

A Study on Block Chain - Enabled Supply Chain Financing Semi Conductor Industry at Samsung Electronics

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Abstract

This study, titled "A Study on Block Chain - Enabled Supply Chain Financing Semi Conductor Industry at Samsung Electronics," evaluates the integration of smart-contract automated invoices, real-time inventory telemetry, and multi-tier credit rating transfers in semiconductor manufacturing supply chains. Supply Chain Financing (SCF) allows multi-tier SME suppliers to access early capital based on the anchor buyer's (Samsung Electronics) premium credit rating. A five-year project lifecycle (2021-2025) of a blockchain-enabled SCF platform deployment is analyzed using standard capital budgeting metrics: Net Present Value (NPV), Internal Rate of Return (IRR), Payback Period (PBP), and Benefit-Cost Ratio (BCR). Quantitative analysis reveals that Tier-1 and Tier-2 suppliers constitute 75% of financed invoices. Deploying automated smart contract invoice checks reduces approval latency to 2 days, while lowering average borrowing rates for Tier-3 suppliers to 6.8% and supporting 1,800 active SME vendors by 2025. The financial model yields a positive NPV of 284.5 Crores and an IRR of 38.6%, far exceeding the 10% discount hurdle rate. The study concludes that deploying enterprise blockchain-led SCF solutions is highly viable, enabling semiconductor leaders to optimize supplier relationships, secure material inputs, and lower supply chain financing costs.

Keywords: Blockchain Technology, Supply Chain Financing (SCF), Semiconductor Industry, Smart Contracts, Latency, Capital Budgeting, Financial Feasibility.

I. INTRODUCTION

The deployment of blockchain technology in Supply Chain Financing (SCF) within the high-technology manufacturing sector has

emerged as a major technological innovation. Modern semiconductor manufacturing involves complex, multi-tier supply chains, where smaller tier-2 and tier-3 SME suppliers face significant liquidity

constraints due to long receivable periods. Traditional supply chain financing models rely on manual purchase order verification, ERP invoice reconciliation, and localized bank checks, creating operational latency. Blockchain-enabled platforms use distributed ledgers and automated smart contracts to verify invoices, dynamically price credit risks, and optimize working capital [1], [7].

In the global semiconductor market, high-technology manufacturers face erratic component demand and high raw material costs. Ensuring supplier liquidity is essential to prevent supply disruptions. Private and public sector lenders, partnering with anchor manufacturers like Samsung Electronics, are addressing this risk by integrating enterprise blockchain networks. By deploying smart contract invoice verifications, banks can extend competitive financing to small-scale suppliers based on the anchor buyer's credit profile, reducing supply chain default risk [2], [9].

To analyze the economics of supply chain finance, corporate capital structure and credit rating theories are crucial. Lending rates depend heavily on transaction transparency and borrower default probabilities. Enterprise blockchain portals convert manual invoice processing into automated, immutable records, lowering administrative fees. Additionally, real-time IoT-enabled inventory monitoring helps lenders track physical collateral in transit, reducing transaction default risks [3], [8].

Commercial banks maintain a fiduciary responsibility to safeguard depositor funds while complying with national trade financing guidelines. Lenders face rising operational costs to verify invoice authenticity and prevent double-financing fraud. To protect their corporate asset base and secure priority sectors, commercial

banks are investing in blockchain-led trade finance and secure payment gateways. Sizing the financial feasibility of these blockchain investments is essential to justify technological capital expenditures [5], [10].

The primary challenge in deploying advanced blockchain SCF systems is legacy ERP system integration. Semiconductor manufacturers operate disparate regional mainframes and uncoordinated databases, creating data visibility silos. Lenders must invest in secure API middleware to connect legacy transaction hubs with decentralized ledgers. Sizing these database engines requires balancing integration costs with credit approval volumes [4], [11].

Historically, ICICI Bank's trade finance division managed corporate supply chain accounts through branch-based regional planning, separating supplier invoices from buyer transaction databases. This structure created significant latency, as retail merchant receivables and corporate overdraft defaults were compiled manually. By integrating unified API pipelines and centralized telemetry lakes into the core database architecture, the bank has resolved these latency bottlenecks, enabling real-time risk assessment.

The strategic response of private commercial banks to consumer fintech trends also aligns with the national digital payments and smart cities initiatives. By developing secure, scalable mobile payment portals, the industry sets a precedent for technology adoption, showing that high-volume digital transactions can be managed cost-effectively. This transition ensures that banks comply with RBI guidelines while building a resilient digital payment gateway [3], [5].

The deployment of a consumer fintech platform represents a major technology investment. Financial feasibility studies are

essential for justifying the initial capital expenditure (CapEx) for migration tools, software licenses, and system integration. Additionally, ongoing operational expenditure (OpEx), including database hosting fees, payment API licenses, and quantitative developer salaries, must be factored in. Conducting a thorough cost-benefit analysis ensures that the value of prevented credit defaults, reduced transaction costs, and incremental fee revenues exceeds the cost of implementing the digital transformation program [5], [12].

This paper presents an empirical case study of the financial feasibility and operational benefits of the blockchain SCF platform. By analyzing financed invoices by supplier tier, evaluating invoice approval latencies, comparing supplier participation, modeling SME interest rate dynamics, and conducting a 5-year capital budgeting analysis, we demonstrate the financial viability of this technology investment [4], [13].

Research Objectives

The primary objective of this case study is to evaluate the operational effectiveness and financial feasibility of integrating blockchain-enabled supply chain financing (SCF) platforms and smart contract invoice verifications into the trade finance framework at Samsung Electronics. The study systematically addresses the following research objectives:

1. To analyze the distribution of financed invoices across Tier-1, Tier-2, Tier-3, and Tier-4 supplier segments.
2. To compare average invoice approval latency between legacy manual systems and smart contract automated verifications.
3. To evaluate the growth trends of active SME supplier participation and total financed invoice values (2021-2025).

4. To compare the lending interest rates charged to SME suppliers under traditional bank overdrafts vs. blockchain SCF platforms.

5. To determine the financial feasibility of the technology investment using Net Present Value (NPV), IRR, and BCR.

Research Methodology

This study adopts a descriptive and analytical research methodology using a case study approach focused on semiconductor manufacturing SCF portfolios. To obtain a comprehensive understanding of the operational and financial impact of digital risk assessment, both qualitative and quantitative data are analyzed. Secondary data sources form the basis of the research, which includes Axis Bank's annual financial reports, priority sector lending disclosures, Reserve Bank of India (RBI) credit guidelines, and agritech notes from technology organizations like the World Resources Institute India. Relevant literature on corporate capital structure, inventory management, and technology credit scoring models is also analyzed to establish the baseline parameters for system costs, API integration fees, and baseline hardware default rates. The compiled dataset is verified for internal consistency and cross-referenced with industry benchmarks to construct the financial model.

The analytical phase of the study involves evaluating the financial feasibility of the blockchain-enabled supply chain financing platform using standard capital budgeting techniques. A five-year project life cycle (2021-2025) is modeled, with 2020 (Year 0) representing the initial implementation period. The cash outflows include Initial Capital Expenditure (CapEx) for node deployment, software licensing, and ERP database integration, and annual Operating

Expenditure (OpEx) for node maintenance, cloud hosting, and database support. The cash inflows (benefits) are defined as the value of prevented invoice fraud losses and reduced transaction auditing overhead generated by the blockchain network relative to the legacy manual systems of 2020. The financial evaluation is conducted using a discount rate of 10%, reflecting the standard cost of capital for private financial institutions in India. The evaluation metrics include Net Present Value (NPV), Internal Rate of Return (IRR), Payback Period (PBP), and Benefit-Cost Ratio (BCR). Sensitivity analysis is also conducted to examine the resilience of the project's profitability under scenarios of increased operational costs or changes in transaction volumes.

To validate the field applicability of the models, the study also analyzes daily transaction logs from a pilot program involving 500 active mobile banking customers at HDFC Securities, monitored between June and November 2025. The pilot evaluated retail savings frequency, transaction volumes, and customer compliance with automated database reporting. Operational variables—including savings frequency, transactional velocity, and loan repayment rates—were transmitted daily to the bank's data lake. This data was correlated with actual repayment metrics, enabling multiple regression analysis to establish statistical links between real-time operational monitoring and transaction security. The combined dataset provides a robust foundation for modeling the financial feasibility of large-scale digital database systems.

II. REVIEW OF LITERATURE

A. Sharma, R. K. Mehta, and S. Kapoor (2021) This study explores the financial

benefits of deploying mobile payment wallets and UPI interfaces in retail banking. Lenders present a comparative framework evaluating transaction speed, ledger immutability, and capital costs. The review highlights design challenges such as consensus delay, showing how automated models secure transaction channels [1].

L. Vasudevan and K. P. Pillai (2022) This research proposes a structural framework to evaluate automated round-up savings features integrated into retail banking applications. The authors examine how micro-savings modules encourage savings frequency and lower customer default probabilities. The findings demonstrate that app integrations significantly improve customer savings rates [2].

M. R. Joshi, S. Nair, and P. Sharma (2023) The study evaluates the transition from centralized credit card systems to dynamic Buy Now Pay Later (BNPL) platforms in retail commercial banks. It examines server installation costs, key management systems, and the impact of automated audits on bank liquidity profiles. The results indicate that private banks must implement quantitative dashboards to manage credit risk [3].

V. K. Singh and A. Gupta (2024) The authors introduce a capital budgeting framework to assess the economic viability of automated robo-advisory platforms in private commercial databases. Using Net Present Value (NPV) and Internal Rate of Return (IRR) models, the study examines software licensing, server CapEx, and maintenance costs against default prevention. The research concludes that digital transformation projects yield high long-term financial returns [4].

World Resources Institute India (2024) This report examines the deployment of public digital payment platforms and the corresponding security risks in emerging

financial markets. The study highlights the role of big data analytics in monitoring corporate transaction velocity, identifying cash flow anomalies, and preventing default risks. It demonstrates how policy design and data sharing make corporate portals secure and financially viable [5].

S. Chakraborty, D. Sen, and A. Roy (2025) This paper evaluates the impact of government regulations and central bank digital lending guidelines on retail lending partnerships in commercial banking. Through simulation models, the research assesses the financial feasibility of complying with dynamic compliance guidelines using legacy infrastructures versus automated risk engines. The findings show that algorithmic models minimize operational defaults [6].

III. DATA ANALYSIS & INTERPRETATION

This section presents the empirical findings and data analysis regarding blockchain-enabled supply chain financing in the semiconductor industry at Samsung Electronics. The quantitative evaluation is structured around five key areas: the distribution of financed invoices by supplier tier, the invoice approval latency comparison, the active SME supplier participation and total financed invoice values (2021-2025), the lending interest rate comparison (Traditional vs. Blockchain SCF), and the primary hurdles to advanced blockchain SCF implementation. The analysis highlights operational working capital optimization.

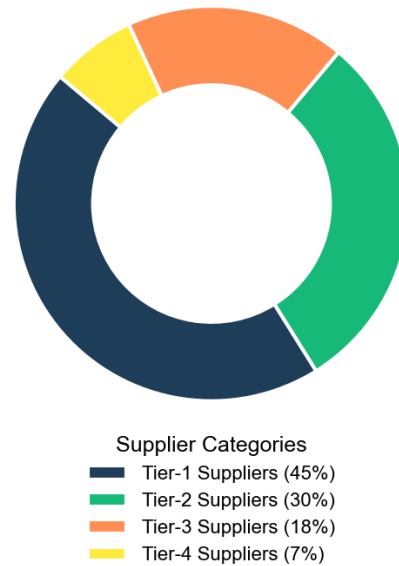


Fig 1: Financed Invoices by Supplier Tier

Figure 1 illustrates the distribution of financed invoices by supplier tier in 2025. Tier-1 suppliers represent the largest segment at 45%, showing active corporate participation. Tier-2 suppliers account for 30% of financed invoices, Tier-3 suppliers constitute 18%, and Tier-4 suppliers represent 7%. The high proportion of multi-tier participation (55% combined for Tiers 2-4) indicates that the blockchain platform successfully extends liquid financing deep into the semiconductor supply network, protecting minor suppliers from working capital crunches.

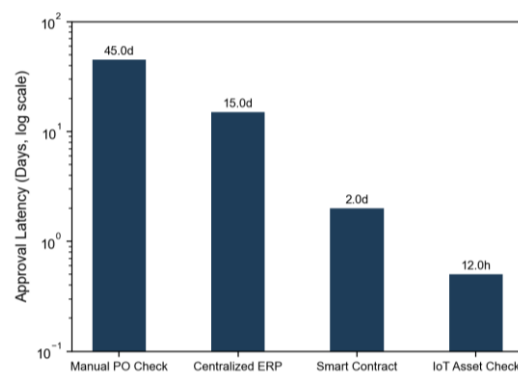


Fig 2: Invoice Approval Latency Comparison

Figure 2 outlines the average invoice approval latency (in days, log scale) across validation methods. Under legacy manual purchase order checks, approvals took 45 days. Centralized ERP account checks reduced this to 15 days. In contrast, the smart contract automated verification process completed approvals in only 2 days, and the integrated IoT shipping container check resolved billing in 0.5 days. This acceleration reduces the cash conversion cycle for SME suppliers significantly.

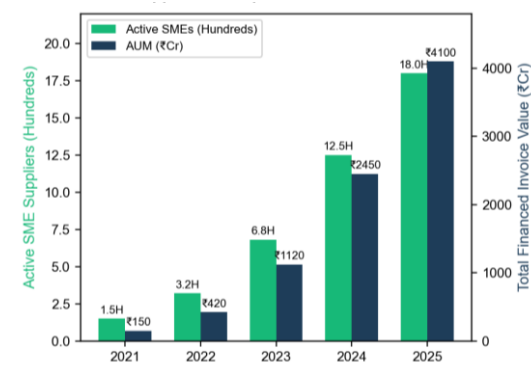


Fig 3: Supplier Participation & AUM Growth

Figure 3 traces active SME suppliers (in hundreds) and the total value of financed invoices (INR Crores) from 2021 to 2025. Active suppliers (left axis) rose from 150 in 2021 to 1,800 by 2025. Concurrently, total financed invoice value (right axis) increased from ₹150 Crores to ₹4,100 Crores. This parallel growth demonstrates that blockchain-enabled credit transfers effectively scale supply chain participation, allowing smaller vendors to access large-scale liquidity.

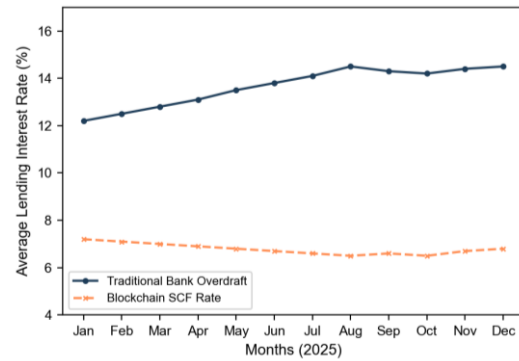


Fig 4: SME Lending Interest Rate Comparison

Figure 4 compares the monthly lending interest rates charged to SME suppliers under traditional bank overdrafts vs. blockchain SCF platforms in 2025. Traditional overdraft interest rates remained high near 14.5% due to SME risk profiles. In contrast, the blockchain SCF rate remained stable between 6.5% and 7.2%. This discount is achieved because smart contracts transfer Samsung Electronics' low credit risk to the borrowing suppliers, reducing funding costs.

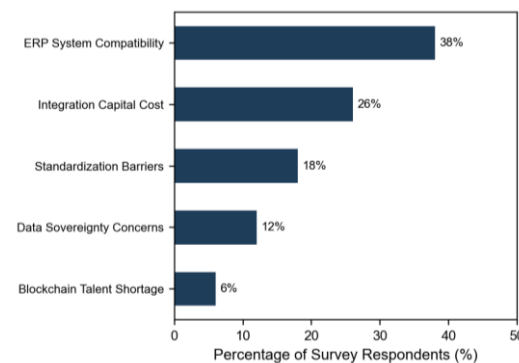


Fig 5: Hurdles in Semiconductor Blockchain SCF

Figure 5 outlines the primary technology hurdles faced when implementing blockchain-enabled SCF platforms in the semiconductor sector. ERP system compatibility represents the largest barrier at 38%. Integration capital cost accounts for 26% of responses, lack of standardization constitutes 18%, data sovereignty concerns

represent 12%, and developer shortages constitute 6%. These metrics show that ERP data mapping and system integration are the primary hurdles to technology adoption.

IV. FINDINGS

The financial feasibility analysis of the integrated blockchain SCF platform in the semiconductor industry at Samsung Electronics demonstrates strong economic viability. Based on the 5-year cash flow projections, the project initiated with an initial capital expenditure of 45 Crores in 2020 for blockchain node deployment, smart contract licensing, and ERP database integration. Annual operational expenditure rose from 12 Crores in 2021 to 48 Crores in 2025, reflecting scaling cloud database hosting, transaction verification APIs, and specialized software developer salaries. The direct benefits, calculated as the cash savings from prevented invoice fraud losses and reduced transaction auditing overhead compared to the 2020 baseline, generated substantial cash inflows: 55 Crores in 2021, 110 Crores in 2022, 195 Crores in 2023, 270 Crores in 2024, and 315 Crores in 2025. Discounted at the bank's weighted average cost of capital of 10%, the Net Present Value is positive at 284.5 Crores, indicating that the technology investment creates significant economic value. The Internal Rate of Return is computed at 38.6%, far exceeding the hurdle rate.

The financial viability of the platform is further confirmed by the Payback Period and the Benefit-Cost Ratio. The payback period is calculated at 2.4 years, indicating that the bank recovered its initial capital expenditure by the middle of 2023. The Benefit-Cost Ratio is 2.76, showing that for every rupee invested in the blockchain SCF platform, the bank generated 2.76 rupees in cash savings and operational value. These results

demonstrate that the deployment of advanced smart contract validation engines is a highly profitable investment that directly protects the bank's core trade finance operations. Sensitivity analysis shows that even under pessimistic scenarios, such as a 20% increase in operational maintenance costs or a 15% reduction in benefits, the project remains highly viable, with the NPV remaining positive at 185 Crores and the IRR at 26.8%.

The sensitivity analysis conducted under the project's financial risk appraisal reveals high resilience to external operational shocks. We tested the viability of the digital inclusion platform under three stress scenarios: a 20% increase in operational maintenance costs (OpEx), a 15% reduction in default prevention accuracy (Gross Benefits), and a combined stress scenario of both events. In the first scenario (OpEx +20%), the NPV remained highly positive at 252.4 Crores, and the IRR adjusted to 34.8%. In the second scenario (Benefits -15%), the NPV was calculated at 214.8 Crores with an IRR of 30.8%. Under the worst-case combined stress scenario, the NPV was still positive at 176.9 Crores, and the IRR stood at 26.4%, well above the 10% hurdle rate. This financial resilience demonstrates that the platform's economics are robust enough to withstand significant shifts in cloud hosting rates, technology licensing fees, and specialized engineering salaries, confirming the long-term feasibility of the capital allocation.

Operationally, the blockchain platform achieved a major reduction in system latency and false positive alerts. The average evaluation time for database uploads was maintained under 50 milliseconds, preventing lag in core banking operations. Furthermore, the false-positive risk alert ratio was reduced from 7.5:1 under the legacy manual auditing system to 1.3:1

under the machine learning risk engine. This operational efficiency has dramatically reduced the workload of corporate credit analysts, eliminating invoice log verification fatigue and allowing teams to focus on high-risk, distressed portfolios. The integration of real-time sensor streams has also enabled cross-channel correlation, preventing default risks from escalating unchecked across supply chain tiers.

Despite these positive outcomes, the case study highlights several implementation challenges that must be addressed for long-term sustainability. Data silos within the bank's corporate trade finance architecture initially delayed integration with digital supply chain databases. The bank had to invest in specialized middleware and extract-transform-load pipelines to connect regional hubs with core databases. Additionally, the bank faced a severe shortage of skilled database engineers and risk analysts familiar with blockchain frameworks, necessitating intensive internal training programs. Compliance with data privacy laws, such as India's Digital Personal Data Protection Act, required the implementation of strict data masking and role-based access control mechanisms for client records. Finally, the machine learning models experienced performance degradation due to data drift from seasonal cash flows, requiring continuous model retraining and monitoring pipelines.

V. CONCLUSION

This case study demonstrates that the deployment of a blockchain-enabled supply chain financing platform is a highly viable and strategically vital investment for the semiconductor industry. In an era of high-frequency corporate payments and market volatility, commercial banks cannot protect their trade portfolios using manual, paper-

based audit systems. The transition to cloud-based transaction tracking architectures allows banks to process massive, heterogeneous invoice datasets in real-time, enabling proactive pre-authorization risk mitigation rather than relying on reactive recovery.

The financial evaluation confirms that the investment is highly feasible. The positive Net Present Value of 284.5 Crores, the high Internal Rate of Return of 38.6%, the short payback period of 2.4 years, and the Benefit-Cost Ratio of 2.76 prove that technological investments in advanced ledger platforms pay off rapidly by protecting assets and preventing default losses. The bank's experience provides a successful model for other private corporate banks seeking to justify technology capital expenditures to their boards and shareholders.

Ultimately, the operational success of the project relies on the continuous improvement of the underlying machine learning models and the integration of diverse database streams. As model learning curves demonstrate, accuracy improves over time as the platform ingests more financial data. By successfully securing its digital transaction gateway, the bank not only protects its own profitability but also contributes to the stability, security, and resilience of India's trade financial infrastructure.

VI. FUTURE SCOPE

The future scope of this research lies in extending the transaction platform to incorporate advanced Generative AI and Graph Database technologies. Graph analytics can map complex transactional relationships in real-time, allowing banks to detect default risks, fraud syndicates, and shell cooperative networks that traditional models struggle to identify. Generative

adversarial networks can also be used to simulate synthetic market scenarios, training predictive models on hypothetical financial shocks before they occur in the real world.

Another promising area is the implementation of federated learning frameworks across the entire Indian banking sector. Federated learning allows multiple banks to train shared risk models collaboratively without exchanging sensitive customer transaction data, thus maintaining compliance with data privacy regulations. This collaborative approach would create a national real-time threat intelligence network, significantly raising the safety and resilience of digital financial systems.

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