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SEPTEMBER 21 2016

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With a \$10 payment, NAB starts to unlock blockchain

Georgia Wilkins

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It was one small transfer for National Australia Bank, one giant leap for Australian banks.

NAB says it has successfully transferred \$10 across the world using blockchain – the algorithmic technology that underpins cryptocurrencies such as bitcoin.

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NAB is teaming up with banks in Israel and Canada to pursue the development of blockchain and other technologies.

The transfer, from one employee's account to another account in Canada, took 10 seconds to process and has been described as a "proof of concept" by the bank.

It is now using the test to pursue partnerships with Israel's Bank Leumi and the Canadian Imperial Bank of Commerce (CIBC) to develop the technology further.



ASIC chairman Greg Medcraft has encouraged the use of the technology. Photo: Michele Mossop

"We believe that the technology has the potential to not only deliver real-time international payments, but also improved security and efficiency of our payments systems, so this is an important piece of work," NAB executive general manager Jonathan Davey said.

The big four banks are investing heavily in blockchain in a bid to cut costs by reducing the time it takes to make cross-border payments, which can take up to a week to process under the existing SWIFT payments system.



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They are also hoping to head off new competition from a burgeoning global "fintech" sector – start-ups that are disrupting the banks' business model.

"We're competing in a rapidly changing world. Everyday new fintechs are challenging the status quo. We have to not just keep up, but also find ways to get in front," Mr Davey said.



NAB says it has successfully transferred \$10 across the world using blockchain. Photo: Glenn Hunt

AUSTRAC has warned that technology such as blockchain and the increasing complexities of the financial sector have [contributed to a rise in financial crime such as money laundering and tax evasion](#).

But ASIC chairman Greg Medcraft [has encouraged the use of the technology, provided it is carefully regulated with access restricted to only approved participants](#).

Blockchain is being considered for use by the Australian Securities Exchange as a replacement for the existing clearing and settlement system for the sharemarket.

Treasurer Scott Morrison has said he wants Australia to be a "leading global player" in the development of the technology.

He welcomed a decision by the International Organisation for

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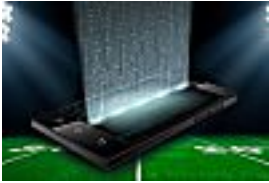
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