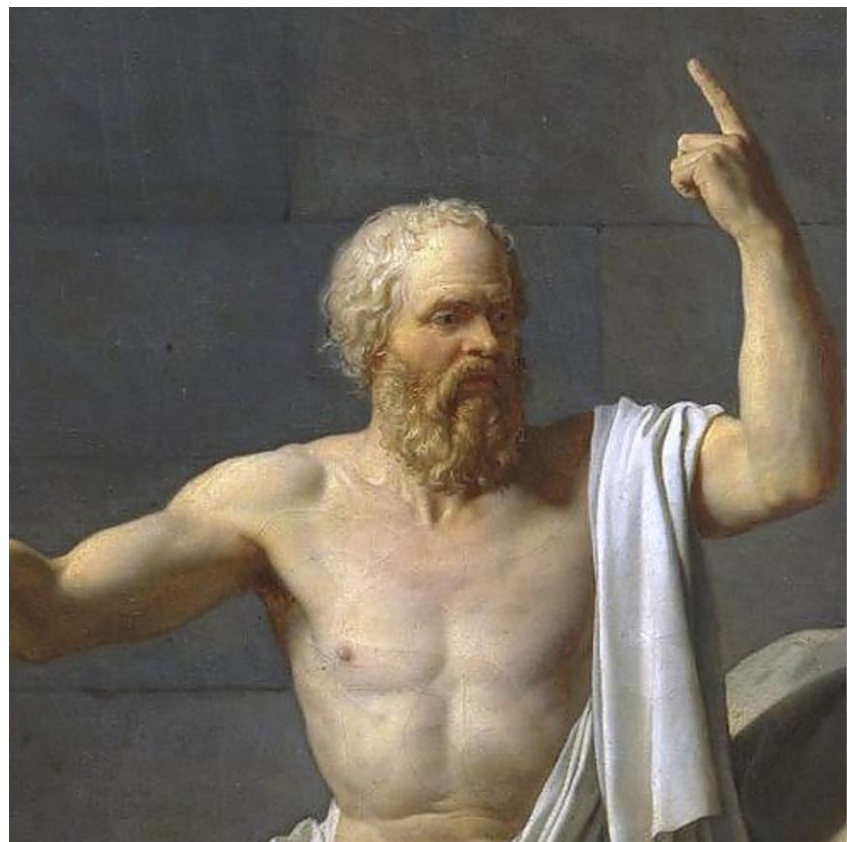# mojaloop

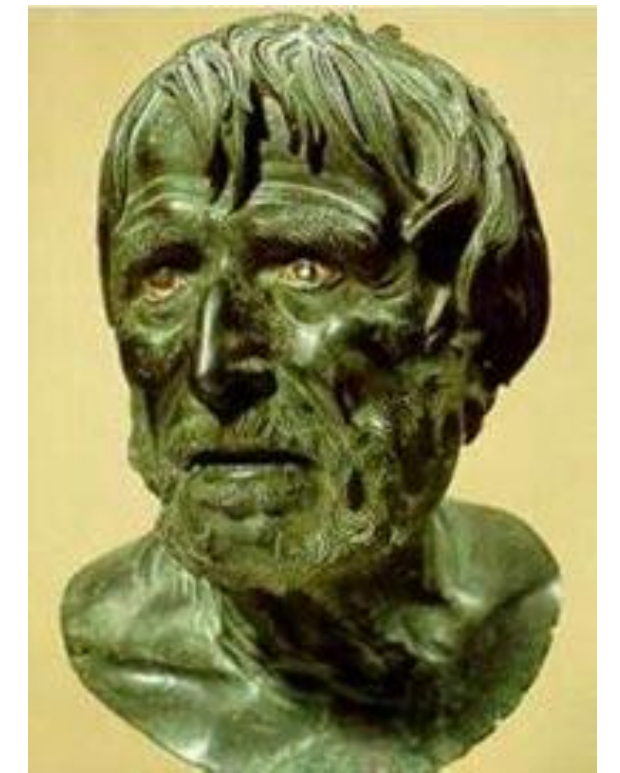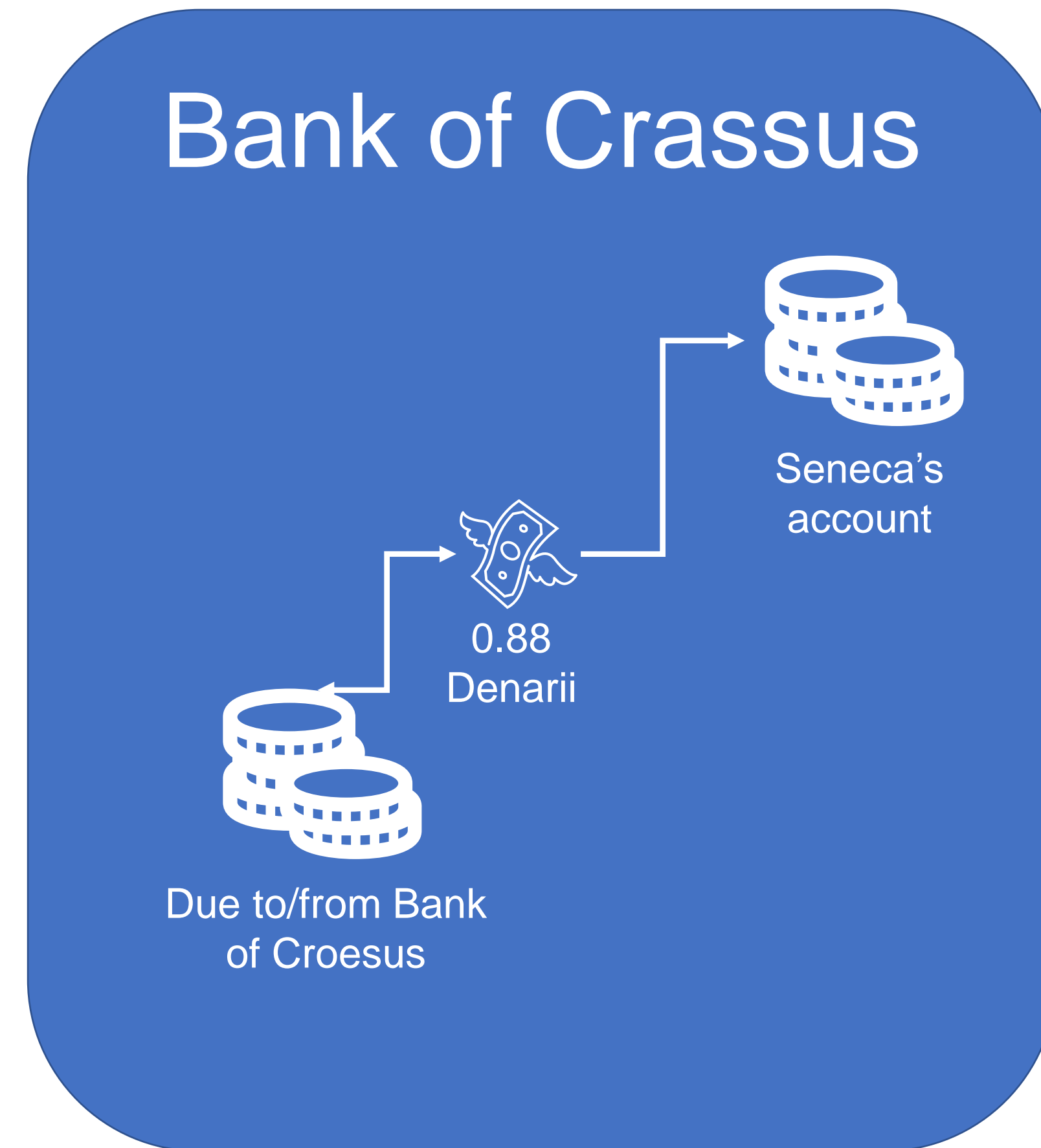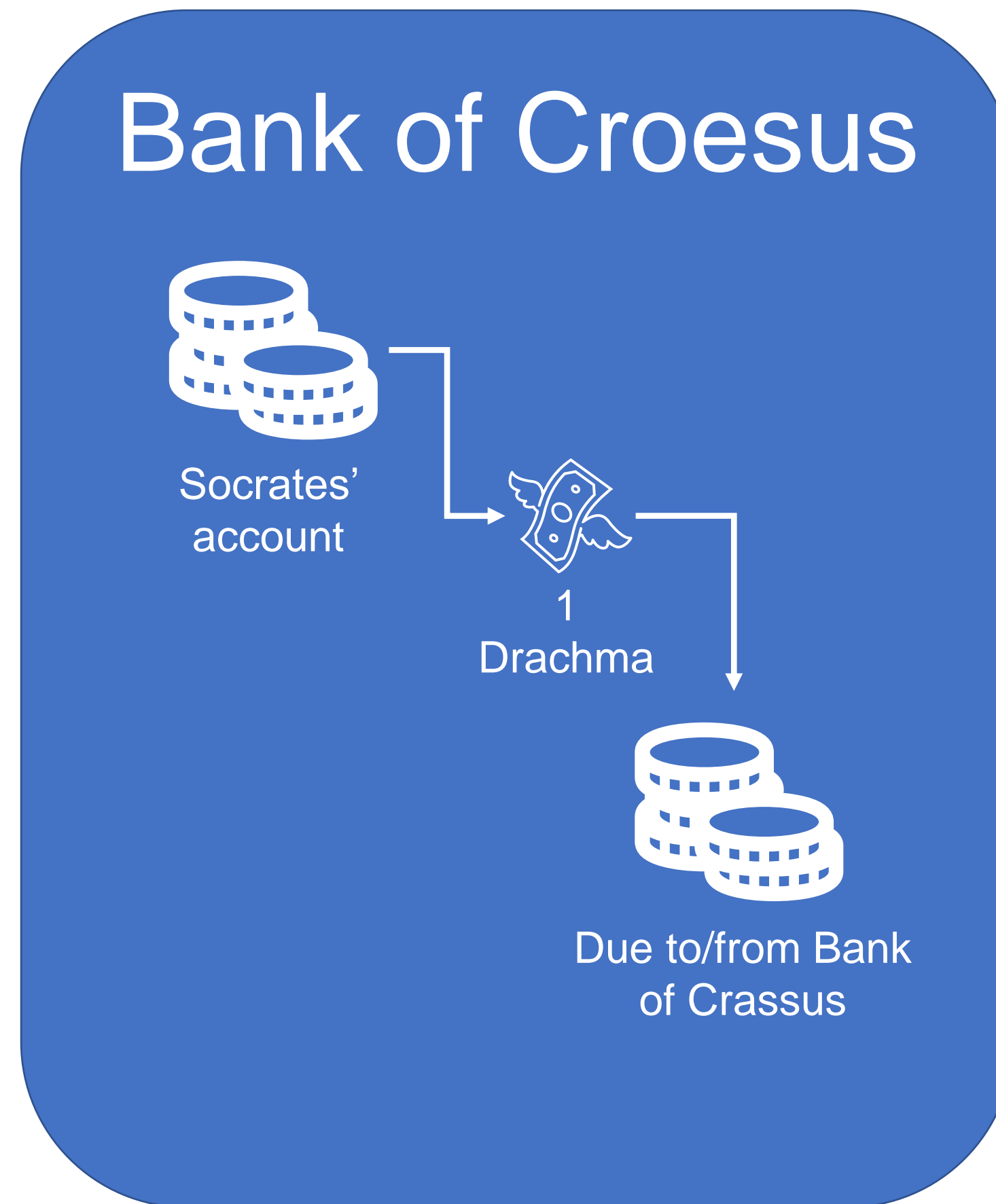# Currency conversion and Mojaloop

mojaloop

What's our objective?

- To be able to support PvP currency conversion…
  - That is, a per-transfer conversion
  - Which is only executed if the associated transfer succeeds
- … for transfers with a value less than 1 USD…
- … without limit of volume…
  - Apart from those imposed by the scheme itself.
- … at or below the Sustainable Development Goals target remittance cost of 3%...
  - The current average global remittance cost is 6%.
  - For sub-Saharan Africa, it's 7.8%.
  - And this is for a transfer of 200 USD
- … to and from any currency pair…
- … at a sustainable cost for all parties.
  - This includes, of course, ensuring that participants don't have to provide liquidity cover twice.

Anatomy of currency conversion

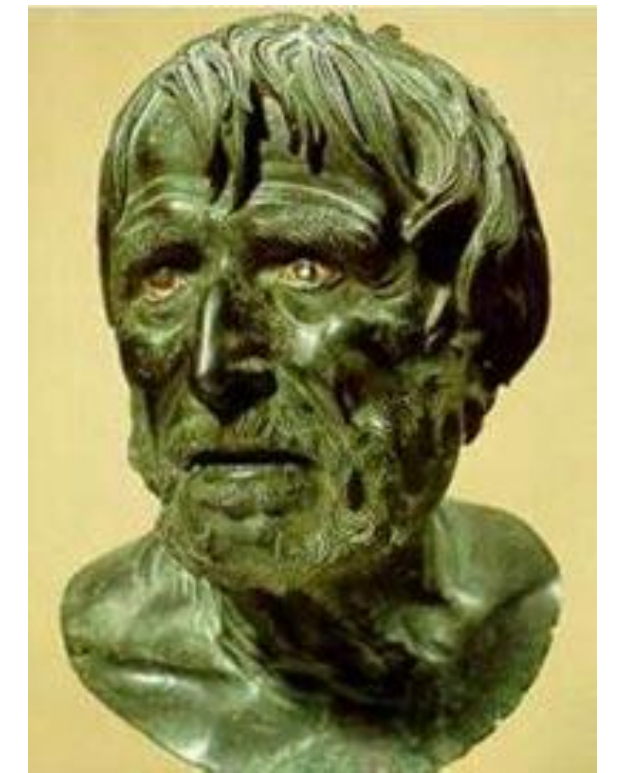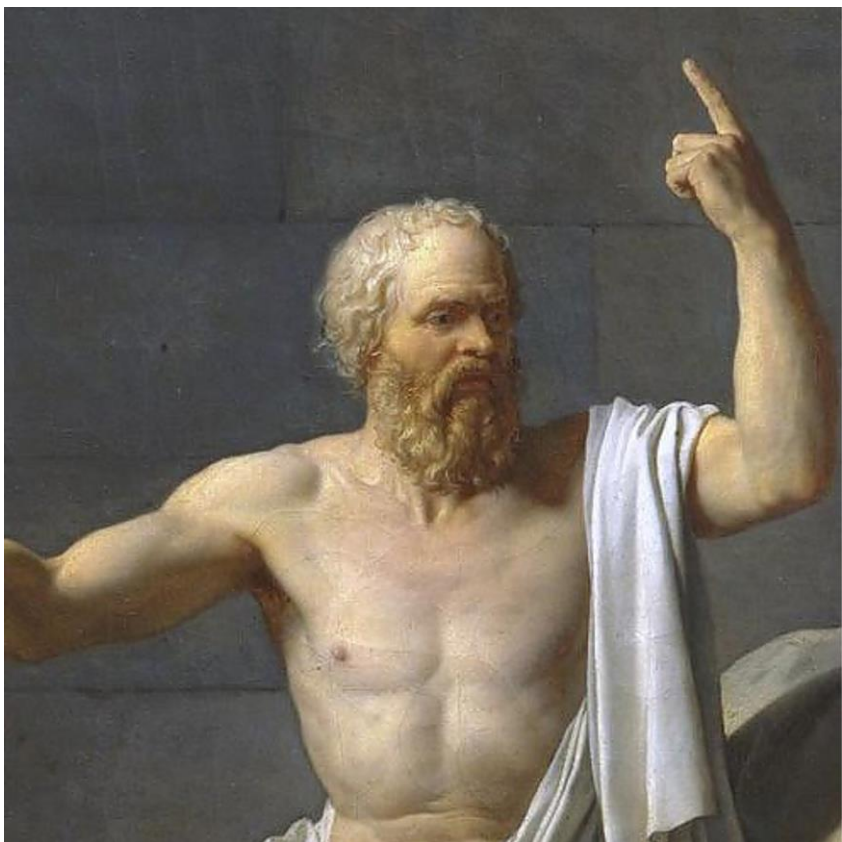- All currency conversion relies on correspondent banking

Bank of Croesus

Socrates' account

1 Drachma

Due to/from Bank of Crassus

Bank of Crassus

Seneca's account

0.88 Denarii

Due to/from Bank of Croesus

Trust me, I'm a bank

- Socrates wants to send 1 drachma to Seneca.
- Obviously, Seneca wants to be paid in denarii
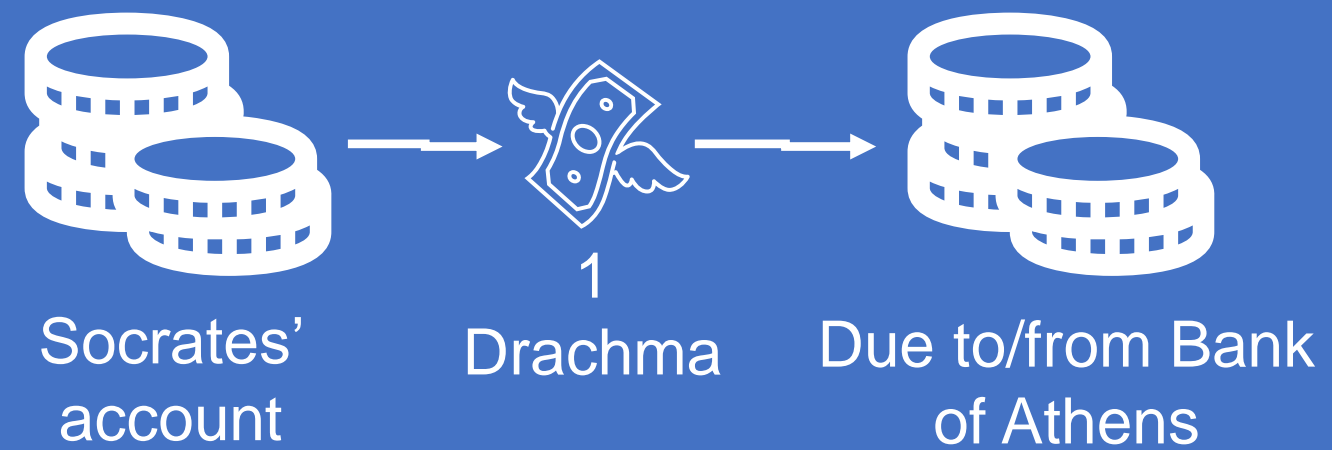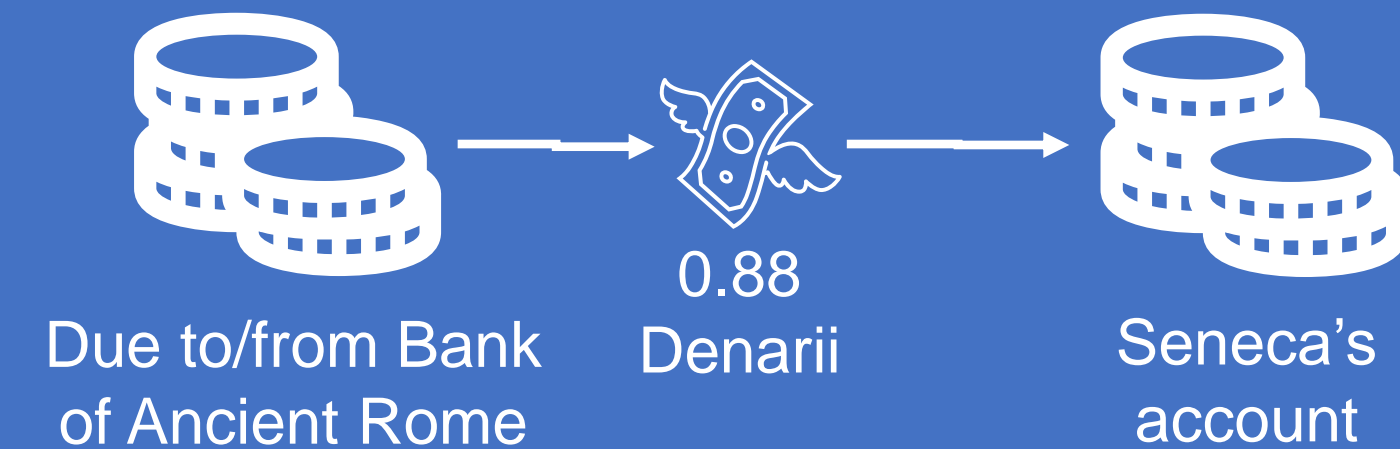
Correspondent Banking between Central Banks

- Socrates wants to send 1 drachma to Seneca.
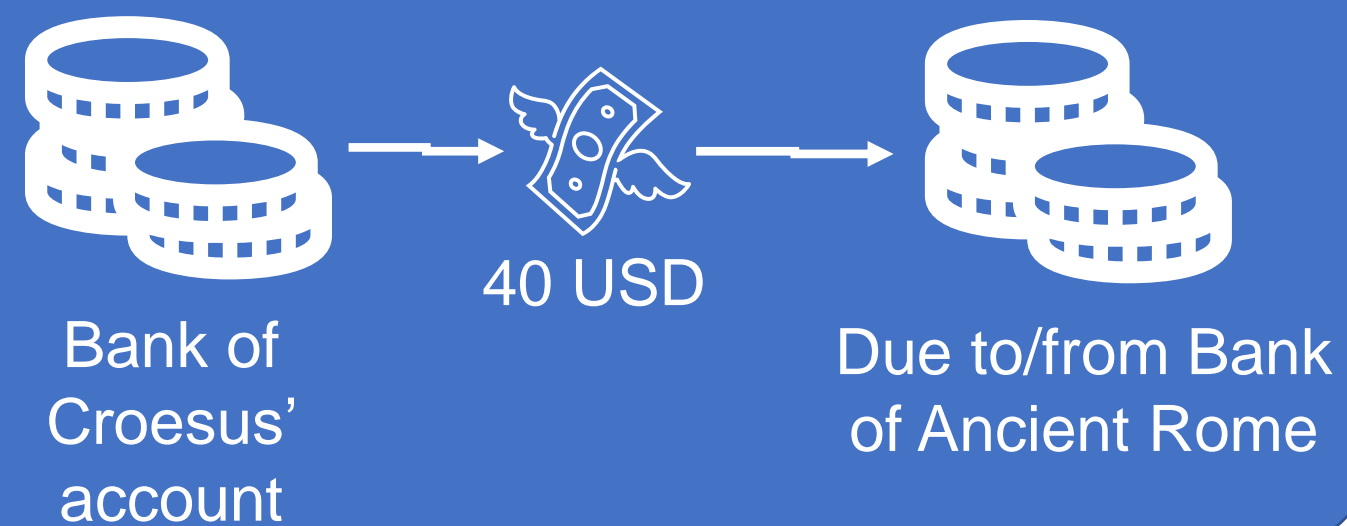- Obviously, Seneca wants to be paid in denarii

Bank of Croesus

Socrates' account → 1 Drachma → Due to/from Bank of Athens

Bank of Crassus

Due to/from Bank of Ancient Rome → 0.88 Denarii → Seneca's account

Bank of Athens

Bank of Croesus' account → 40 USD → Due to/from Bank of Ancient Rome

Bank of Ancient Rome

Due to/from Bank of Athens → 35.88 USD → Bank of Crassus' account

You really can trust me, I'm a central bank

Discussion