

sikoba

{ Sikoba is a global and decentralised money platform based on peer-to-peer IOUs and built on blockchain technology }

{ timeline }

Crypto-anarchy movement (late 1980s)

Experiments with digital “money” (e-cash 1990-94 & others)

bitcoin & crypto-assets (since 2009)

Fiat money on blockchains (past few years)

Time to put IOUs and credit money on the blockchain !

{ vision }

P2P payments and remittances:

- + have already reached \$1 trillion globally
- + share of mobile payments small but growing fast

P2P lending:

- + \$26 billion globally in 2015
- + growing at 50% p.a. and expected to reach \$900 billion by 2024

P2P IOUs:

- + a new market sector ready to emerge

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{ money before central banks }

- [1] **Money** \approx **credit** – esp. during periods of thriving commerce
- [2] **Many monies** circulated – therefore need for optimisation, i.e. choosing the “least expensive” to pay with in a given situation
- [3] Commerce was often based on **P2P credit** – therefore need for clearing

The Banking Law Journal, May 1913

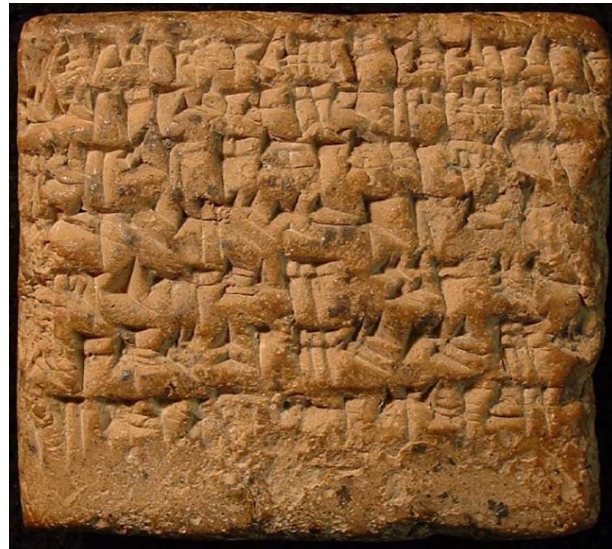
WHAT IS MONEY?

BY A. MITCHELL INNES.

Credit is the purchasing power so often mentioned in economic works as being one of the principal attributes of money, and, as I shall try to show, **credit and credit alone is money.** Credit and not gold or silver is the one property which all men seek, the acquisition of which is the aim and object of all commerce.

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Late Babylonian receipt for payment of silver



{ money in the central bank era }

[1] Today, **money creation is done almost exclusively by banks**. By making loans, banks take the credit of individuals, companies and public sector bodies and convert it into bank credit, or bank money, for a fee.

[2] There is **only one type of money**, for example the Euro in the Eurozone, despite a variety of issuers.

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{ the future of money? }

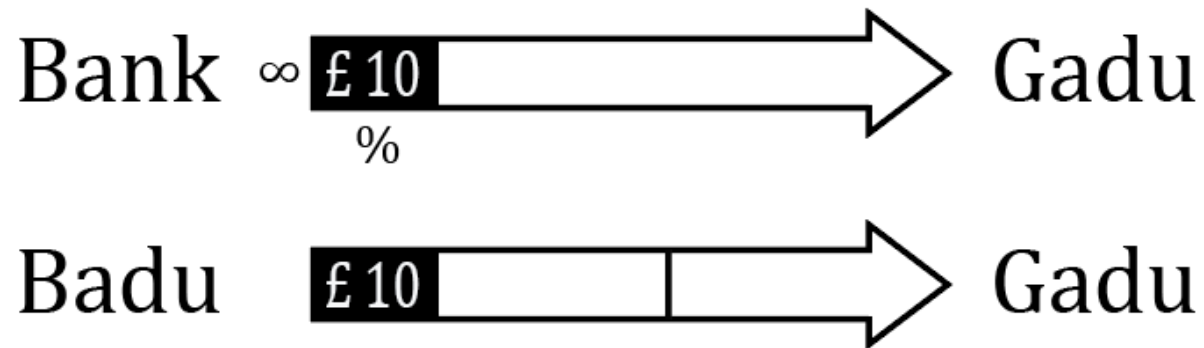
*Imagine a system where many types of money and many types of credits coexist,
and any two users, or any group of users, can choose how to use them...*

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{ **key concept : accepting credit** }

+ final vs temporary credit

+ credit conditions



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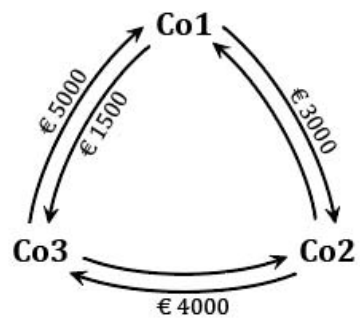
{ credit conversion }

- + users decide terms of credit conversion
- + similar to “rippling” but with attached terms and conditions



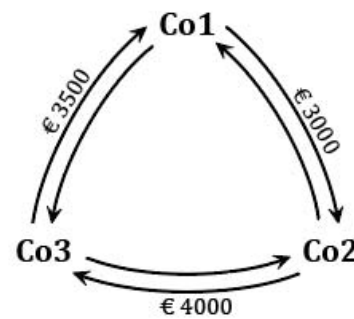
{ netting and clearing }

+ we plan to support multi-currency clearing also



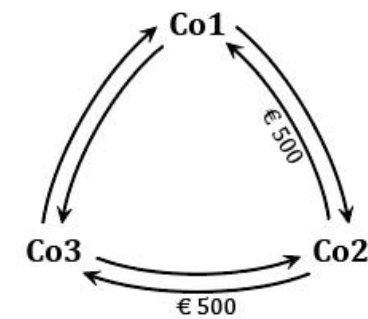
$\Sigma \text{ € } 13\,500$

Netting
Co1/Co3



$\Sigma \text{ € } 10\,500$

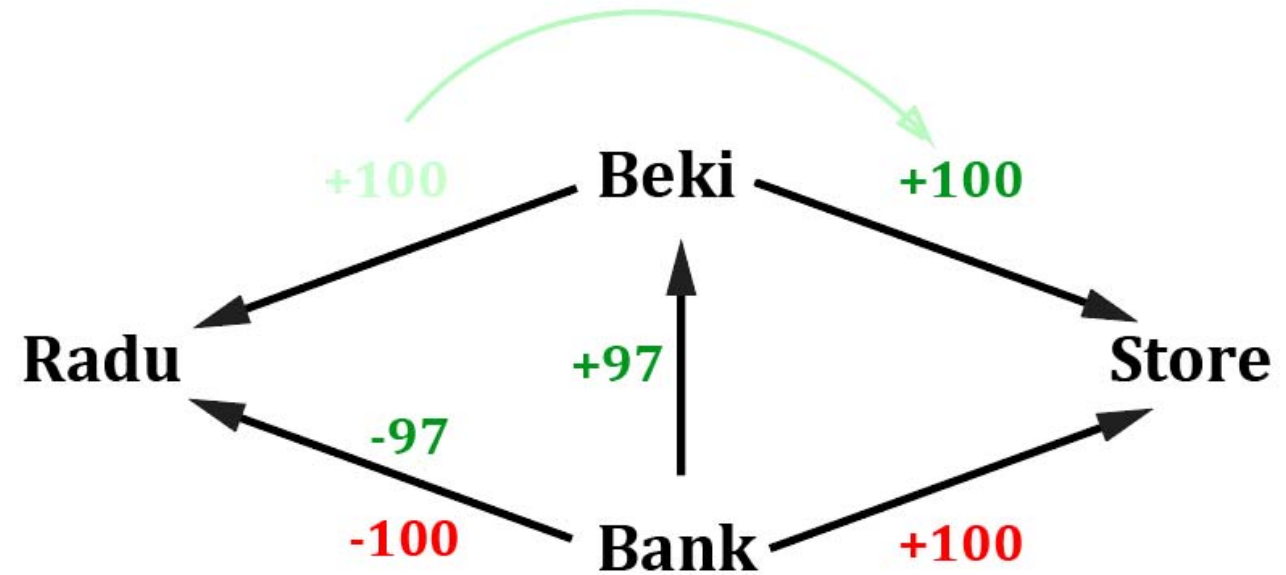
(3500)
Clearing



$\Sigma \text{ € } 1\,000$

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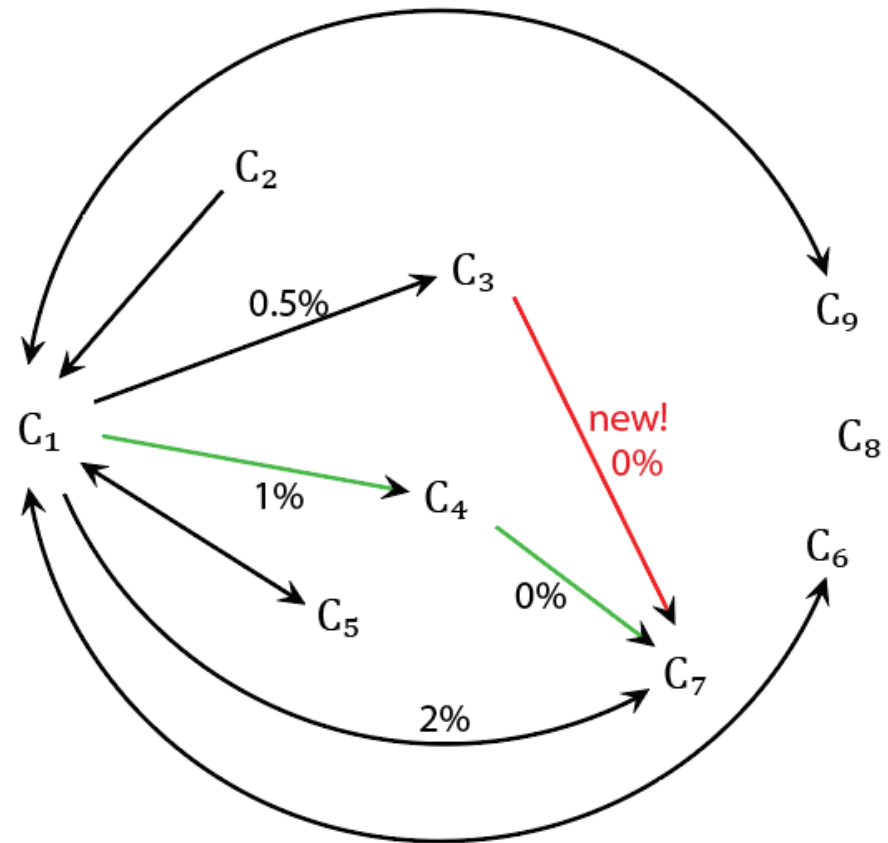
{ optimal payment path }



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{ ongoing optimisation }

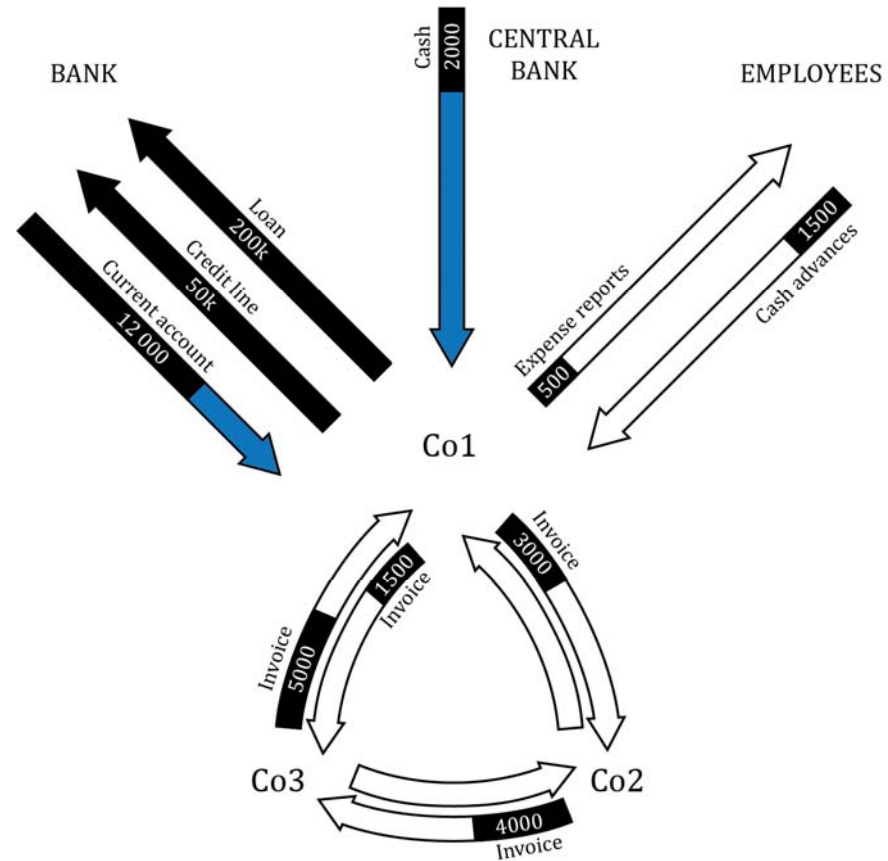
+ the addition of new credit relationships may result in a new optimal payment path



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{ in the real world }

Financial relationships
in the real world can be modelled
using credit agreements



{ key platform features }

- > Users can define their own credit relationships, what money and credit they accept, and on what terms.
- > Optimal payment path computed automatically for all payments.
- > Ability to create new currencies, linked to financial assets or other external data.
- > Library of predefined contracts for typical use cases (interco credit system, ...).
- > Ability to create custom contracts - although an audit may be required.
- > Access to fiat currencies and other financial instruments via gateways (banks)

{ example : accepting credit for final settlement }

Let's take user Radu who is configuring his account. First, he specifies which credits he accepts for final settlement – ie without further conditions.

- > Accepts and AA+ rated bank credit in EUR (that is Euro fiat money)
- > Accepts bitcoin, but total holdings not to exceed the equivalent of EUR 2,500.
- > Accepts local currency Beki at a discount of 3%, but total holding not to exceed 1,000.

{ example : credit communities }

Radu is actually the CEO of an SME, he has applied to join a local interco credit system and has been accepted with a credit line of EUR 10,000. By joining the system, he agrees to its rules, which could for example be:

- > Every member must grant as much credit as he receives
- > There is a fee of 0.1% for each transaction, to go into a default guarantee account
- > Monthly clearing of balances on the last day of each quarter, with debit balances exceeding EUR 5,000 payable in EUR fiat
- > ...

{ example : custom contract }

Radu often does business with “Widgets & Co”, so he agrees to accepting their credit under the following conditions:

- > Currency: EUR only
- > Credit line of EUR 10,000, but only if the total exposure of Widgets does not exceed EUR 50,000
- > The credit is free for 30 days, after which a 5% pro-rata interest applies
- > The credit must be cleared within 90 days, or settled in EUR fiat at that time
- > Radu also accepts credit conversion to the tune of EUR 5,000, as long as his own available credit lines exceed EUR 20,000
- > These conditions remain valid as long as Widgets accepts Radu’s credit on the same terms

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{ technology }

- > Permissioned mining
- > Miners are elected by all nodes and form the “Sikoba federation”
- > Governance and economic rules will be specified on the blockchain, federation members vote to make changes
- > A public blockchain will be used as a “notary”
- > Concept of “Optimisation consensus protocol”
- > ... this is work in progress, we’re still looking at various options

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{ optimisation consensus protocol }

Leverage the distributed processing power of the nodes to solve complex optimisation problems:

- + agree on state of system
- + run optimisation program for a predetermined period of time
- + the best solution wins (based on common cost function)
- + all nodes verify the solution
- + the resulting state is written to the next block

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{ use cases }

- + inter- and intra-company credit systems, to reduce reliance on bank financing
- + partial alternatives to micro-credit systems
- + jump-starting local economies for the world's "underbanked"
- + quickly set up alternative money/credit systems during crises
- + local currencies

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{ token presale – in progress! }

We aim to raise enough money to produce a MVP (minimum viable product)

Presale buyers will obtain the right to receive 50% more Sikoba tokens per ETH compared to buyers of the future crowdsale

Sikoba token will be used to pay for commissions on the Sikoba platform

More info at www.sikoba.com

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Contact

Aleksander (Alex) Kampa

+352 691 46 84 85

Skype: alex.kampa

ak@sikoba.com

<http://www.newmoneyhub.com>

<http://www.sikoba.com> *twitter @sikobaNetwork*