
Sovereign Bank: Investor FAQ & Project Deep Dive

1. Where is the money?

- **The money is NOT in the bank.** It remains in the user's wallet on the blockchain¹.
- Only the owner has access to the funds via their private keys (seed phrase)².

2. How does the "magic" work?

- We provide a physical or virtual card that "interacts" with these on-chain funds³.
- **The transaction process:**
 - **Authorization:** When the card is tapped at a terminal, our smart contract instantly locks the equivalent amount in stablecoins (e.g., USDT)⁴.
 - **Payment:** Our card-issuing partner approves the transaction and pays the merchant in fiat (USD, EUR)⁵.
 - **Revenue:** We collect a **1% transaction fee**⁶.

3. Why can't the service be shut down?

- We do not store user funds; we act as a technological bridge⁷.
- If our platform goes offline, the user's money remains in their wallet⁸. They would only lose the ability to use our card until service is restored⁹.

4. How does Sovereign Bank differ from a traditional bank?

- In a traditional bank, your money belongs to the bank, and you simply have an entry in their database¹⁰.
- In Sovereign Bank, your money stays in your own wallet (smart contract)¹¹. We cannot freeze, seize, or block your transactions¹². We are merely the interface and bridge to

payment systems¹³.

5. What happens if the project closes?

- Nothing happens to the user's funds—that is the beauty of Web3¹⁴.
- The money remains on the user's personal wallet and is accessible through any other wallet provider (MetaMask, Trust Wallet, etc.)¹⁵.

6. Revenue Model

- **Transparent and simple:** A 1% fee on every transaction and a fixed card issuance fee¹⁶.
- There are **no hidden account maintenance fees**¹⁷.

Addressing Market Skepticism & Investor Objections

On Technology, CTO, and KYC

- **The Tech Stack:** The current stack is the vision for the MVP¹⁸. It will be finalized once we hire a new CTO (the previous CTO stepped down due to health reasons)¹⁹.
- **Hybrid KYC Model:**
 - **Freedom Card:** Operates within strict limits (anonymous prepaid model)²⁰.
 - **Resident Card:** Requires full KYC for higher limits²¹.

Capital Requirements & Regulatory Barriers

- We are building a **Fintech Layer**, not a bank from scratch²².
- By using **Banking-as-a-Service (BaaS)** providers and EMI licenses of partners, we avoid the need for multi-million dollar banking licenses and infrastructure²³.

The Use of AI in Content Creation

- AI is a tool for efficiency²⁴. We have used AI for translating the Pitch Deck into 6 languages and for consolidating/structuring technical thoughts²⁵. We prioritize the clarity

and logic of the vision over "humanizing" the text for the sake of it²⁶.

Compliance and Conversion

- **Liquidity:** Conversions are handled by liquidity provider partners; we do not hold fiat ourselves²⁷.
- **Anonymous Limits:** The "Freedom Card" is issued as an anonymous prepaid card with limits up to **\$1,000**, which is compliant in many jurisdictions²⁸. Anything above this requires KYC²⁹.

Why \$335,000?

This Pre-seed round covers the essentials to prove the model³⁰:

- **MVP Development:** Smart contracts and the mobile app³¹.
- **Legal Framework:** Incorporation in **Panama** and initial deposits for card-issuing partners³².
- **Core Team:** Salaries for 5–6 key employees for the first 12 months³³.

Detailed Transaction Mechanics ("Crypto to Bread")

The process takes roughly 2 seconds³⁴:

1. **Authorization:** Terminal requests funds via Visa/Mastercard³⁵.
2. **Smart Contract Check:** Our backend checks your blockchain wallet³⁶.
3. **Liquidity Provision:** If funds are present, a liquidity partner freezes the crypto and transfers fiat to the payment system³⁷.
4. **Approval:** Visa sees the fiat and approves the purchase³⁸.
5. **Settlement:** Crypto is moved from the user's wallet to the liquidity provider³⁹.

Why Panama?

Panama's crypto laws allow us to operate without a complex banking license, provided we remain non-custodial⁴⁰.

- **Timeline:** Registration takes 3–4 weeks⁴¹.
- **Benefits:** High privacy, low registration costs, and no tax on foreign-sourced income⁴².

Would you like me to create a separate "Investor One-Pager" based on this FAQ, which you can send as a quick summary before the full Deck?