

# NAIRA COIN

Fiat Currency on the Ethereum

Blockchain



# Content

- 3 Abstract
- 4 Introduction
- 6 Proposed Implementation Strategies
- 7 Uses of the Naira Coin
- 9 Benefits
- 15 Future Innovations
- 16 Naira Coin Technology Stack
- 17 Fund Flow Process
- 19 Proof of Reserves Process
- 22 Revenue Model
- 23 Conclusion





# Abstract

Constant volatility of cryptocurrency market has seen a lot of people losing their hard-earned funds, especially due to lack of adequate tools to correctly predict the direction of crypto-markets. This has been a major set back in getting masses to adopt blockchain solutions despite its flexibility and innovativeness.

Few blockchain companies have risen to the occasion to create a dollar-backed token which has made the market quite easy for users to understand and has recorded significant success so far since its existence. However, liquidity into the cryptocurrency arena has been hindered in so many regions because of lack of gateways in converting blockchain products to fiat and vice versa. The creation of fiat-backed tokens has changed that in some regions around the world. Therefore, we propose a fiat backed cryptocurrency for Nigerian users to aid the introduction of cryptocurrency for mass adoption.

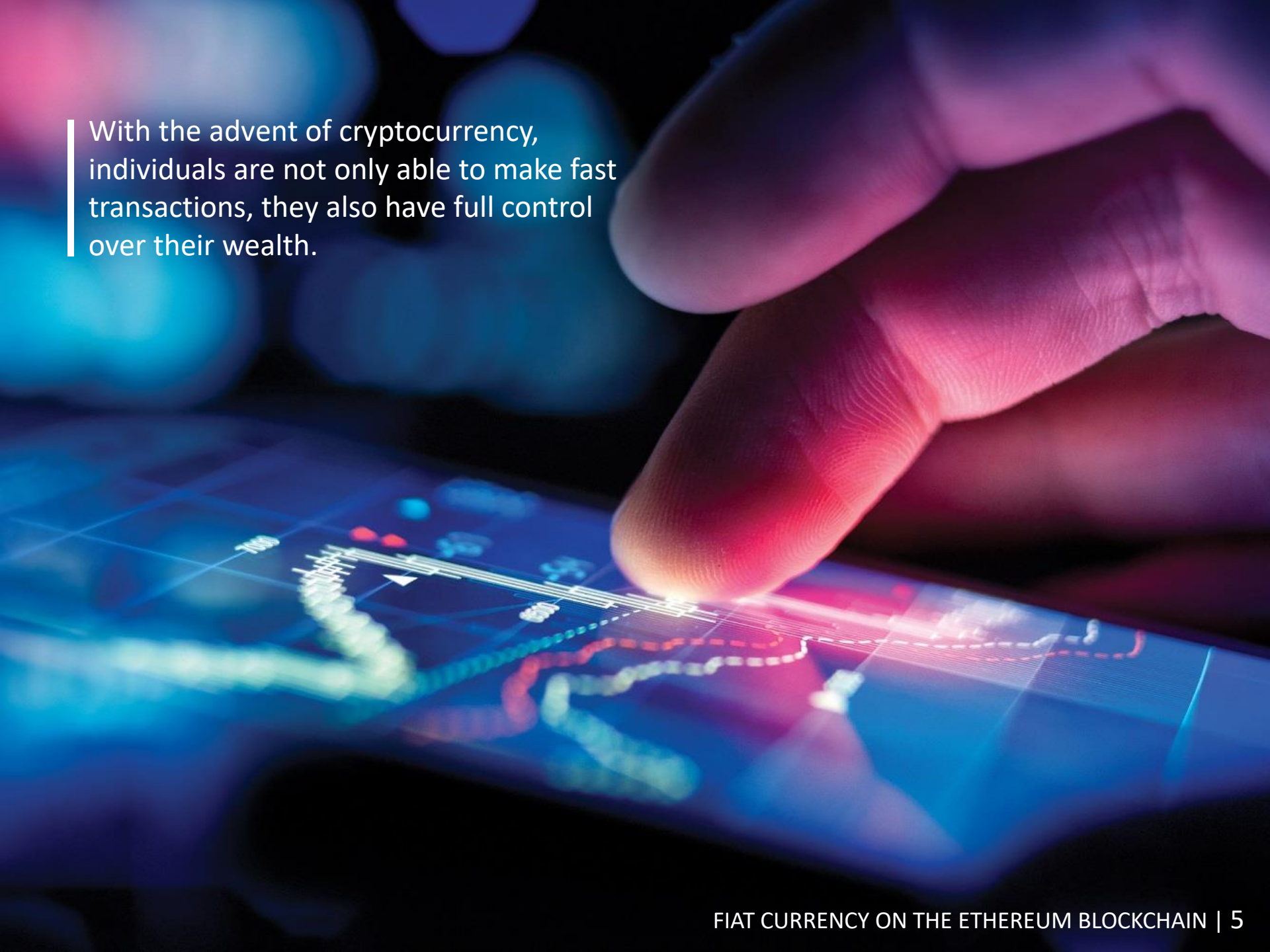
**The Naira Coin is a naira-backed digital token for individuals and organizations with a robust and decentralized method of exchanging value while using familiar accounting unit.**



# Intro

- Banks are necessary institutions who help to keep and preserve our liquid assets, but sometimes access to these assets are restricted especially when one needs them the most.
- Nigeria remittance industry is valued at \$21 billion annually. Majority of this fund about 10-16% goes to transaction fees into pockets of giant financial institutions who do little or nothing in giving back to the society from which the huge amount is earned.
- Opportunity provided by blockchain can be leveraged by techpreneurs to break the monopoly of giant institutions.
- Some of the primary advantages of cryptocurrencies are: low transaction costs, international borderless transferability and convertibility, trustless ownership and exchange, pseudo anonymity, real-time transparency, and immunity from legacy banking system problems.

We are providing a similar service with focus on applications wherein the Naira fiat value is stored and transmitted with software that is opensource, cryptographically secure, and uses distributed ledger technology on the Ethereum blockchain.

A close-up photograph of a person's finger touching a digital screen. The screen displays a complex financial chart with multiple colored lines (green, red, blue) and a grid. The background is dark with blurred blue and purple light spots. A white text box is overlaid on the left side of the image.

With the advent of cryptocurrency, individuals are not only able to make fast transactions, they also have full control over their wealth.



# Proposed Implementation Strategies

- Naira Coin can be used just like bitcoins, i.e. in a p2p, pseudo-anonymous, decentralized, cryptographically secure environment.
- Naira Coin can be integrated with merchants, exchanges, and wallets just as easily as
- MentorsWeb Limited employs a simple but effective approach for conducting Proof of Reserves which significantly reduces our counterparty risk as the custodian of the reserve assets.
- Naira Coin issuance or redemption will not face any pricing or liquidity constraints. Users can buy or sell as many Naira Coins as they want, quickly, and with very low fees.
- Naira Coins will not face any market risks such as Black Swan events, liquidity crunches, etc. as reserves will be maintained in a one-to-one ratio rather than relying on market forces.
- Naira Coin's one-to-one backing implementation is easier for nontechnical users to understand as opposed to collateralization techniques or derivative strategies.

Naira Coin will run on the Ethereum blockchain rather than a less developed/tested “altcoin” blockchain nor within closed source software running on centralized, private databases.





# Uses of the Naira Coin

1. Users completely own, access and spend from virtual savings account without risk or a need for third party approval.
2. Expose traders to forex trading through naira coin trading against other stable coins such as TUSD and Naira Coin.
3. Act as a store of value and absolute control of individual's assets.
4. Merchant integration for both online and offline stores. Online stores using online wallets/software. Offline through partnership with POS machine providers and merchants using POS.
5. International remittance through partnership with other stable coin providers such that importation businesses using Naira coin can redeem them for dollars in USA through us at a very reduced cost.

At any given time, the balance of Naira fiat currency held in our reserves will be equal to (or greater than) the number of Naira Coin in circulation.







# General Benefits

- Properties of Ethereum bestowed upon other asset classes
- Less volatile, familiar unit of account
- World's assets migrate to the Ethereum blockchain

# Issues with Exchanges Accepting Fiat for Deposits & Withdrawals

1. Identifying the right payment providers for the exchange
2. Irreversible transactions, fraud protection, lowest fees, etc
3. Integrating the platform with banks who have no APIs
4. Liaising with these banks to coordinate compliance, security, and to build trust
5. Prohibitive costs for small value transfers
6. 3-7 days for international wire transfers to clear
7. Poor and unfavorable currency conversion fees

# Benefits of Naira Coin for Exchanges

1. Allows users to move fiat in and out of exchange more freely, quickly, cheaply
2. Outsource fiat custodial risk to MentorsWeb Limited just manage cryptos
3. Easily add other Coin pegged fiat currencies as trading pairs to the platform
4. Secure customer assets purely through accepted crypto processes
5. Multi-signature security, cold and hot wallets, HD wallets, etc
6. Conduct audits easier and more securely in a purely crypto environment
7. Anything one can do with Ethereum as an exchange can be done with Naira Coins





# Benefits for Individuals

1. Transact in NGN/fiat value, pseudoanonymously, without any middlemen/intermediaries
2. Cold store NGN/fiat value by securing one's own private keys
3. Avoid the risk of storing fiat on exchanges move crypto/fiat in and out of exchanges easily
4. Avoid having to open a fiat bank account to store fiat value
5. Easily enhance applications that work with Ethereum to also support Naira Coin
6. International money transfer and withdrawal without risk of losing values due to volatility at near to zero fee
7. Anything one can do with Ether as an individual one can also do with Naira Coin

# Benefits for Merchants

1. Price goods in NGN/fiat value rather than Ethereum (no moving conversion rates/purchase windows)
2. Avoid conversion from Ether to NGN/fiat and associated fees and processes
3. Prevent chargebacks, reduce fees, and gain greater privacy
4. Provide novel services because of fiat crypto features
5. Micro-tipping, gift cards, more.



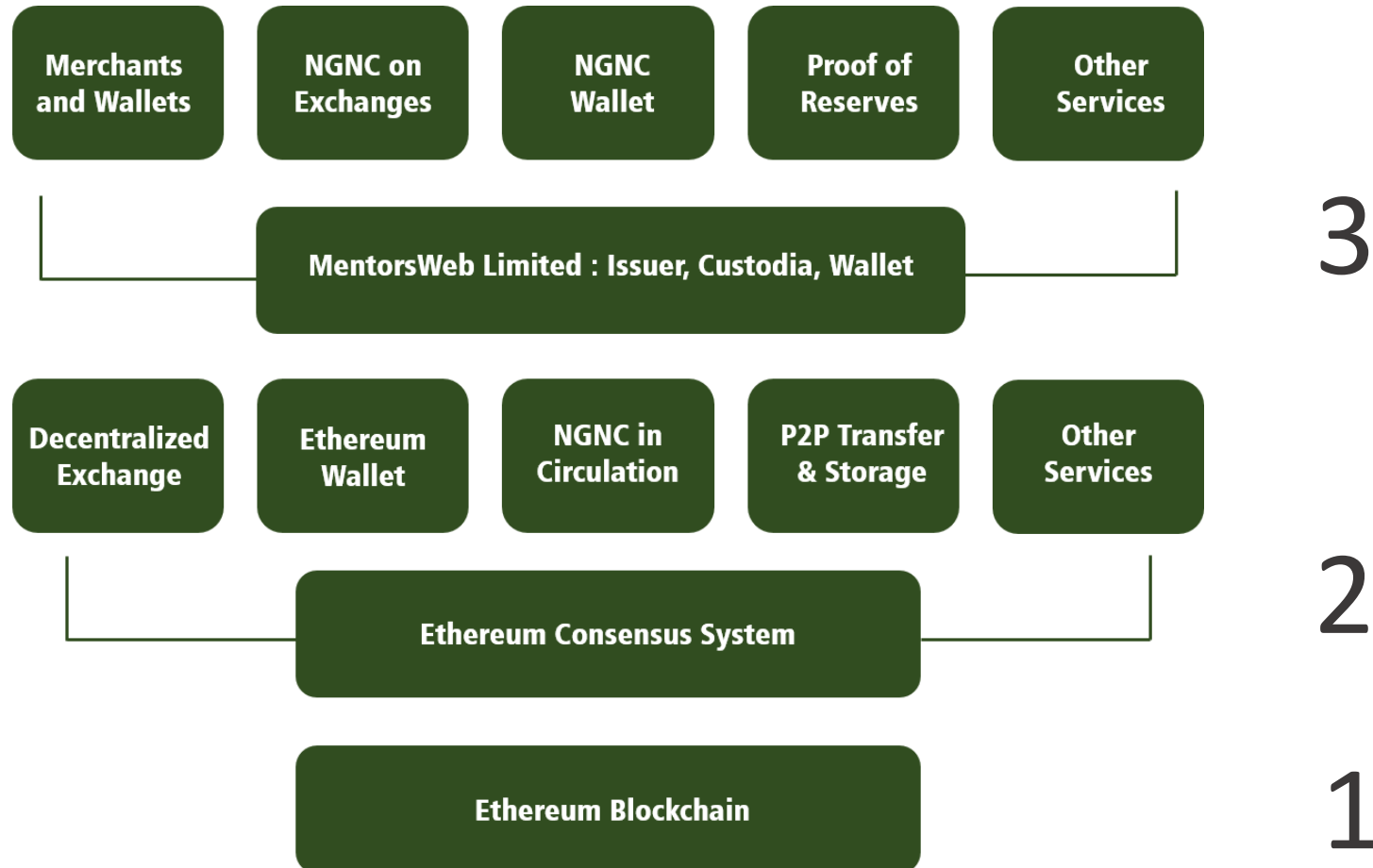




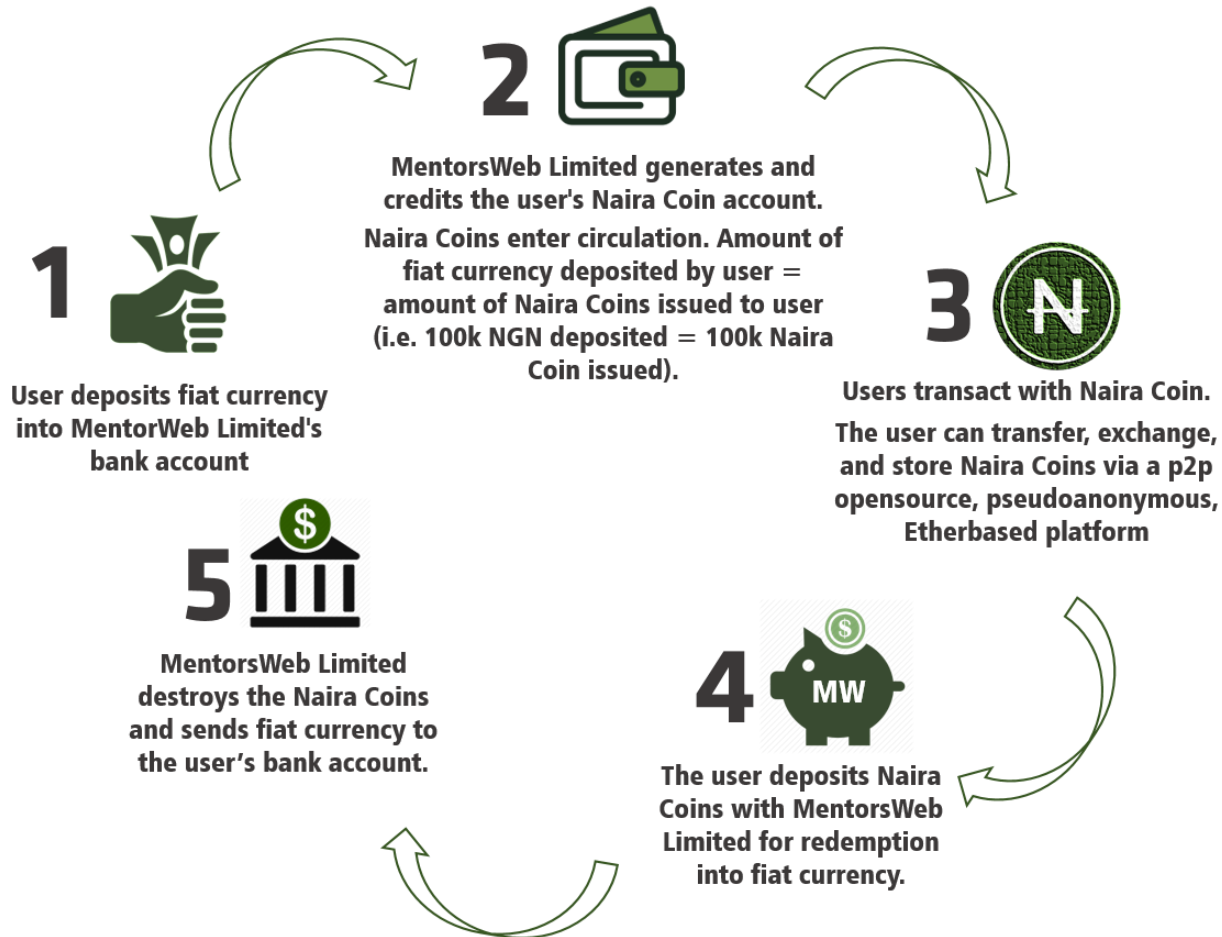
# Future Innovations

- Mobile payment facilitation between users and other parties, including other users and merchants
- Instant or near instant fiat value transfer between decentralized parties (such as multiple exchanges)
- Introduction to the use of smart contracts and multi-signature capabilities to further improve the general security process, Proof of Reserves, and enable new features.

# Naira Coin Technology Stack

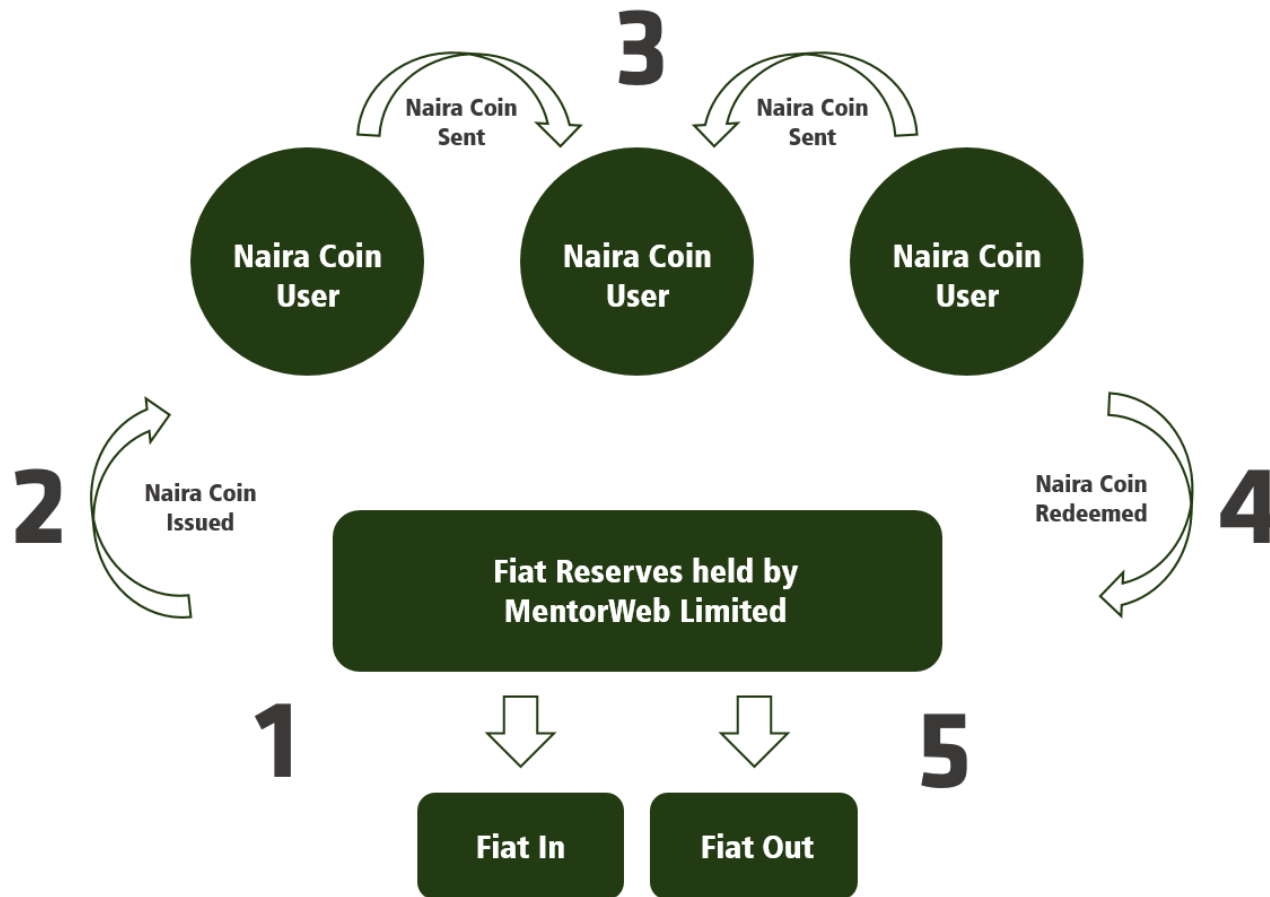


# Fund Flow Process





# Fund Flow Process



# Proof of Reserves Process

MentorsWeb Limited issues all Naira Coins via the ERC20 protocol which operates on top of the Ethereum blockchain and therefore all issued and redeemed. Existing Naira Coins, including transactional history, are publicly auditable via the tools provided at Etherscan.

## NGNCissue

Total number of Naira Coins issued under this asset ID

## NGNCredeem

Total number of Naira Coins redeemed under this asset ID

## NGNC

Total number of Naira Coins in circulation at any time

$$\text{NGNC} = \text{NGNCissue} - \text{NGNCredeem}$$

$$\text{NGNC} = \text{“Total Property Tokens”}$$

# Proof of Reserves Process

MentorsWeb Limited has a bank account which will receive and send fiat currency to users who purchase/redeem Naira Coins directly with us.

NGNCdepo

Total number of Naira Coins deposited into this account

NGNCwithd

Total number of Naira Coins withdrawn from this account

NGNC

Dollar balance of this bank account

$$\text{NGNC} = \text{NGNCdepo} - \text{NGNCwithd}$$



# Proof of Reserves Process

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The Solvency Equation is simply  $NGNC = DNGNC$

Every Naira Coin issued or redeemed, as publicly recorded by the Ethereum blockchain will correspond to a deposit or withdrawal of funds from the bank account.

The provability of NGNC relies on the Ethereum blockchain.

We publish the bank account balance on our website's Transparency page.

Professional auditors will regularly verify, sign, and publish our underlying bank balance and financial transfer statement.

Each Naira Coin issued will be backed by the equivalent amount of currency unit (one Naira Coin NGNC equals one Nigerian Naira). By combining the above crypto and fiat accounting processes, we conclude the “Solvency Equation” for the Naira Coin System.

# Revenue Model

Since our business follows a Business-to-Business as well as Business-to-Customer model, we shall focus on making revenue through international remittance from near zero fees of withdrawal.

The remittance industry in Nigeria stands at about \$21B annually and we shall target at least 1% of the industry within our first year of operations.

# Conclusion

Naira Coin will be an Ethereum based fiat pegged cryptocurrency.

NGNC would be based on the Ethereum blockchain, a secure and well-tested blockchain and public ledger in existence.

NGNC will be fully reserved in a one-to-one ratio, completely independent of market forces, pricing, or liquidity constraints.

NGNC will have a simple and reliable Proof of Reserves implementation and transparent audits.

We seek experienced and respected blockchain entrepreneurs for the sponsorship and technical implementation of this idea.

**With good banking relationships, compliance, and legal structure we are confident to provide a secure foundation for the custodian of reserve assets and issuing of NGNC.**







# Thank You

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