

NAIRA COIN

Fiat Currency on the Ethereum

Blockchain



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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.



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 Flourish Blockchain Tech 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.

Target Audience

- Merchants
- Diaspora Remittance
- Small and Medium Scale Enterprises



Why Merchants?

We target merchants to provide the most flexible form of payment options with minimum costs. The most common and flexible form of payment option for merchants across the country is POS machines. Despite the flexibility offered by POS machines it comes at a huge cost to merchants paying about 1% per transaction on every sales made. Considering that average POS transaction ranges from 46 to 56 transaction monthly. This is a huge cost for merchants. However, with Naira Coin MPOS software, merchants can accumulate multiple sales payments free of cost into their online wallets and redeem it once daily/monthly. That's only when they'll be charged withdrawal fee of less than \$0.70 or #200 per transaction. Thereby saving huge costs for merchants. without the need to purchase a POS machine from us, all transactions can be carried out on mobile smartphones.

Why Merchants?

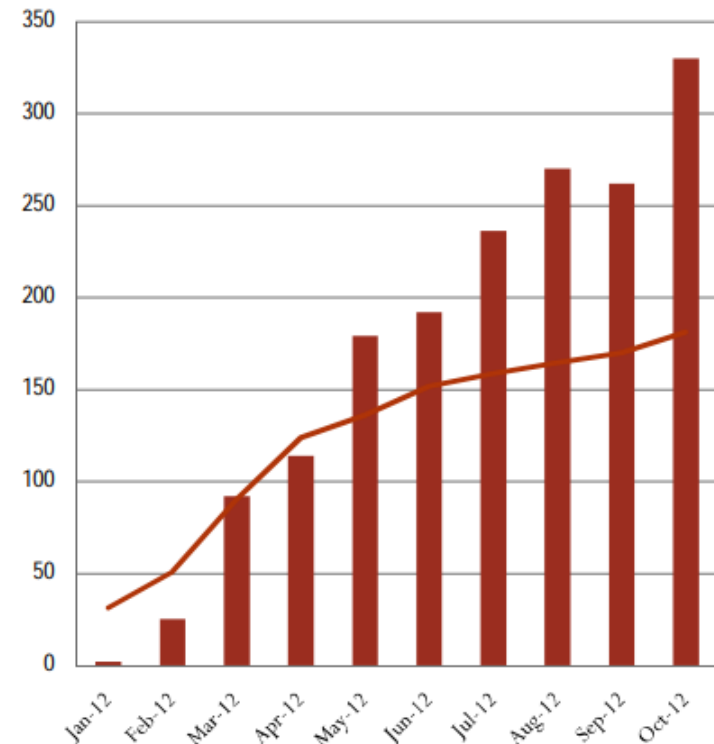
A previous study on Lagos POS adoption survey has also revealed the inconsistency with POS machines as higher percentage of the respondents indicate that the success rate of receiving payments is less than 25% while many merchants are actively using POS machines, many more that are yet to adopt it indicate high transaction cost, and technical malfunctioning amongst other reason for not using POS machines. Presently, recorded active POS terminals across the country stands at 170,000 with monthly transaction averaging N150 – N170 billion naira (\$416- \$480 million dollars)

Meanwhile Smartphone and internet connectivity usage continues to soar higher every year from 11 million in 2014 to 23 million in 2019 and 57.7 million to 93 million in 2019 respectively.

Data Below:

PoS Adoption Rate In Context

- ❑ Deductions from available data on total number of PoS terminals deployed and volume of transactions conducted indicates that PoS terminals deployed recorded an average of 46 transactions and a maximum of 56 transactions per PoS terminal monthly over the period under consideration

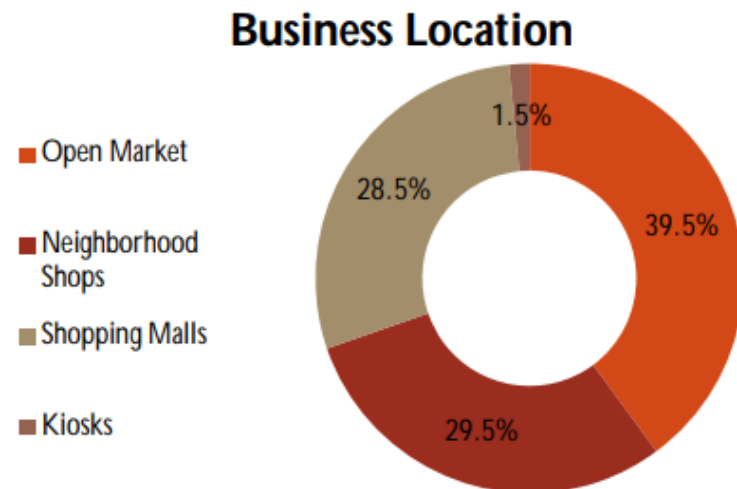
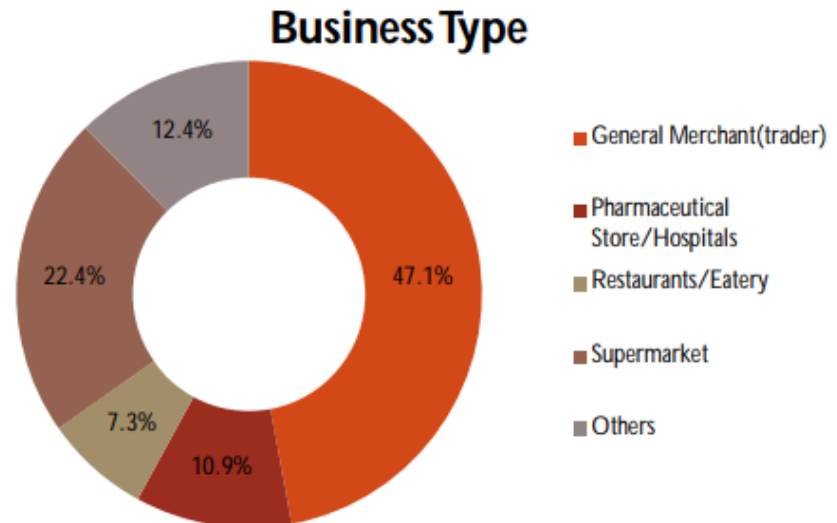


	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12
Vol. of PoS Transactions ('000)	2	25	92	114	179	192	236	270	262	330
No. of PoS Terminals ('000)	31	51	90	124	136	152	159	165	170	181

Source: NIBSS

Merchants with PoS Terminals

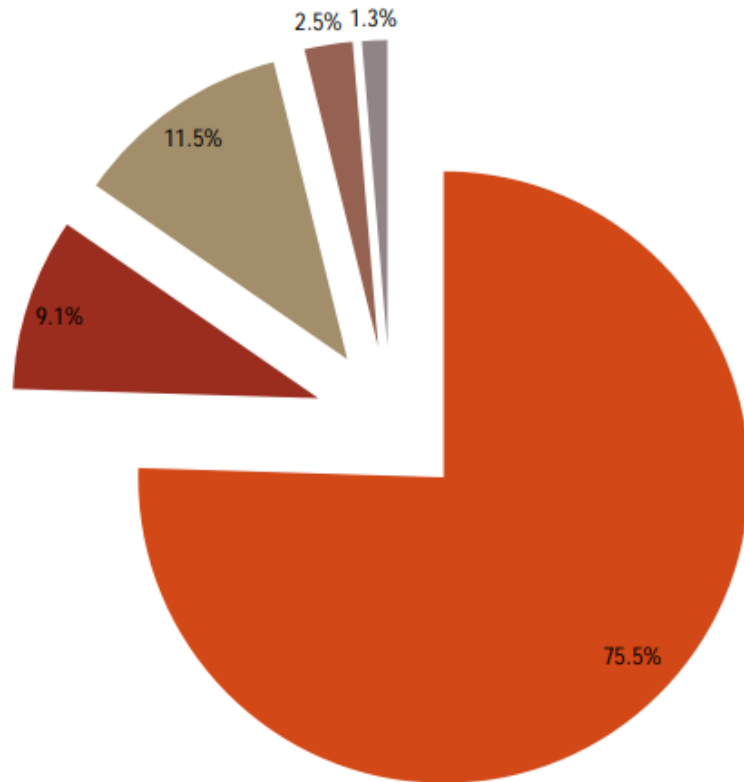
- According to the survey results, of the 3,562 merchants with PoS terminals
 - 47% are general merchants
 - 22.4% operate supermarkets
 - 10.9% are pharmaceutical stores/hospitals
 - 7.3% are restaurants/eateries
 - 12.4% are other forms of businesses
- These business types are mostly located in open markets (39.5%)
 - Neighborhood shops constitute 29.5%



Merchants with PoS Terminals

Accepted Payment Methods

Preferred Payment Methods



■ Cash ■ Cheques ■ Cards ■ EFT ■ others

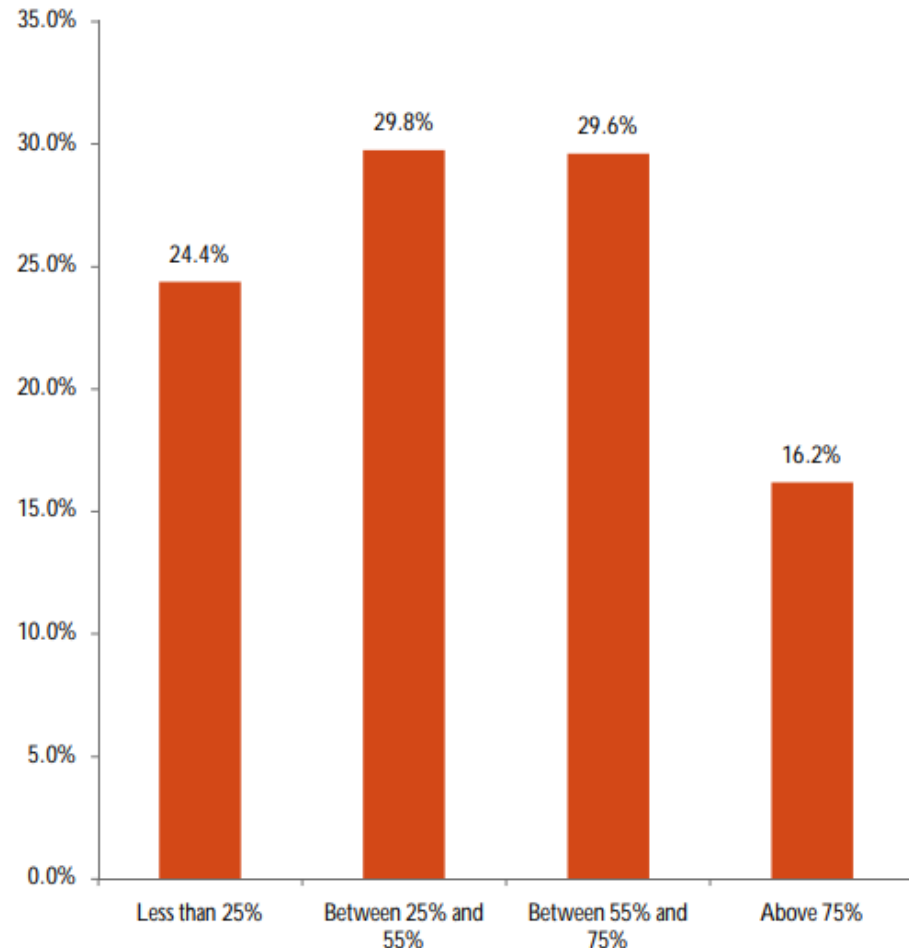
By preference

- 75.5% of merchants prefer cash as the method of payment
- 9.1% rating for cheques
- 11.5% for cards
- 2.5% for EFTs
- 1.3% for other means of payments

Merchants with PoS Terminals

- ❑ A total of 24.4% of merchants indicated that the success rate of cards is less than 25%
- ❑ 29.8% of merchants believe the success rate to be between 25% and 55%.
- ❑ 29.6% claimed that success rate was between 55% and 75%
- ❑ 16.2% of the merchants indicated that the success rate of card payment was above 75%

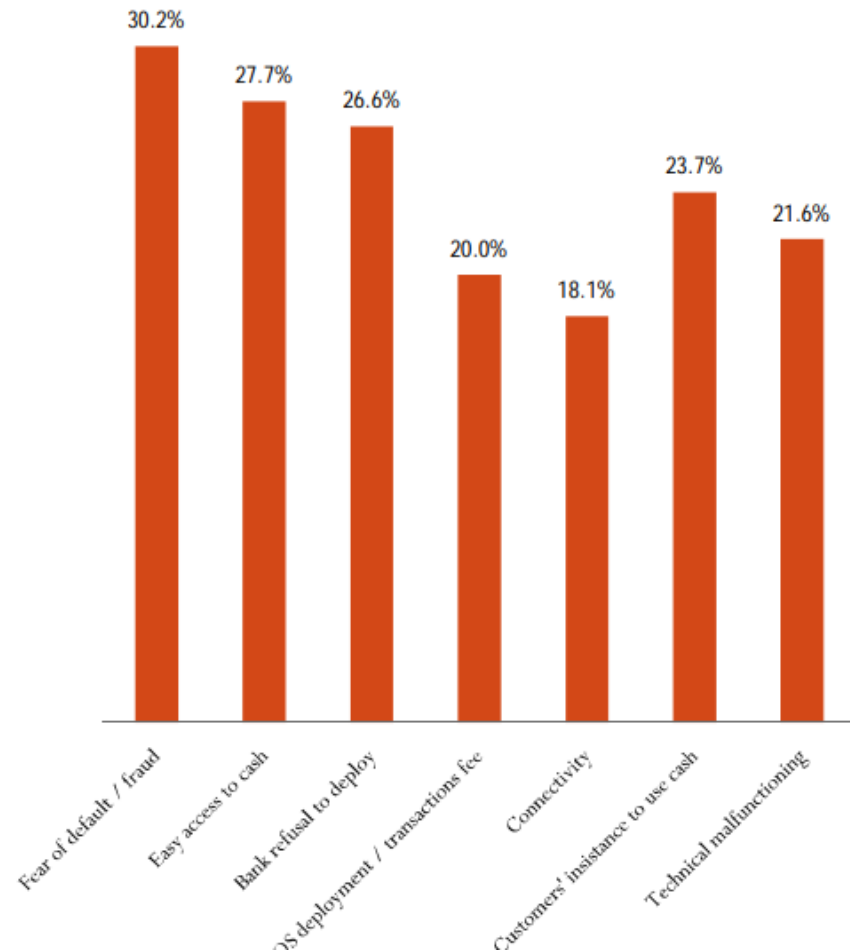
Card Payment Success Rate



Merchants Without PoS

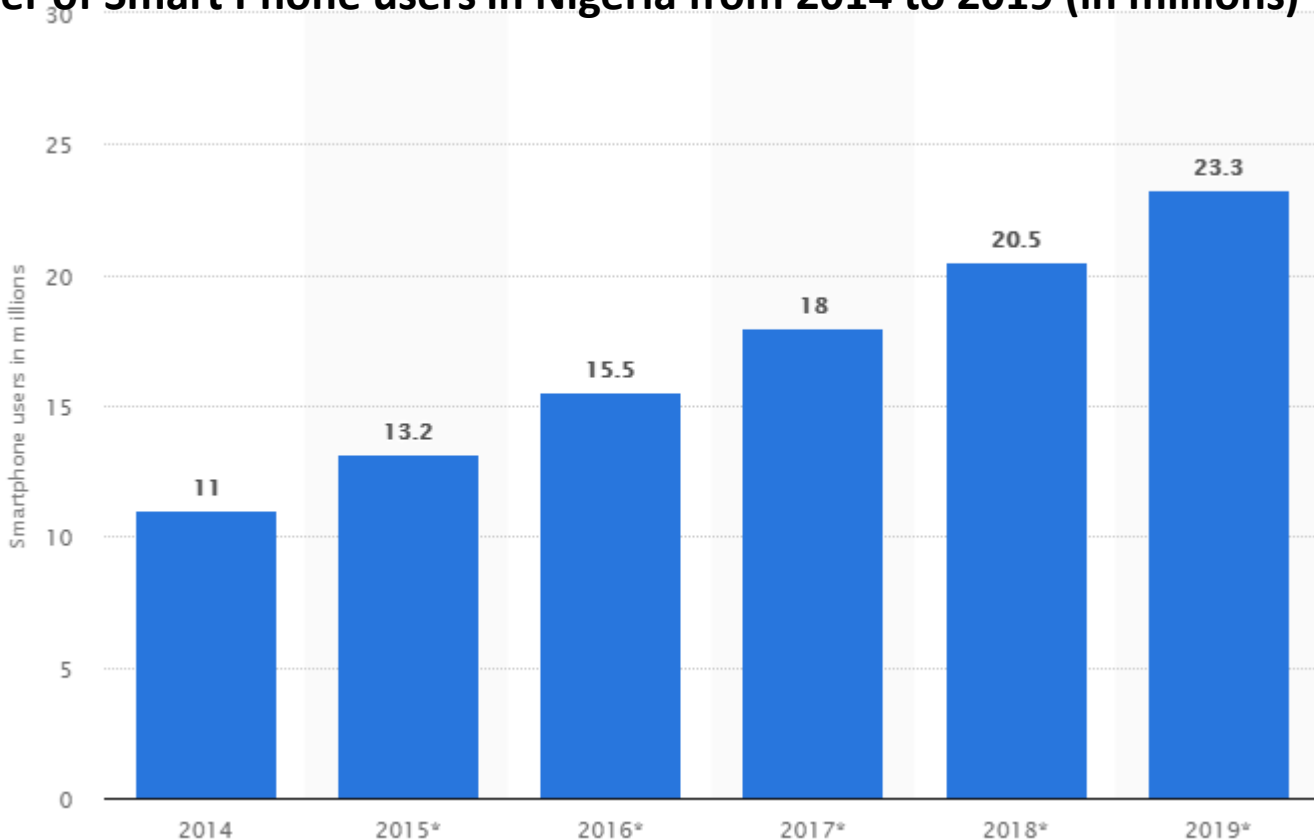
- ❑ Reasons alluded for not having PoS Terminals in descending order are:
 - ❑ Fear of default and fraud - 30.2%
 - ❑ Easy access to cash – 27.7%
 - ❑ Bank refusal to deploy – 26.6%
 - ❑ Customer's insistence to use cash – 25.7%
 - ❑ Technical malfunctioning – 21.6%
 - ❑ PoS Deployment/Transaction fee – 20.0%
 - ❑ Connectivity – 18.1%

Reasons for not having PoS



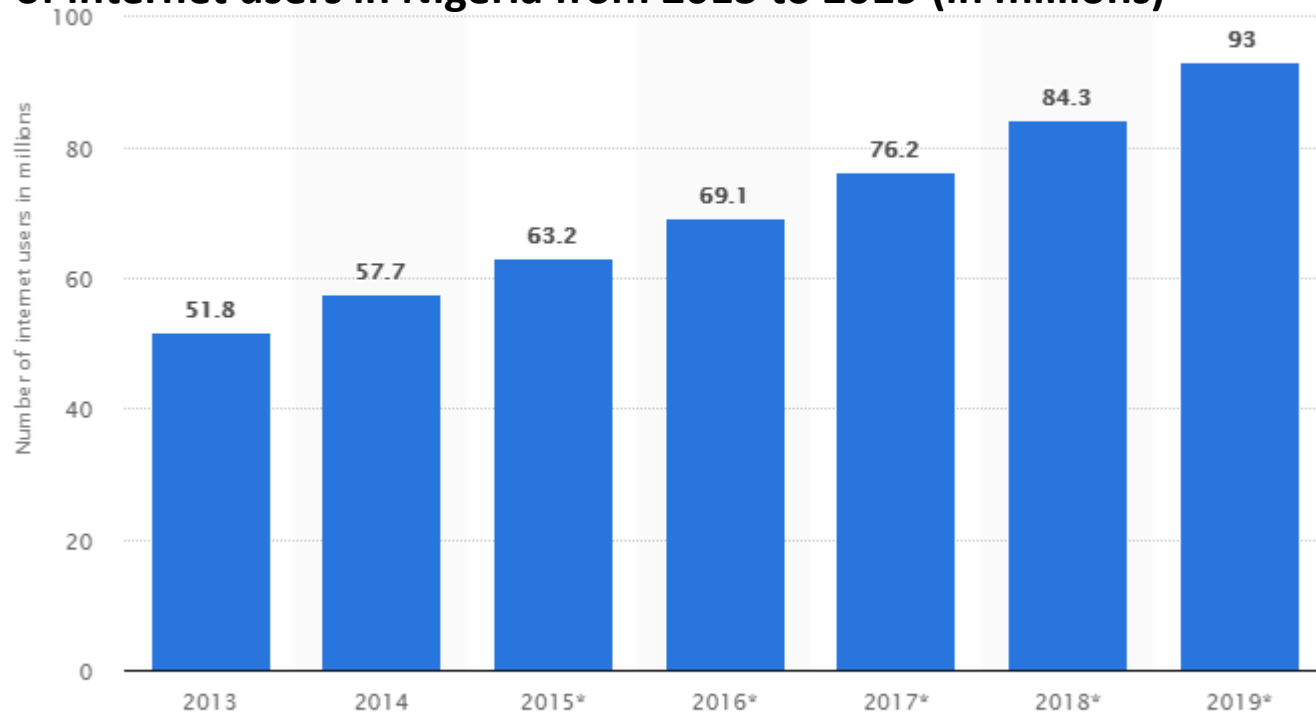
Smartphone records from Statista

Number of Smart Phone users in Nigeria from 2014 to 2019 (in millions)



Nigeria internet record from Statista

Number of internet users in Nigeria from 2013 to 2019 (in millions)



Data visualized by  tableau

© Statista 2019 

Why Remittance?

It's not uncommon for Nigerians in Diaspora to send funds home to cater for their loved ones. Yearly it is estimated that actual remittance industry stands at \$21 billion and above. Despite the hard labour of our citizens in diaspora to help fuel the Nigerian dream. A substantial amount of these funds are eaten up by transaction fees to large financial corporations without social impact. It is estimated that 16-21% of the total amount is spent on transaction fees. That's about to change with Naira Coin, we are set to ease the yoke of our brothers abroad. Anyone from any part of the world can now send money home to their loved ones at their convenience. All they must do is buy Naira Coin on any of the exchanges Naira Coin would be listed and send it directly to the wallet of their loved ones at home who can then redeem Naira Coin on 1:1 basis without transaction costs. Whether you're redeeming a million Naira or an hundred million naira the withdrawal fee of #200 remains constant.

Why SMEs?

In every economies small and medium scale enterprises has been seen as a pivotal instrument of economic growth and development either in developed or developing economies. Several studies have confirmed this. Data from the federal offices of statistics in Nigeria affirmed this importance when it reveals that about 97% percent of the entire enterprises in the country are SMEs and they employed an average of 50% of the working population as well as contributing to 50% of the country industrial output. SMEs in Nigeria are not only catalyst of economic growth and development but are also the bedrock of the nation.

Many problems confront SMEs in Nigeria and the most grievous of all is financial exclusion. Many Small businesses are unable to get financial support due to lack of proper documentation and government issued ids. They cannot account for their sales records nor do they have cash registers of inflow and outflow of cash and profit or loss documentation

Why SMEs?

Small scale businesses are heavily dependent on cash. Situation often arises where a customer brings high denomination of currency to purchase a product, but the retailer is unable to provide the corresponding change to the customer. It is estimated that at least 30% of daily sales are lost in the early hours of the day due to inability of these business to provide change to customers. Business that accepts NairaCoin will never lose a potential sale again or a fraction of their income due to inability to provide change. With more than 20 million estimated SMEs across the country, we believe we can provide the tools to make these businesses scale much effectively. Our future plan is to provide micro lending with ZERO interest to these SMEs depending on transaction volumes and performance over time.



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 Flourish Blockchain 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 Coin





Anything one can do with
Bitcoin & Ethereum as an
exchange can be done with
Naira Coin.



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.





Unfair Advantage for our Merchants.

Features	Naira coin	Traditional POS
Cost	Free	0.75-1% per transaction
Receive money by Email	Yes	No
Receive money by Text message	Yes	No
Gift card & Loyalty Programs	Yes	No
Globally Tradable	Yes	No
Zero Interest Lending	Yes	No
Chargebacks	No	Yes

Naira coin will onboard 20,000 merchants across various states in Nigeria within its first year of operations

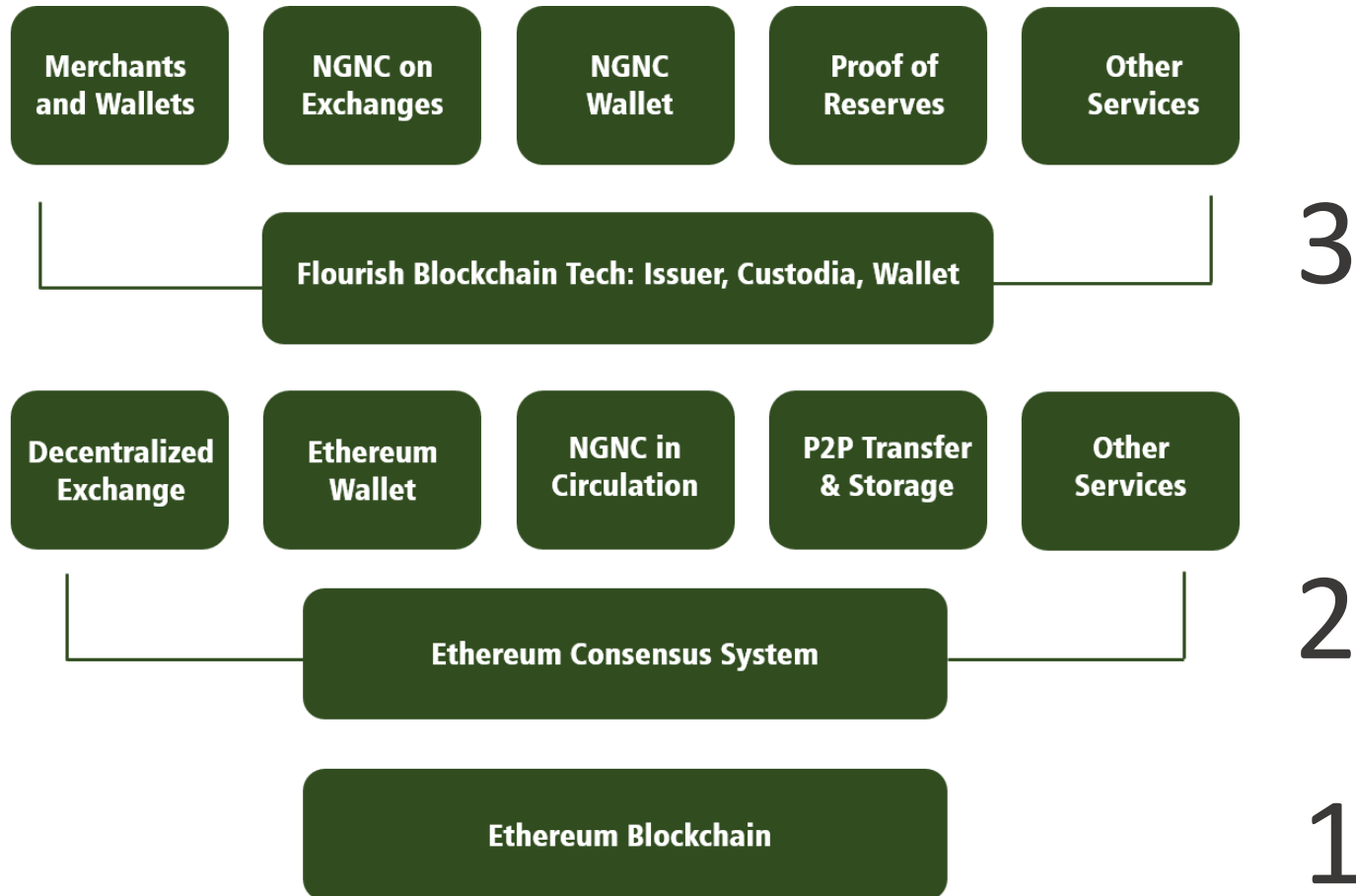




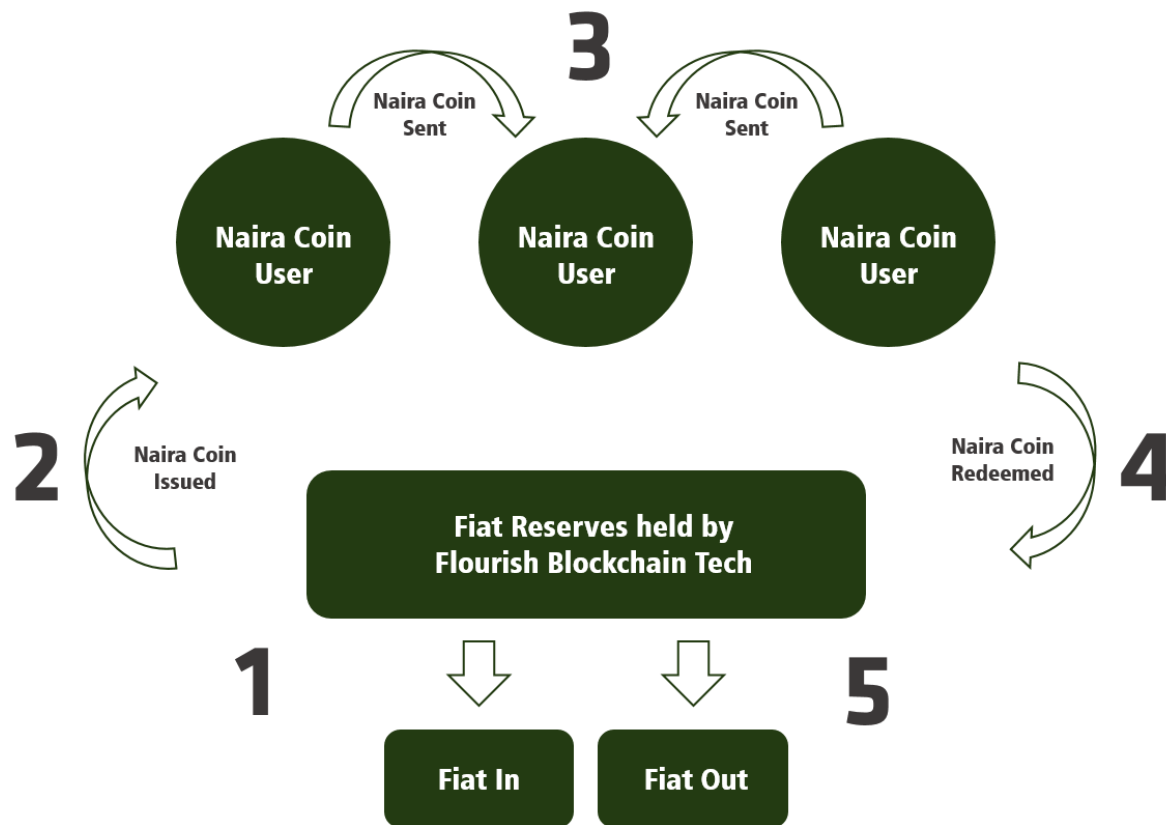
Future Innovations

- Onboarding 20,000 merchants across various states of Nigeria in first year of operations
- Mobile payment facilitation between users and other parties, including other users and merchants (MPOS/ API)
- 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.
- Zero interest Lending for our merchants.

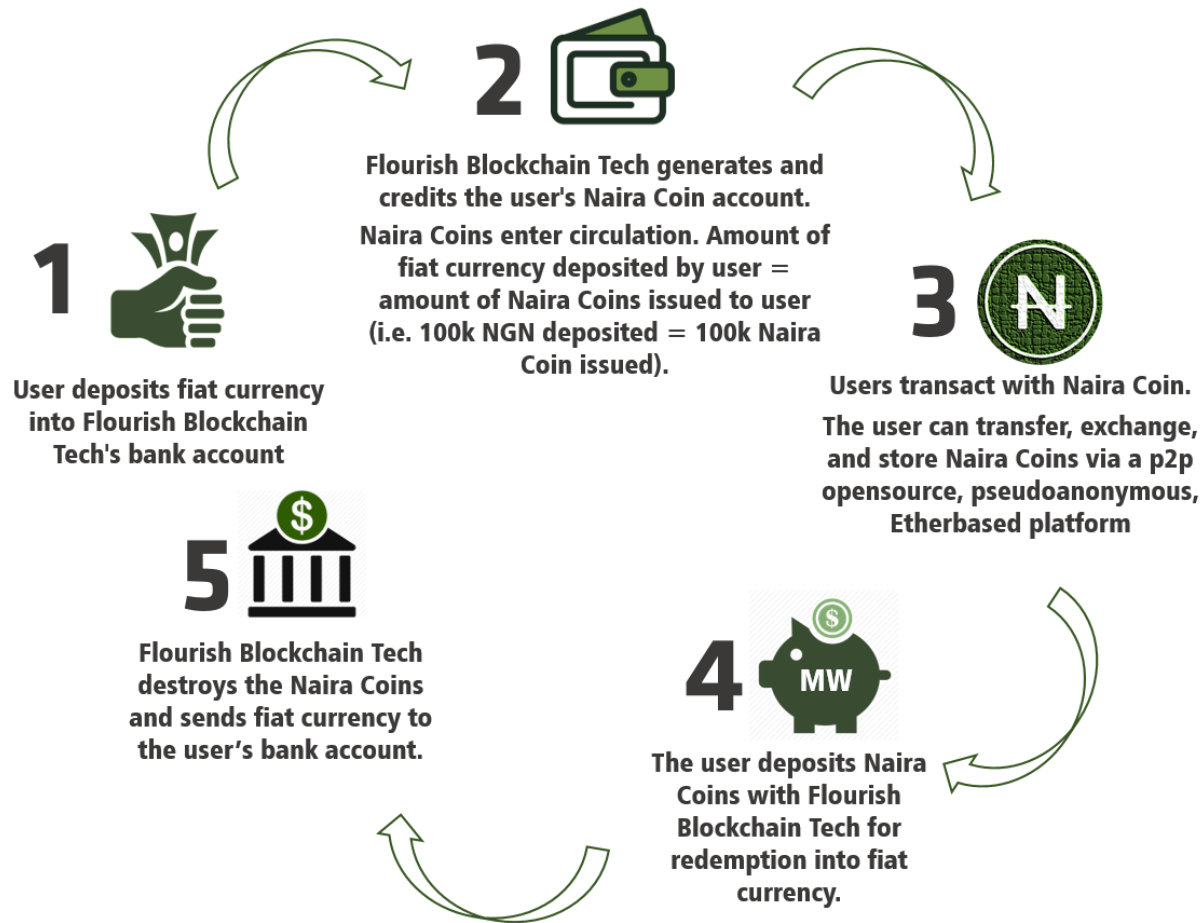
Naira Coin Technology Stack



Fund Flow Process



Fund Flow Process



Proof of Reserves Process

Flourish Blockchain 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

Flourish Blockchain has bank accounts 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

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.



Our Promise to Investors

Seed Investing connotes 30% share of Flourish Blockchain Technology Limited backed by digital share certificate and an entitlement to share of profits which would be distributed annually.

Naira coin development will involve Pre-mint of about 50% of investors funds backed 1=1 Nigerian Naira in Flourish Blockchain Ltd custody to provide liquidity for exchanges. This liquidity will give us visibility on coinmarketcap and other coin listing websites

25% of investor's funds would be used for listing of Naira Coin on multiple Global Exchanges

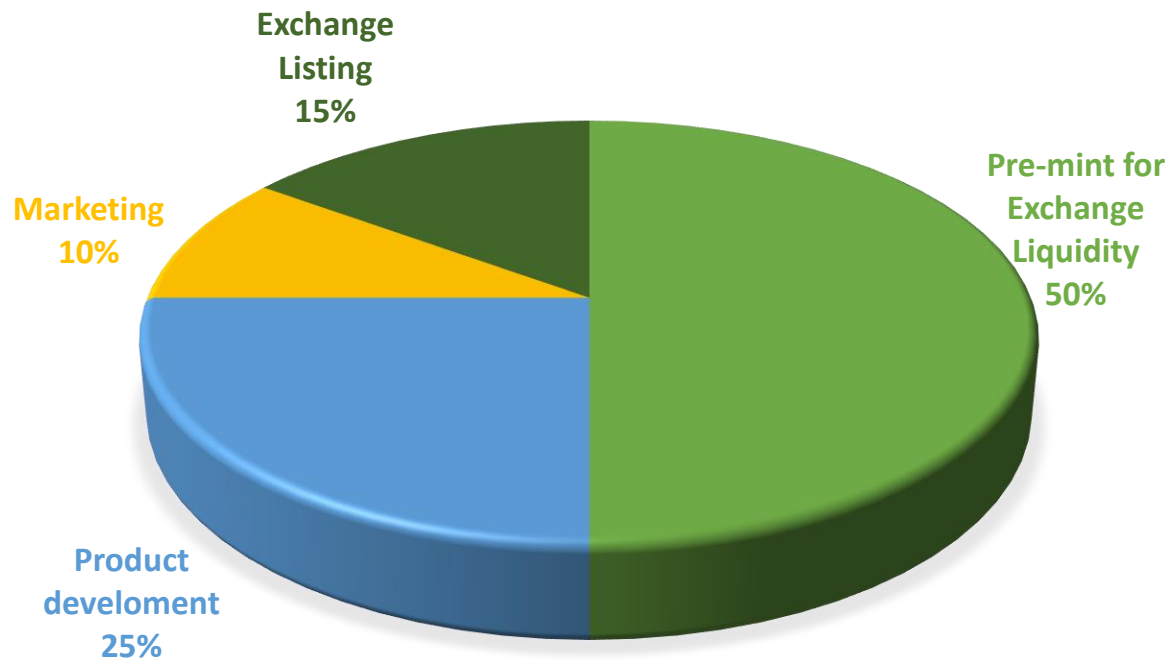
Investors funds will be locked for 2 years before withdrawal is enabled. This is done to provide liquidity on multiple Global exchanges where Naira coin will be listed

Transfer and sales of shares can be done after the locked period.

“Seed investing connotes 30% share of Flourish Blockchain Software Solutions & Tech Limited backed by digital share certificate and an entitlement to share of profits which would be distributed annually”

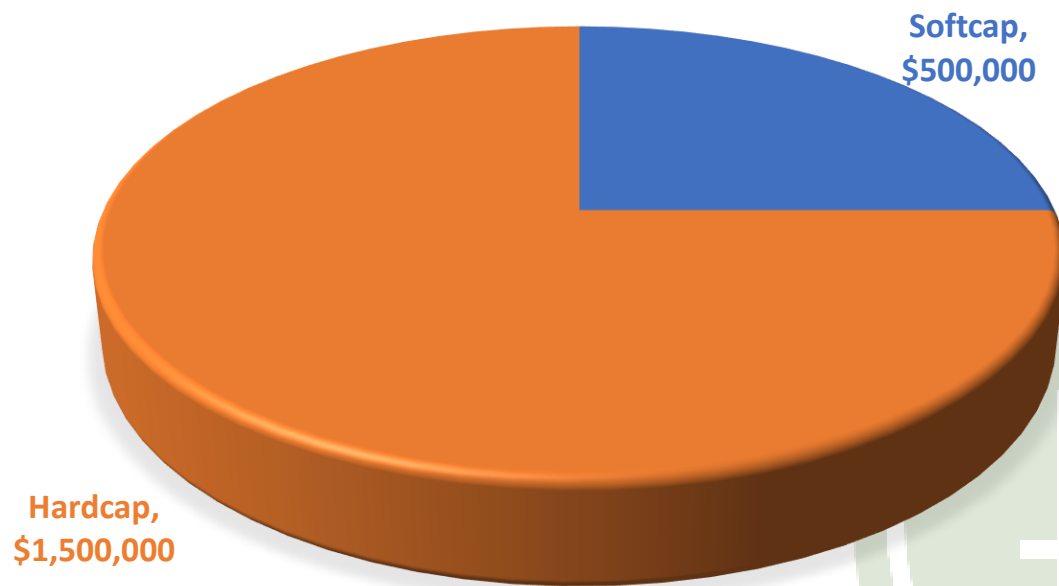
Distribution of Required Seed Funding of \$2M

DISTRIBUTION OF FUNDS



Softcap Vs Hardcap

SEED FUNDING



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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