

## XDC Trade Network: Facilitating Faster Access To Trade Finance Liquidity With Digital Identity And Digital Promissory Note

### Introducing [XDC Trade Network](#)

[XDC Trade Network](#) is a complete suite of dApps on XDC Network that aims to redefine the global trade finance Industry by digitalising the entire process. Working closely with its solution eco-system partners it promises to deliver the following: Interoperability of MLETR solutions and Funding for trades documents developed on a MLETR compliant solution

### The Opportunity

**Improving cash flow and boosting trade volumes for traders in the India-UAE corridor**

Trade volume is on the rise after India and the UAE signed a contract for a trade corridor. However, this deepened cooperation has not been well supported by faster digital infrastructure. Typically, when a trader in Nashik, India, exports fruits and vegetables to the UAE, the trader must pay local farmers upfront due to business requirements, while the payment terms with the UAE buyer are 15 days from the shipment date. This creates a cash flow gap and restricts the number of trades. Constantly using personal funds leads to financial strain and reduced opportunities. The root cause of these issues is that the movement of trade documents through couriers takes too long.

### The Solution

**Adopting standardised digital documents, digital identity and interoperable frameworks**

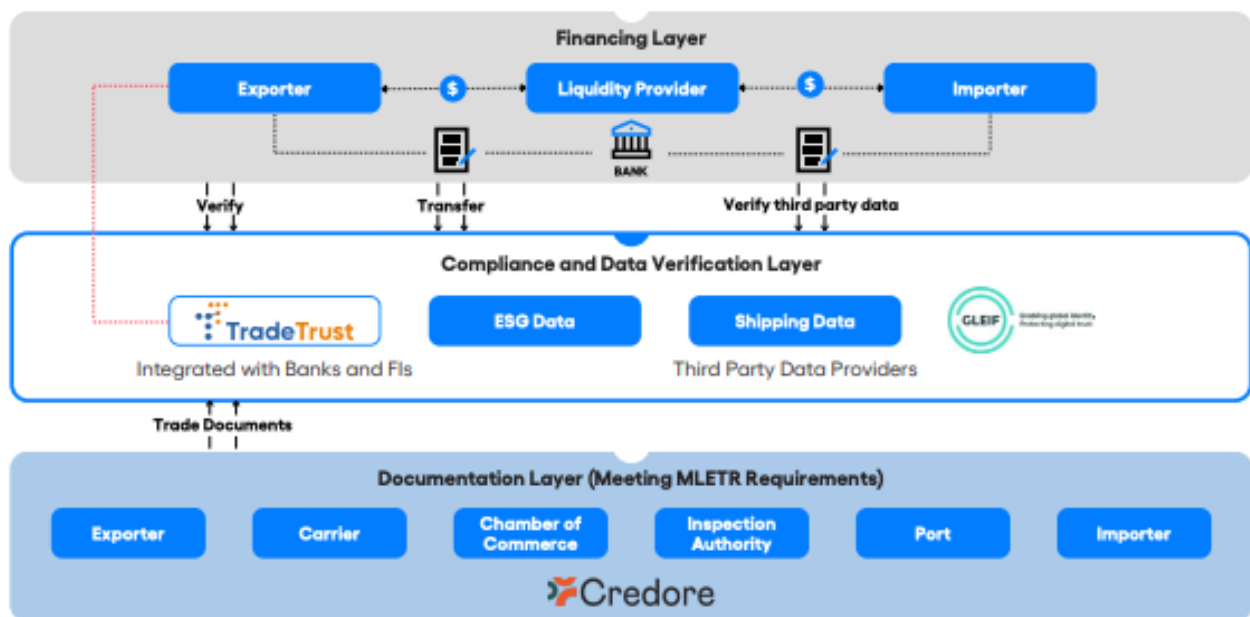
XDC Trade Network has addressed this by adopting digital methods. XDC aligns with UNCITRAL MLETR guidelines and offers a solution to create any trade document in a digitised format recommended by the KTDDE Framework. It has partnered with Credore, an IT infrastructure provider in India, to issue e-documents such as Promissory Notes, BLs, purchase orders, commercial invoices, and shipment booking documents, etc. With this shared data, XDC Trade Network creates a marketplace for shippers to present these trade documents and seek trade finance. These presented documents can be verified over Singapore Infocomm Media Development Authority's (IMDA) TradeTrust and other registries by liquidity providers. Additionally, using the LEI from GLEIF ensures instant verifiability of the companies and decreases the risk of fraud and misidentification of the parties. Once the documents are verified, the exchange of documents for trade finance is completed securely using a regulated custodian.

## The impact

Reduced transaction time to minutes on top of a more streamlined and reliable KYC process

- Reduced transaction time: Traditionally, a physical paper-based Promissory Note would take three to five days from instrument preparation to sending to the drawee and a few more days to obtain the required trade finance. The 100% digital process has reduced the movement of documents from days to a few minutes.
- Streamlined KYC process: Digital documents and LEIs enable quick and reliable verification of company identities compared to days and even weeks previously with paper documents from different countries, reducing fraud and ensuring transparency for liquidity providers.
- Long-term benefits: Enhanced business volume and scalability between India and the UAE, supporting faster cash flow and greater profitability for traders.

Figure 10: Trade process with digital methods



Source: XDC Trade Network, 2024

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