

# This Tech Could Eliminate the 'Stealth Tax.'

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Every time you make a card payment online, the card networks and payment processors are taking a bit of your money. You don't see this happening, but it's hitting you right in the wallet. VISA and Mastercard might feel like convenient ways to pay. But in reality, they work like the hated "stealth taxes" – taking your money, without you noticing.

Today, we're talking to the founder of a new cryptocurrency firm, who's hoping to change this – forever.

Here at *Exponential Investor*, we frequently cover cryptocurrencies and blockchain – because they're starting to really affect global markets. My colleague Sam Volkering has been very consistent in his efforts to help readers profit from this new sector.

Since bitcoin was created in 2009, many cryptocurrencies have popped up trying to replicate the original concept, while improving it. This can be through faster transaction speeds (Litecoin) or better privacy (Monero/Zcash).

Price volatility is one of the main limitations on such currencies' acceptance. One of core characteristics of money is "a store of value". Historical hyperinflation shows how a loss of confidence in the ability of a currency to act as a store of value is corrosive to its usefulness – and to the wider economy.

The price of bitcoin has swung wildly since its inception. In 2009 it was worth just a few dollars; yet it recently surpassed \$4,000. This has not been a smooth ride – and frequent, severe price falls are common. Partly because of this, uptake among consumers and business owners has been limited. This has prevented it fulfilling another of money's core functions – "a medium of exchange".

Of course, bitcoin is not the only cryptocurrency protocol. In 2015, Vitalik Buterin launched what is now known as Ethereum. This project was born from frustrations with bitcoin's limitations. It took the core blockchain concept, and expanded on it. Ethereum allowed developers to build "smart contracts". These facilitate, verify, or enforce the negotiation or performance of a contract.

On top of that, Ethereum allows the creation of decentralised applications (DApps). Other currencies can even be created within the Ethereum ecosystem. One such cryptocurrency is Minerva – and that's the firm we'll be hearing from today.

Minerva is smart money being built on Ethereum. According to its founders, it is the world's first "reverse merchant processor" looking to disrupt the commerce industry. Its ticker symbol is OWL, and its unique feature will be used to incentivise businesses that accept it as a form of payment – by rewarding them additional OWLs, instead of charging fees for transactions. Traditional merchants like PayPal charge upward of 2.9% plus a fee, while other cryptocurrencies in the payment processing space charge 1.5%. Minerva sets out to pay businesses that utilise its platform. On top of that, Minerva is taking a different approach regarding how it will be handling its crowdsale. Its lawyer is a former Securities and Exchange Commission (SEC) employee, and it plans on taking several steps in order to follow securities laws. Minerva will be soon be hosting a crowdsale which will be distributing its OWL tokens to people and firms looking to participate.

I reached out to Kevin McSheehan, founder and CEO of Minerva, to talk more about the project. He's joined by Paul Petratos, of communications.

**AL: What is Minerva?**

KM: Minerva is built with smart contracts on the Ethereum blockchain. We call it a reverse merchant processor. Our technology takes transaction fees, which have historically been a key profit model for traditional banks, and reverses them. This puts revenue otherwise lost to transaction fees into the hands of approved businesses – enabling them to earn more revenue, and be more flexible in providing discounts. This technology is what has allowed us to turn our economic model of reverse transaction fees into a reality. The OWL token is Minerva's cryptocurrency.

**AL: Your technology is stated as being disruptive. Why is that?**

KM: We have been half-jokingly referred to as the "crypto-fed". This is largely due to our market-steadying mechanisms, which can be found in our whitepaper. The first method increases supply through a proof-of-transaction. The second method resembles bonds: these are executed on the blockchain, with smart contracts.

**AL: How exactly does Minerva work?**

KM: Minerva acts as a reverse merchant processor, a term I coined to provide a simplified way of explaining how Minerva pays transaction fees through smart contracts on the blockchain. We are able to pay reverse transaction fees, at a variable percentage set by smart contracts, and based on real-time OWL/USD market value. This is reported to Minerva's smart contracts through either a system of decentralised voting, or a failsafe mechanism called an oracle. An oracle is the technical name for a piece of software designed to retrieve and transmit real-time information to smart contracts in automated fashion. At a stable OWL/USD market value the reward rate (reverse transaction fee) is 0%. As the value of OWL/USD rises, the reward rate increases. Once OWL/USD stabilises again, at any price, the reward rate slowly decreases back to 0%. The reward rate is designed to never go negative. For more details on the technical aspects of this, people can read our full whitepaper.

**AL: You've said that you plan to "set a precedent in following securities laws." How do you plan on doing that?**

PP: Minerva has a lawyer on the team, who is a former SEC employee. We are filing a private placement memorandum, under regulation D 506C, in order to comply with the SEC and allow accredited US investors to participate in our crowdsale. Although Minerva's parent entity is based out of Luxembourg, we still plan on being as transparent as possible and following all the rules.

**AL: Can you tell me more about your live-streaming partnership? I'm sure that will strike many people as unusual.**

PP: We've partnered with a live-streaming website that plans on integrating Minerva on their platform, once we launch. They have over 10 million users from across the world, and generate \$20 million in annual revenue. As of now, we are not at liberty to disclose the name of the site – but we plan on releasing the name and more information in the near future.

**AL: When is your initial coin offering (ICO – AKA crowdsale)?**

PP: We've actually not set a date, yet. We will be holding a private pre-sale – at a bonus rate for early adopters. Subsequently, a final crowdsale will be open to the public. Proceeds from the crowdsales are revenue of Minerva Technologies S.a.r.l., a fintech blockchain software company based in Luxembourg.

**AL: What plans do you have after?**

PP: After the crowdsale we will focus on the intelligent expenditure of funds to optimise the Minerva platform. Our primary objective is to push for the mainstream adoption of OWL, by integrating with one prominent platform after another. We have already partnered the live-streaming website, and we have long-standing working relationships with key individuals in merchant processing. Out of the gate we bring more experience and growth potential than the vast majority of crowdsales.

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Let us know what you think: [andrew@southbankresearch.com](mailto:andrew@southbankresearch.com) – and don't forget to check out our [guide to profiting from the crypto revolution](#).

Best,

Andrew Lockley  
*Exponential Investor*