



**Handout**

MNext is a token community platform for banks and end users with online and offline payment solutions and coin multiplication techniques to provide a cutting edge monetary system. Tokens are unified and bitcoin-bonded with all characteristics of a fiat currency.

## Token

MNext tokens are standardized but unique tokens. Each of them contains the following information:

- Original Bitcoin UTXO ID
- Coin ID
- ID of the issuer bank
- Owner ID

## Bitcoin-based

Each token is uniquely bonded to its original bitcoin. The idea comes from the old Bretton Woods system and the golden standard. Using something worthy as a background is necessary, since it provides value to the new coin. In history people used precious metal, other currency or goods to provide the necessary inner value to a new money. Creating tokens is relatively easy, so there would be a step in the creation process that makes the new money a valuable commodity.

In El Salvador USD and bitcoin are legal tenders. Since the available amount of USD depends on a lot of factors, bitcoin seems a good alternative to be a background currency. The price of bitcoin can be very hectic, but it can be eliminated if the economic operators buy and sell goods for cryptocurrency.

## Money characteristics

- **Fungibility:** All of our tokens are unique but replaceable. Uniqueness means each of them has a unique ID to provide transparency, but their values are the same.
- **Durability:** Tokens can be traded any time for a really long time without any damage.
- **Divisibility:** Each token is bonded with Bitcoin at satoshi level. Since the lowest value of the MNext token is lower than 1% of a cent (USD), it provides more flexibility during pricing and transactions.
- **Portability:** Tokens exist in a virtual world that provides easy portability. However, it is possible to create a paper-based version of any token.

- **Homogeneity:** Different forms of tokens are equivalents.
- **Cognizability:** Tokens can be easily recognized. Since the value of each token is the same, there is no place for misrecognition.
- **Noncounterfeitability:** Blockchain solution grants the invariability. Each user has unique credentials to provide security.
- **Limited supply:** The available amount of tokens is based on 4 factors. bitcoin deposit by banks on the verified accounts or on our deposit account, base unit, reserve ratio and multiplication factor. Base unit, reserve ratio and multiplication factor can be determined by banks, government or a chamber with chosen members based on the final real-world implementation. This method grants the limited supply.
- **Stability:** Each token is uniquely bonded to its own base-bitcoin. It is stable from the view of bitcoin. The price of bitcoin can be very hectic, but it can be eliminated if the economic operators buy and sell goods for cryptocurrency.
- **General acceptability:** This factor can come from the El Salvadoran government support. When the idea is purely market-based, this characteristic has its own limitation.

## How does it work?

There are 3 different phases in the system. The first is the registration process where the bank can register itself and its own bitcoin accounts. Our system watches bitcoin amounts only on the registered accounts. When a new amount of bitcoin appears on the account, we begin the MNext coin making process on our master account. After that we transfer the tokens to the bank's account. It can distribute those tokens to its users as a deposit or a loan. When the tokens arrive at the user's account, they are spendable. Spending means making transactions between the users' accounts. We provide different forms for tokens. When the bank wants to burn coins, it transfers those coins to our master account. We burn them and make the bitcoin deposit free.

## Forms of tokens

Coins exist virtually, but they can be represented in paper forms.

- *paper based*
  - printed-out cash-like format
  - checkbook

- *electronic based*
  - web app
  - mobile app

## Amount of available tokens

The available amount of tokens is based on 4 factors:

- bitcoin deposit by banks on the verified accounts or on our deposit account
- base unit
- reserve ratio
- multiplication factor

Base unit, reserve ratio and multiplication factor can be determined by banks, government or a chamber with chosen members based on the final real-world implementation.

For example:

amount of bitcoin:	<b>1000 satoshi</b>
base unit:	5 satoshi
reserve ratio:	10%
multiplication factor:	10x
amount of MNext coins:	<b>1800 coins</b>

## Activities

- **create coins:** Automated process based on the four key factors. Bank can initiate the process by depositing bitcoin on its own registered account.
- **burn coins:** Automated process. This is initiated by the bank to transfer coins into our master account.
- **transaction:** Core function that consumes various real-life events or workflows for example buying goods, sending coins from one account to another, loaning or investing coins.
- **deposit swap:** Banks can change the base bitcoin of any coin with a deposit swap. In this case the attributes of related coins will be changed automatically.
- **bank swap:** Changing issuer bank of any coin. This process is useful when a merge or fusion happens between banks. The attribute-entry of the old entity will be replaced with the new one.

- **register:** Banks should register themselves and their own bitcoin accounts. Users should register with any bank.
- **invitation:** Banks can send invite links to users to push on the user registration process.
- **set fee:** Banks can set unique transaction fee

## Links

**Mock UI:** <https://hyperrixel.com/hackathon/mnext/>

**GitHub:** <https://github.com/hyperrixel/MNext>

**YouTube:** <https://youtu.be/5TFfpMe43Vk>

**Devpost:** <https://devpost.com/software/mnext>

**Smart Contract on RSK Testnet:** 0x3Ad64B7087e39ffa18a9B27ad4dd1B61b7c283d1

# Business Model Canvas

## Key Partners

- Bitcoin Headquarter
- RSK
- API3
- Internet Service Provider
- El Salvadoran Government
- Ministry of Finance
- Ministry of Economy

## Key Activities

- create coins
- burn coins
- transaction
- deposit swap
- bank swap
- register
- invitation
- set fee

## Key Resources

- bitcoin blockchain
- host blockchain
- smart contracts
- servers

## Value Propositions

- cheap to establish and maintain
- having all characteristics of money
- coin creation process is highly customizable
- can cooperate with the El Salvadoran government

## Customer Relationships

- self-service
- automated services
- assistance

## Channels

- printed-out cash-like format
- checkbook
- web app
- mobile app

## Customer Segments

- old-fashioned banks
- neobanks
- end-users
- merchants

## Cost Structure

- deploying and maintaining smart contracts
- server costs
- transaction cost of creating and burning coins
- internet service
- salary

## Revenue Streams

- registration fee
- transaction fee
- swap fees
- assistance

# Value Proposition Canvas

## Customer Profile

### Customer Jobs

A bank provides financial services like debit card, money transfer, money changing, loans, investments for the end users.

### Pains

The available market for banks is narrow since 70% of Salvadorans are unbanked. A lot of people rely on money from abroad. Bitcoin is a legal tender from september 2021. Providing financial services in cryptocurrency is hard for an old-fashioned bank. Communicating directly with blockchains from the bank's server means a high security risk. El Salvador does not have its own money, the legal tenders are USD and bitcoin.

### Gains

Banks get new, bitcoin-bonded coins with all characteristics of a fiat currency. They can allocate these coins as deposits or as loans. MNext coins are made by a multiplication process. Banks do not have to build expensive infrastructure, like POS terminals and ATM machines since transactions are validated by the MNext servers. There is no security issue or risks on the bank side, since they do not have to communicate directly with blockchains.

## Value Proposition

### Our Product/Service

MNext is a token community platform for banks and end users with online and offline payment solutions and coin multiplication techniques to provide a cutting edge monetary system. Tokens are unified and bitcoin-bonded with all characteristics of a fiat currency.

### Gain Creators

New tokens satisfy the demand for spendable currency. MNext provides the necessary infrastructure for handling transactions. There are different forms for tokens from paper based till electronic based form to fit for the users need as much as possible.

### Pain relievers

MNext handles the whole process from creating coins through transaction management till burning coins to save money for banks. Banks can get new resources by using our MNext coins.