Fintech and Cryptocurrencies

Take Home Exam 2019

# Part 1: Theoretical Questions

* 1. Give an example of a company that you think will disrupt its target market in the next 5 years. Analyze the company’s target market and explain very carefully why you consider it as potentially being disruptive. Your example should NOT be a company that has already been classified as disruptive by news agencies or discussed in class.

Company: CommonBond

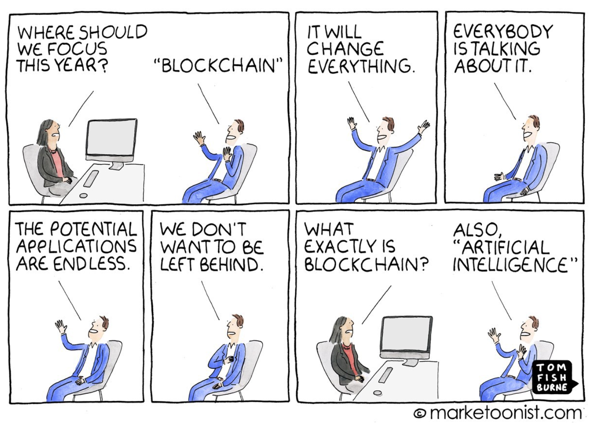
The company that is proposed to be disruptive in its target market in the next 5 years is CommonBond. The company focusses on lending to college students and guides students throughout their loaning procedure, from when they first start studying until their refinancing post-graduation. They have developed different loan categories for students, ensuring that those in different academic phases and faculties are catered for. These categories include loans specifically for undergraduates, postgraduates students or medical students.

Target Market Analysis: Students seeking funding and investors.

The main target market would appear to be college students looking to fund their college/university fees and investors seeking to

Disruptive Potential: Lack of access to funding globally and subsequent high student dept.

* 1. Give an example of a blockchain company that does not need a blockchain. Explain why the blockchain is unnecessary for their application and does not add any value.
* Supply Chain Management



* 1. Explain the concept of an ICO. Give an example of an ICO that failed. Analyze why this ICO probably failed by citing dodgy parts from the whitepaper and explain why these parts are dodgy.

Fixy Network

White Paper: <https://icosbull.com/whitepapers/2047/FIXY_NETWORK_whitepaper.pdf>

Dodgey Whitepaper Citations

1. “Fixy App is a blockchain solution, from cryptocurrency enthusiasts to cryptocurrency beginners”.
2. “It is a very tiring task attempting to participate in the world of cryptocurrency, the interest of newbie investors of cryptocurrency is truly put to the test at the point of first purchase.”
3. “When new and inexperienced cryptocurrency enthusiast gets into the real buying context, they realize that is not so easy to acquire, and some may even lose interest.”
4. “Registering on exchange platform in other to be able to liquidate one's cryptocurrency is another challenge as exchanges require exhausting and time-consuming processes which involve KYC (know your customer) validation which may take days or weeks. “
5. “Exchanges have struggled to keep up with the breakneck growth of the cryptocurrency market and enormous volumes so much that some of the existing centralized exchange platforms have even begun to shut out new members because it has become nearly impossible to keep up with demand.”
6. “This makes it extremely difficult for newbies newbies to acquire cryptocurrency.” – referring to the
7. “Cryptocurrency traders and investors have lost so much money because these centralized exchange platforms have at some point ceased trading, experienced outage, and crashed during times of very high volumes and demands.” – vague amount exposed as simply ‘so much money’. This is another scare tactic to pull potential investors who do not know enough about cryptocurrencies and the exchanges to know that it is a hyperbole.
8. “Basically, an electronic ledger, or better described as a decentralized and digitized ledger which is available for all cryptocurrency transactions.” – white paper is written in colloquial language and lazy grammar which contributes to its
9. “Typically a blockchain is made up of blocks.”
10. “Fast Transactions”: the blockchain is advertised as having faster transaction times than traditional systems, which is blatantly untrue.
11. Graphs of cryptocurrency performance as well as the statistics of Bitcoin has no listed knowledgeable sources, making the information less respectable.
12. “In terms of digitalization, retailers always need new products and solutions to keep customers or even win new ones.” - generalization about the retail sector is acknowledged in a very colloquial way an no respectable data or sources are given to back it up. None of the “partner stores” are ever mentioned in the white paper, which makes one question whether there are actually stores that have agreed to sell the “gift cards”, a fundamental part of this business case.
13. “To prevent, inflation and maintain a steady rise in value, the Fixy token will have a fixed quantity supply of 100,000,000 FXY” –
14. “The fixy app is not just about serious business alone; it also brings fun and games into the mix. There will be several games on the app that will engage the users.” – the business model attempts to incorporate multiple aspects
    1. While Proof of Work consumes a lot of electricity, Proof of Stake also is not perfect. Explain how Libra, as an example of a Proof of Stake protocol, works and what its advantages and disadvantages over Proof of Work are.
    2. Which regulatory obstacles will you face when you want to commercialize your group project? Please explain why.