

Blockchain**Oil blockchain platform signs up most North Sea traders**

Boost for Vakt as it seeks to digitalise process of commodity trading



North Sea oil. Companies responsible for two-thirds of all deals in the sea have signed up to the new platform

Emiko Terazono in London 8 HOURS AGO

A London-based [oil trading blockchain platform](#) has signed up companies responsible for almost two-thirds of all deals in the key North Sea crude grades, in a move they say demonstrates energy trading's early adoption of the technology.

Vakt, which is backed by a group of oil majors and trading houses, aims to digitalise the paper-backed processing of physical commodity deals using blockchain technology, with plans to expand after launching late last year.

Etienne Amic, Vakt's [newly appointed](#) chief executive, said the platform had signed up four new clients ahead of its official launch at International Petroleum Week, an annual oil industry gathering in London that begins on Tuesday.

The platform has previously only been used by its direct backers, which include BP, Shell and Total and traders Gunvor and Mercuria. Other Vakt investors include [Chevron, Equinor, and Reliance Industries](#).

"We felt that we needed about 60 to 70 per cent of a market to reach ignition point [that would] incentivise other people to join," Mr Amic said.

Vakt aims to modernise the current process of physical commodity trading, where stacks of paper-based contracts, letters of credit, invoices and other paperwork are exchanged by email, fax or post.

Apart from the buyers and sellers, other service providers such as terminal or pipeline operators, port agents and inspection companies are involved in helping the material to move along the supply chain. By putting the information processing and paper trail on blockchain, traders are looking to reduce costs and improve efficiency.

Leading agricultural traders, including the "ABCDs" — Archer Daniels Midland, Bunge, Cargill and Louis Dreyfus Company — and Cofco are also [exploring](#) setting up a similar platform for crop trading.

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“It’s become more and more difficult to make money by trading commodities and any means to lower costs and shorten the transaction times is welcome,” said

Jean-Francois Lambert, a commodity consultant and former head of commodity trade finance at HSBC.

The desire to bring more efficiency to the processing of commodity trading comes as [digitisation](#) is affecting profit margins for traders, which have traditionally made money from proprietary knowledge of commodity flows but are now losing their edge amid greater transparency of data and information.

Alex Booth, head of market analysis at Kpler, a Paris-based intelligence company, argues that levelling the playing field between dominant industry players and the rest of the market has helped correct price imbalances and inefficiencies.

He said lower barriers of entry to the energy markets was leading to “fairer pricing for the end consumer”.

Vakt plans to eventually expand to barges of oil products such as gasoline, in northern Europe as well as US crude pipelines.

Experts say that the digitisation of the back end of physical commodity trading could hasten innovation on the front end, where the bulk of trades are still agreed by telephone.

Some start-ups have already created platforms for trading raw materials, with Open Minerals offering a site for minerals and metals, and Boston-based Indigo Ag offering a matchmaking platform for US crops.

“The younger people want to click, they don’t want to talk on the phone,” said Mr Amic.

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