# **Banking on Blockchain**

Effizienzgewinne vs. Sicherheitsrisiken

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Radoslav Albrecht, Founder & CEO of Bitbond





# Blockchain technology enables bank-independent financial services





#### Fintechs started to unbundle banks...



...but often they are active in one country only



#### Because partner banks use outdated technology



#### not built for the web $\rightarrow$ slow and expensive

# Let's introduce blockchain tech to change this dramatically

Blockchains solve the double-spending problem

#### Problem



$\frown$	
<i>mp3</i>	
	ТХТ





## Digital assets are inflationary

# A distributed public ledger

#### A blockchain and its token are 2 sides of 1 coin

## blockchain

- Distributed ledger (DL)
- Record of transactions

#### token

- Bears value
- Incentive to run the chain
  → no coin, no chain





#### The bitcoin blockchain is largest and most liquid

	\$ billion market cap	# of nodes	# of daily txs
Bitcoin	~11.9	~5,700	~230,000
🔶 ETHEREUM	~0.8	~4,400	~25,000
🔩 ripple	~0.2	n/a	n/a
<b>Blitecoin</b>	~0.2	~830	~7,000
Sum all other coins	~0.7		

#### Bitcoin and other DLs are always one of 3 things



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#### ... but users don't need to understand every detail



# There is also no need to understand **https** in order to shop on Amazon

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# Payment based use cases for blockchain technology

Blockchain based payments lower entry barriers

- open / permissionless
- ني کې
- programmable
- e trustless
- third-party independent
- cost-effective



global and fast

#### Remittances are most obvious use case

- Complicated
- Slow
- Expensive (up to 25% per transaction)



- Easy to use
- Fast
- Cheap (~1 cent per transaction)

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## Getting paid from everywhere becomes possible

- Slow
- Expensive (up to 2%-4% per transaction)
- Reach is limited by users' access to credit cards





bitpay

- Fast
- Cheap (1% for converting to local currency)
- Global

#### Bitbond connects borrowers and lenders globally

Small business borrowers

Q



## Retail and institutional lenders

222

The first global SME loans marketplace – only possible with blockchain / bitcoin technology



#### SMEs get bank-independent financing worldwide

- Unsecured small business loans for **inventory financing** available globally
- \$70 to \$10,000 for 6 weeks to 5 years with interest rates of 10% to 35% p.a., USD denominated
- All payments are conducted via the bitcoin blockchain to make lending globally feasible and **independent of banks**
- Innovative scoring with data from seller accounts (e.g. ebay) evaluated with an own machine learning algorithm
- Bitbond fees are 1.0-3.0% of the loan



#### SME loan investors make profitable returns

#### Online seller loans KPIs

- KPIs for Bitbond loans from online sellers (primarily eBay and Amazon)
- Income of business owners is verified via read access to their seller accounts





14.2%

Effective return per year

20.2%

Average interest rate per year

8.8%

Default rate

- Average size of online seller loans is around **\$ 5,000**
- With Bitbond's global approach investors can choose countries where they want to invest in
- Automated investing via the **Bitbond API**



#### We originated over 1,500 loans and grow fast



#### 1,500+

Originated loans

#### \$ 900 k

**Total originated loan volume** (average loan today ~\$3,000)

Bitbond

#### 57,000+

**Registered users** from 120 countries

#### There are 25 mm sellers globally on eBay alone

**Product Commerce** Service Commerce 35MM Total Guests All-Time 8.5MM+ Sellers airbnb - nearly 25MM in Last Year Alibaba com 2MM+ Third-Party amazon.com Sellers ~1MM+ Driver-Partners +6x Y/Y UBER 25MM+ Sellers eba **10MM+ Freelancers** Vowork 1.4MM+ Active Sellers +63% 5-Year CAGR +26% Y/Y

To grow,

for:

entrepreneurs

need financing

renovation, cars,

computers,

equipment

To grow, entrepreneurs need financing for: inventory, production, storage facilities

#### Alternative assets are the solution to low rates

- Global **real interest rate has hit 0%** in 2014, keeps falling
- **Expansive monetary policy** worldwide has flooded institutional investors with cash, waiting to be invested
- **Overall economic growth is stagnating**, despite abundance of available funds for conventional business models
- Regulators restrict high-margin business in conventional banks via high equity requirements

Alternative Assets & non-conventional investments are the only sustainable way to generate profitable yield for professional investors





# Use cases of blockchain technology beyond payments

#### Blockchains also store transaction metadata

#### **Regular tokens**

### "Colored coins"





### There are at least 5 use cases beyond payments

#### Use case

1 Static registry

2 Identity

3 Smart contracts

4 Dynamic registry

5 Verifiable data

#### Description

- Manage registry of asset ownership
- Notarize documents
- Securely and verifiably store, confirm and distribute identity
- Send / receive KYC data
- Create and execute (semi-)autonomous contracts
- Introduce state
- Exchange physical and digital asset ownership
- Decentralize exchanges
- Store information (pure database function)
- Provide dynamic information



#### **Examples**

- Land title, proof of existence
- Open Assets, Bitproof.io, Provenance
- Low friction KYC with user controlled data access
- ShoCard, Blockstack
- Insurance payouts, contingent payouts for collateral, financial contracts
- Financial transaction settlements
- BitShares, R3
- Event tickets, artists' work, intellectual property protection
- Ascribe, blockai

#### Blockchain can be used for collateralization



#### The blockchain tech startup landscape is big

