

TLDR; Today's Dapps (think decentralized Uber) are not successful with consumers, because not enough consumers have ETH or ERC-20 tokens. We introduce a hybrid model, which starts with fiat and issues loyalty tokens on each transaction. Once loyalty tokens become established, they can be used in lieu of fiat. The system then enables a smooth slow transition from 100% fiat to 100% crypto.

Lets take an example of a decentralized Uber (DUber). A DUber based on ETH will fail with today consumers, since majority of them do not have ETH tokens.

To remedy this, a DUber token is established, which works as follows

- you mint two tokens on every transaction, awarding one token to the driver and one to the passenger.
- the passenger pays to the driver in fiat, but if the passenger has tokens, they can be used to get discount X off the fiat price. For instance, each DUBER token can equate to 0.1% discount, up to discount\_limit = 20%
- discounting is assumed collectively by all drivers, meaning that all fiat money goes to the common account. A particular driver will get the same payment per trip nomatter whether a particular passenger used the discount or not.
- Once DUBER tokens establish market fiat value, passengers will be able to pay per trip directly in DUBER tokens.
- What you get then, is an hybrid ecosystem where some passengers pay in fiat and some in DUBER. The key is then to slowly increase discount\_limit up to 100% percent ( this may take, say, 20 years).
- The advantage of the model is that it enables a smooth over-many-years transition from fiat to crypto.