

August 23, 2022



IDB Group and Davivienda Bank Issue Colombia's First Blockchain Bond

The COP\$110 million bond is a pilot project developed within the Financial Superintendence of Colombia's "sandbox" for regulatory innovation

The IDB Group — comprised of the Inter-American Development Bank, IDB Invest and IDB Lab — and Colombia's Davivienda Bank successfully issued the first blockchain bonds in Latin America and the Caribbean, as a pilot project within Colombia's regulatory innovation sandbox. This pilot is the first of its kind in the region.

The processes of authorization, initial registration, and subsequent cancellation of the bond's registration in the National Registry of Securities and Issuers (RNVE), as well as the issue, trading, payment registration and compliance of the bond were done entirely on blockchain. This approach allowed the banks to test ways to streamline the process and bring down its costs over a complete trading cycle on the Colombian capital market.

The bond, underwritten in its entirety by IDB Invest, had a total issue size of COP\$110 million. It was purchased by IDB Invest through a transaction conducted on the LACChain blockchain network, the infrastructure enabled by IDB Lab as a regional public good. The pilot issue was carried out within "la Arenera" -- the sandbox of the Financial Superintendence of Colombia for testing innovations in financial technology (fintech). IDB Group provided logistical and regulatory support for the project.

The Bank of the Republic of Colombia, which is the country's central bank, and the Financial Superintendence of Colombia supervised the entire processes of the bond's trading and compliance cycles.

"Davivienda has been one of the pioneers in working with blockchain technology in Colombia. On this occasion, we are very pleased to announce the success of this first pilot, which we had the opportunity to develop together with such important partners. The use of this technology transforms the role of actors in the securities market and the way in which bonds are issued and processed, resulting in a more transparent, rapid, and secure market. This facilitates a reduction in the costs and complexity of issuance, allowing for more and more participants. In this way, the success of this pilot represents an opportunity to continue working towards financial inclusion, in this instance in the stock market." Javier Suárez, President of Davivienda indicated.

"This goes to show how joint work by the IDB Group and countries' public and private sectors can lead to innovation in the capital markets. The pilot opens the door to fundamental changes to the existing axioms of securities trading and allows new models to be explored in the future to generate more financial inclusion. We hope this experience can be replicated in similar pilot

projects in Latin America and the Caribbean,” said Kelvin Suero, Acting Representative of the IDB Group in Colombia.

The pilot was spearheaded by a multidisciplinary team from Davivienda Bank, IDB Group, SFC, Bank of the Republic of Colombia and LACChain. The team devised the financial, operational, technological, legal and regulatory solutions that made the pilot issue possible. The experience of carrying out the first bond issue using blockchain in Latin America and the Caribbean showcases the benefits of new decentralized technologies like blockchain, increasing the efficiency of the region’s capital market, including secondary markets. The project lays the groundwork for promoting and encouraging the use of new technologies in finance for Colombia.

About the Inter-American Development Bank

The [Inter-American Development Bank](#) is devoted to improving lives. Established in 1959, the IDB is a leading source of long-term financing for economic, social, and institutional development in Latin America and the Caribbean. The IDB also conducts cutting-edge research and provides policy advice, technical assistance, and training to public and private sector clients throughout the region. [Take our virtual tour.](#)

About IDB Invest

[IDB Invest](#), a member of the IDB Group, is a multilateral development bank committed to promoting the economic development of its member countries in Latin America and the Caribbean through the private sector. IDB Invest finances sustainable companies and projects to achieve financial results and maximize economic, social, and environmental development in the region. With a portfolio of \$14.8 billion in assets under management and 376 clients in 25 countries, IDB Invest provides innovative financial solutions and advisory services that meet the needs of its clients in a variety of industries.

About IDB Lab

[IDB Lab](#) is the innovation laboratory of the IDB Group, the main source of financing and knowledge for development to improve lives in Latin America and the Caribbean (LAC). The purpose of IDB Lab is to drive innovation for inclusion in the region by mobilizing financing, knowledge, and connections to co-create solutions capable of transforming the lives of groups that are vulnerable due to economic, social, or environmental conditions. Since 1993, IDB Lab has approved more than \$2 billion in projects in 26 LAC countries, including investments in more than 90 venture capital funds.

About Davivienda

At Davivienda, we believe in a financial world that makes life simpler for people, communities, businesses and cities. As a result, today we are a team of over 17,000 people in Colombia, Panama, Costa Rica, Honduras, El Salvador and Miami who innovate; invest in knowledge, talent, and technology; and partner to seek best practices around the world. We do all this to provide everyday solutions and exclusive opportunities to over 20.4 million customers, supporting financial inclusion and sustainable development. We are currently the second largest bank by gross loans in Colombia,* with a network of over 660 branches and nearly 2,700 ATMs in Colombia and at our international subsidiaries. We are proud to form part of Grupo Bolívar. *Financial Superintendence of Colombia, figures as of March 2022.