



LLOYDS BANK

PRESS RELEASE

Lloyds Bank completes digital payment first

- **Transaction completed with UK's first digital promissory note purchase**
- **First transaction under the Digital Negotiable Instrument Initiative (DNI)**
- **Digital note solution has potential to reduce transaction times from several days to a matter of hours**

Lloyds Bank has completed the UK's first transaction utilising a digital promissory note purchase. This landmark transaction dramatically increases speed of payment and paves the way for a significant increase in the use of promissory notes for a broad range of transactions.

Promissory Notes

Promissory notes have been around for nearly 4000 years, used to complete transactions in lieu of cash. In a modern setting, their use is typically limited to large transactions that often involve the sale and purchase of property.

The use of promissory notes allows sellers to be paid, based on the creditworthiness of the purchaser. The purchaser can obtain goods and/or services with a note, rather than needing to have funds on hand. The process involved in issuing, authenticating, and paying out on promissory notes is little changed since their inception.

The use of promissory notes in the UK is governed by the Bills of Exchange Act, which has hindered innovation due to the requirement that notes are a physical entity. The transfer of a physical paper note between banks and notaries means it can take a week, or more, for businesses to be paid.

Leading Innovation

Under legal guidance, Lloyds Bank developed a digital promissory note – a solution that works within contract law and utilises the International Trade and Forfeiting Association's (ITFA) dDOC specifications, under the Digital Negotiable Instrument Initiative (DNI).

On 18 August, Lloyds Bank successfully completed a 'pilot' transaction, which is the first under the DNI initiative, and a key milestone in the digitisation of trade finance. The transaction was initiated and completed within the day and involved the sale and purchase of land worth £48m between several UK businesses. The Bank's promissory note was issued using Enigio's solution, trace:original, for digital original documents.



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The new digital solution delivers a same-day payment to the vendor by removing the need to physically transfer actual notes. This creates a more affordable, safer, more flexible, more sustainable, and transparent online solution that could be applied to other types and sizes of transactions. This innovation is expected to open a new form of payment discounting to businesses of all sizes for the first time, improving cashflow for SMEs on both sides of a trade transaction.

Gwynne Master, MD, Lending and Working Capital for Lloyds Bank said:

“Promissory notes are an important tool for businesses that undertake large transactions but are a relatively niche solution. Their use allows purchases to progress where shortage of cashflow may otherwise prevent them. Until now, this industry-side solution is typically slow, expensive, and administratively cumbersome.

“With this successful UK-first transaction, we have delivered an innovative digital solution that is quicker, less expensive, and more secure. The digitisation and simplification of this solution finally opens this form of payment discounting to potentially millions of small businesses, improving their ability to manage their working capital and the cashflow of their suppliers by fulfilling invoices more quickly.”

Andre Casterman, Managing Director of Casterman Advisory and an ITFA board member said:

“Digitisation of trade opens up many new opportunities for financial institutions to improve client satisfaction. As a member of ITFA’s DNI Initiative, Lloyds Bank has been very focused on applying advanced technologies to address clients’ pain points and is now becoming the leading institution to bring promissory notes into the 21st century. I am very impressed with the steady progress achieved by the team at Lloyds Bank, and their rapid implementation of Enigio’s trace:original technology which is presently the sole solution to comply with ITFA’s dDOC specifications.”

Patrik Zekkar, CEO of Enigio said:

“We are extremely pleased in the way Lloyds Bank have proactively and constructively leveraged the capabilities of trace:original to enhance their value proposition, increase cost efficiency and also enabling financial inclusion. It’s a partnership which challenges us to continue to improve, for the benefit of trade. trace:original is a game changer for achieving global paperless trade, given the solutions ability to replace all physical paper documents currently in use globally, with multiple additional digital benefits.”

Merisa Lee Gimpel, Managing Director of Solution Development for Working Capital and Lending Products at Lloyds Bank added:

“Lloyds Bank have embarked on an exciting multi-year customer-centric trade digitalisation programme in collaboration with our clients, other banks, government bodies, fintechs, and the wider industry. This successful UK-first transaction is a key milestone along this journey, that we have been able to deliver ahead of the widely anticipated UK Electronic Trade Documents Bill. We are also working on a series of pilots to test the interoperability of digital Bills of Lading across international borders. We will continue to develop innovative digital trade and working capital solutions to make it easier, quicker,



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safer, and more sustainable for UK businesses of all sizes to access cash and manage risk across supply chains, both domestically and internationally.”

The DPN transaction has been completed as part of Lloyds Bank’s ongoing digital strategy, and paperless trade initiative that offers clients the opportunity to transact and present documentation in a completely digital manner, leading the way in removing paper from trade transactions, where around 28.5 billion pieces of paper are used globally, each year. The Bank’s digital strategy also includes a partnership with Satago to deliver a single platform Invoice Financing and Invoice Factoring solution (See Editors’ Notes).

More information on Lloyds Bank’s working capital solutions is available at www.lloydsbank.com/business/corporate-banking/working-capital

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Notes to editors

Invoice Finance and Invoice Factoring: [Lloyds Bank partners with Satago to reinvent invoice financing for UK SMEs - Lloyds Banking Group plc](#)

About Lloyds Bank:

- Lloyds Bank is part of Lloyds Banking Group a leading UK based financial services group providing a wide range of banking and financial services, focused on personal and commercial customers.
- We help businesses from all parts of the UK, and across all different sectors and sizes, giving them the funding and support they need to grow both at home and abroad.
- To see the latest factsheet setting out how we support UK businesses please visit: [Supporting British businesses - Lloyds Banking Group plc](#)

Our support for businesses

- We’re there for all sizes of business, from small and mid-sized companies right up to multinational corporations.
- Through a network of relationship teams based across the UK, as well as internationally, we deliver a mix of local understanding and global expertise necessary to provide long-term support to our clients to help them fulfil their growth aspirations.
- We offer a broad range of finance beyond term lending and this spans import and export trade finance, structured and asset finance, securitisation facilities and capital market funding.
- Our product specialists provide bespoke financial services and solutions, including tailored cash management, international trade, treasury, and risk management services

About Enigio: Enigio is a deep-tech company offering innovative solutions to ensure consistency, integrity, traceability, and possession of digital information making data available only to those who should have access to it while protecting it from manipulation. Founded in Stockholm in 2012, the Enigio team includes



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experienced computer engineers, researchers, software developers, and senior professionals from the financial sector. The team is especially strong in document technology, archival science, cryptography, DLT, relevant legal frameworks and banking. For more information visit www.enigio.com