors are critical as to whether pure peer-to-peer payments will replace existing

solutions on B2B transaction levels. Instead, they stress the value of a faster and leaner cash settlement and resulting lower transaction fees. Combining BCT and IoT-driven solutions would offer a range of possibilities to track the physical supply chain which invites new SCF solutions.

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