Commerzbank, Evonik and BASF conduct first blockchain technology and programmable money test to manage supply chain processes between companies

- Ordering and payment processes can be completely automated via a newly developed, integrated supply chain platform
- Payments are made along customised purchasing processes using digital euros based on e-money via Commerzbank’s cloud-based blockchain platform
- Carsten Bittner, Divisional Board Member responsible for Technology Foundations at Commerzbank: “Programmable money has enormous potential to further digitalise supply chains”.

In a joint project, Commerzbank, Evonik and BASF successfully tested a shared blockchain platform to efficiently handle bilateral supply chain processes between companies in a live environment. During the test, payments between Evonik and BASF were checked, paid and booked in a fully automated and digital manner by means of a programmed payment process. “Programmable money has enormous potential to further digitalise supply chains. Commerzbank has once again taken a significant step forward in the use of blockchain-based payment solutions building on our existing work in this exciting area of future financing”, said Carsten Bittner, Divisional Board Member responsible for Technology Foundations at Commerzbank.

Evonik’s mutual supplier relationship with BASF forms the basis for the project; the companies have maintained an active business relationship for many years and they regularly settle trade receivables. In the pilot project, the two companies transmitted business process-relevant data to Commerzbank’s blockchain platform with the help of the data service provider Elemica. The platform then generated a complete and tamper-proof depiction of the relevant business processes as well as the data and then blockchain was used to automate payments. For this purpose, electronic money (e-money) was made available to the partners for trading on the distributed ledger technology platform. Payments were processed once the transaction was automatically validated by digital contracts (smart contracts) and through programmable money, i.e. cash on ledger.

The project participants are pleased with the successful completion of the pilot. Heinz-Günter Lux, Senior Digital Strategist at Evonik Digital GmbH commented: “The payment process via blockchain and by means of
programmable money along our existing process chains is definitely more transparent, quicker and more reliable. It is an important building block towards the development of fully autonomous supply chains.”

BASF is already using blockchain technology in pilot projects for the secure exchange of data and information between multiple participants in complex value chains. As well as other things, blockchain technology will also enable BASF to collaborate more effectively with its customers and suppliers in future. With the conclusion of the pilot, the project partners have agreed to further explore the use of this innovative payment method and expand it to include other supply chain business partners in the coming months.

Blockchain technology opens up automation and efficiency potential. Commerzbank has been integrating the technology for years and developing specific applications to offer clients suitable blockchain-based products and services. The experience gained from past pilots and collaborations, for example, the processing of machine-to-machine payments with Daimler Trucks and the successful money market securities transaction via blockchain with Continental and Siemens, allows Commerzbank to create value for our clients and to make the technology profitable.

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About Commerzbank
Commerzbank is the leading bank for SMEs and a strong partner for around 30,000 corporate customer associations and about 11 million private and small-business customers in Germany. In its two divisions – Private and Small-Business Customers and Corporate Clients – the Bank offers a comprehensive portfolio of financial services. Commerzbank finances around 30% of Germany's foreign trade and it is represented in nearly 40 countries around the world in the corporate customer business. The Bank focuses on German SMEs, large companies and institutional customers. In its international business, Commerzbank supports customers with a business connection to Germany and companies from selected future industries. As a result of the integration of Comdirect, private and small-business customers benefit from the services of one of the most modern online banks in Germany in combination with personal advice in the branch. The Polish subsidiary mBank S.A. is an innovative digital bank that serves around 5.7 million private and corporate customers, mainly in Poland but also in the Czech Republic and Slovakia. In 2020, Commerzbank generated gross revenues of around €8.2bn with just under 48,000 employees.