



# BONGACOIN

*Low volatility Digital assets*

## OVERALL CRYPTO CURRENCY MARKET REVIEW:

The financial industry is evolving. The blockchain technology is and continues to revolutionize the way people interact with money. The introduction of Bitcoin, the first cryptocurrency, enabled people all over the world to transfer money, trade and pay for shopping across the world, within a decentralized, peer-to-peer network. Even in the world of cryptocurrencies however, the dependence on third parties to undertake day-to-day financial related activities continue to grow. Already, there are developments in the blockchain world that seek to change the way people interact with banking systems.

We believe that the underlying factor that will continue to define blockchain products is the ability to give people more power and control over their finances. This is the driving force behind Bitcoin: providing a platform to the people, where they can freely move between crypto- and fiat currencies in a secure, fast and affordable online environment. Financial globalization through an increasing number of international payments is an area that is estimated to continue growing. With cryptocurrencies, people are already able to make payments from and to anywhere around the world.

Currently, the global payment landscape is a multibillion-dollar industry. Cross-border payments are basically facilitated by the exchange of one currency into another. Since cryptocurrencies transcend borders, they are the best bet in facilitating these payments and to streamline this long, complicated and costly process. By 2025, it is estimated that the global cross-border payments revenues will hit 5 trillion dollars. The majority of the revenue in this calculation is coming from developing markets which have faced challenges in facilitating payments across borders.

The crypto currency market is growing stronger than ever, which is reflected in not only Bitcoin but also in other competing Altcoins the fastest and most profitable investment channel that neither

Gold nor real estate can compete with.

Bitcoin accounted for 90% of the crypto currency market, Ethereum had 5%, and all other Altcoins shared the rest by the beginning of 2017. The market share was split at 50% of Bitcoin and 50% of other Altcoins by the mid-2017.

However, by the beginning of 2018 over 60% of the crypto currency market is commanded by Altcoins while 30% is being held by Bitcoin. This shows the dynamic shift of crypto market with an increased interest in Alt coins over the existing Bitcoins. The interest of intelligent investors in Altcoin investments, especially the token sales is due to the prospect of the new crypto currency to be valued thousands of times in the future.

Investment in Crypto Currency is attracting more and more attention. The statistical charts with higher and higher peaks of the crypto currency market make people eager to invest in it. The field of digital payment especially digital money has witnessed many strong influences from the industrial revolution 4.0 recently.

The total capitalization of the crypto currency market stands at present at \$500billion

In early June 2017, Ronnie Moas, a security analyst and founder of Standpoint Research, predicted that the crypto currency market would reach \$3 Trillion over the next five years.

## **Creation and development**

How was the crypto currency created and developed?

The majority of financial transactions in our modern times have been gradually transformed into electronic ones.

With credit card companies charging high transaction fees and punitive interest rates and cash being expensive as well as inconvenient for international transactions, digital money is the best choice to bring significant benefits for both enterprises and consumers.

The emergence of a range of digital currencies such as Bitcoin, Ethereum, Litecoin have proved against all odds that they are beneficial in financial transactions as well as their economic value.

Central banks in many countries have begun their own digital money projects. It really is a revolution in payment methodology!

## **Bongacoin creation and development**

Bongacoin was created not only to make the best use of all current technical advantages that previous digital currencies have contributed to the crypto currency community, but also to develop profound technical features bringing additional benefits to both consumers and service providers.

November 2017, Bongacoin was created by a team of experienced developers as a new digital currency based on decentralized technology from a transparent platform.

Bongacoin Team conducted exhaustive research on the Technological advancements of crypto currencies, connecting with experts, to build the Bongacoin ecosystem.

# BONGACOIN INTRODUCTION

## WHAT IS BONGACOIN?

**Bongacoin** is a decentralized digital built on a proven infrastructure, all designed to optimize and implement the goals of the global financial revolution. It's based on Peer to Peer online payment network, using Scrypt PoW algorithm that allows instant and almost free online payments directly to anyone, anywhere in the world.

Bongacoins are digital assets designed to provide investment opportunities with the world's first paradigm, Reward Point backed-up cryptocurrency that cannot be destroyed, counterfeited or hacked, making them ideal for protecting objects of value like currency, information, property or important digital data. It may be employed both as a means of settlement and a means of saving.

Bongacoin can be sent over the Bongacoin Network and forever recorded on an immutable public ledger Blockchain that is decentralized on thousands of computers across the planet.

Bongacoin is a More Secure, Faster & Forward Thinking Blockchain Technology. The future has arrived.

Cryptocurrency is a decentralized blockchain-based financial system, immutability, and autonomy being its most celebrated features. Cryptocurrencies enable one to bypass intermediaries and remain independent from traditional financial institutions.

The cryptocurrency market with blockchain technology is proving its potential and superiority. This is promising to be the trend of modern civilization. Understanding that trend, we have built and developed the project Bongacoin. Its built in accordance with the standards for cryptocurrencies which have complex mining algorithms and operates on a blockchain platform to ensure maximum reliability and security for transactions. We look forward to a vibrant Bongacoin community in the future. Bongacoin will be used as a means of digital asset. Bongacoin system aims at a digital currency banking model where investors can deposit their Bongacoin as collateral and receive Loan.

Like other major cryptocurrencies , Bongacoin could be stored in both offline wallets such as hardware (Computer Drives and USB) and online wallets such as cloud storages, smartphones.

## WHAT IS BONGA POINTS?



Bonga Points is a loyalty scheme for all **Safaricom** PrePay and PostPay subscribers. Once registered to the Programme, you start earning points immediately. The more you use your line, the more points you earn. Earning of Bonga Points starts as soon as you register for the scheme.

You earn One Bonga Points for every KSh 10 (\$0.1) spent on voice calls, SMS or data. The more you use your Safaricom line, the more points you get and the BIGGER the rewards!

Bonga Points can be redeemed for rewards ranging from Talk-time (Minutes), Data, SMS and MMS bundles to Merchandise redeemable at any Safaricom Retail Centre countrywide.

Safaricom has Also introduced the use of Bonga Points at selected retail and food outlets across the country at a cash equivalent value of 20 cents (\$0.002) each.

The telecoms operator, through its youth platform Blaze, allows those registered on it to buy items at Java, Domino's Pizza, Coldstone Creamery, Bata, Planet Yoghurt and IMAX as well as selected university cafeterias.

The move is part of Safaricom's plan to attract younger subscribers as well as redeem loyalty credits which are counted as a liability in its books for as long as they remain unused.

The value of unredeemed Bonga Points as at March 2017 was Sh3.23 billion (\$32.3 Million) locked up in people's mobile phones, an increase from the previous year's Sh2.99 billion (\$29.9 Million).

While most people redeem Bonga Points for airtime and gadgets, there are some who could prefer cash over redeeming. However availability of the service to exchange Bonga Points to cash depends on season this is because their price is greatly influenced by demand and supply.

Bongacoin give a Subscribers an option to redeem their Bonga Points for cryptocurrency Bongacoin (Forward Thinking Blockchain Technology), Once you own Bongacoin, they behave like physical gold coins: they possess value and can be traded like stocks in popular Crypto exchanges. In Near future you'll be able to use them to purchase goods and services & collaterals to secure cash loans.

## WHAT IS SAFARICOM?

Safaricom is the leading provider of converged communication solutions in Kenya. It provide a broad range of first-class products and services for Telephony, Broadband Internet and Financial services. It was formed in 1997 as a fully owned subsidiary of Telkom Kenya. In May 2000, Vodafone Group Plc of the United Kingdom acquired a 40% stake and management responsibility for the company With over 20 Million subscribers and an estimated market share of 67%, the Company has the widest modern mobile network coverage in Kenya and prides in its experienced shareholders, attractive tariffs, a nationwide network of effective dealers, high caliber staff and management enabling it to maintain its position as the region's mobile market leader. M-PESA has over 17 million subscribers, supported by a nationwide agent network of over 79,000 outlets. M-PESA is the world's most developed biggest mobile payment system. Their latest product in the market is M-Shwari; a revolutionary banking product for M-PESA customers that allows you to save and borrow money through phone while earning an interest on money saved.

Mobile money platforms in Kenya handled Sh1.2 trillion (\$12Billion) between April and June 2017 with M-Pesa channeling Sh903 billion(\$9Billion) during the period.

The latest statistics from the Communications Authority of Kenya shows that mobile money users made 480 billion (\$4.8 Billion) withdrawals and deposits in the three months, and purchased goods and services amounting to Sh692 billion (\$6.9 Billion) using mobile phones.

The number of mobile commerce transactions stood at 316.5 billion (\$3.1 Billion) while peer to peer transactions stood at Sh541 billion.

“The positive growth witnessed in the mobile money transfer service was largely driven by the widespread use of mobile money solutions and adoption of the service among traditionally underserved groups (rural populations), and increasingly broad range of mobile money services (including insurance and loan products) in Kenya,” reads part of the report.

During the same period, the number of mobile subscriptions crossed the 40 million mark representing a mobile penetration level of 88.7 percent.

The sector generated Sh241 billion (\$2.4 Billion) in revenues in the three months whereas Sh40.9 billion (\$400 Millions) was used for investment activities during financial year 2016/17.

**How is Bongacoin different than every other cryptocurrency?**

Like many of the cryptocurrencies, Bongacoin is an open source, peer-to-peer, community driven decentralized cryptocurrency backed by a Reward Points that scales with the size of the COIN, built on a proven infrastructure.

### **Community driven cryptocurrency:**

Anyone holding Bongacoin in their wallet is a part of Bongacoin community. Every Bonga Points exchanged with Bongacoin will be saved in Bongacoin System Vault which is entirely owned by community, With 22 Million Bonga Points Subscribers we are expecting to have the biggest crypto community in the world.

With the emergence of Bongacoin Community, users would be empowered to maximize the intrinsic benefits of the Blockchain technology. This Community provides an 'All-in-one' Ecosystem for all users irrespective of their knowledge base to participate in a course that would lead to their Financial Freedom.

The Bongacoin — a cryptocurrency for the Bongacoin Community and at large the Blockchain Community — would be used as an instrument for trade in the various crypto - exchange platforms & also as cryptoasset which serves as collateral to secure a loan on Our BongaBank Loan Leading platform.

Bongacoin Community is a self-regulated community, therefore activities would be carried out based on the inter-relationship between the supply, demand and distribution chains.

### **More Secure:**

By putting security first, our decisions help make sure that transactions, mining and the blockchain distribution are as decentralized as possible.

Through the use of wallet technology, we have made it easy for you to securely store and manage your Bongacoin without the need for a trusted third-party. You have 100% control over your own Bongacoin.

Bongacoin operates on the Peer to Peer technology and uses the SCRYPT algorithm created by complex mathematical computations and all transactions are verified by millions of users and stored in the public ledger for transparency.

### **Faster Transactions:**

Bongacoin blocks occur on the network every 90 seconds making Bongacoin 6x faster than Bitcoin. Speed of transactions is native to the coin and directly integrated into the coin's BlockChain.

## Stability & Low Volatility:

High volatility is amongst the biggest disadvantages of Bitcoin and similar cryptocurrencies.

It hinders it from becoming a means of storage and exchange of value on the global market.

Seasoned traders may get high profits from speculating on exchange margins, yet the risks pertaining to uncontrollable price fluctuations scare rookie users and online businesses away from cryptocurrencies.

Stable cryptocurrencies are the solution enabling merchants to enjoy all the advantages of blockchain technology while keeping away from losses caused by major price fluctuations.

Bongacoin offers an innovative solution which creates an autonomous financial system that meets the demands of all three kinds of market actors: **Traders, investors & users.**

## Three factors that make Bongacoin unique:

- Bongacoin is backed with Bonga Points stored in a Bongacoin system Vault. For that reason, stable prices are Maintained with Low volatility (within a 5% range).
- Predictable and controllable annual growth of the coin's price which correlates with average annual price growth calculated for a portfolio of most popular altcoins (around 34 %).
- Using our BongaBank innovative lending platform, a Bongacoin holder can get a loan in fiat money on the security of his/her Bongacoin. Before the end of the loan period, the Bongacoin deposit will remain in the BongaBank. Once the loan and the interest are paid within the agreed period, the coins will be returned to the borrower in full. This is also a volatility control tool in Bongacoin echosystem, meets the strategy of medium and long-term investment.

Thanks to its unique features, Bongacoin is a multi-purpose tool equally useful for trading, longterm investment, and routine financial operations.

## How to Exchange Safaricom Bonga Points to Bongacoin?

Recent research estimates that there are more than 10 billion Bonga Points valued more than Ksh3 Billions (\$30M) locked up in people's mobile phones. Imagine you had 100 Thousand Bonga Points, what could you do with them? Well, you can redeem a cool phone, or you can gift them out to family & friends to have cool phones too. We give you another option to exchange with Bongacoin.

**How it works:** It's simple. First you need to sign up at [www.Bongacoin.com](http://www.Bongacoin.com) for Bongacoin online wallet. You'll received Login Credentials via sms after signup, use those details to Login to your online wallet. After Login to wallet dashboard You'll Get your Bongacoin

Wallet Address, and Phone Number where you'll send Bonga Points and receive Bongacoin.

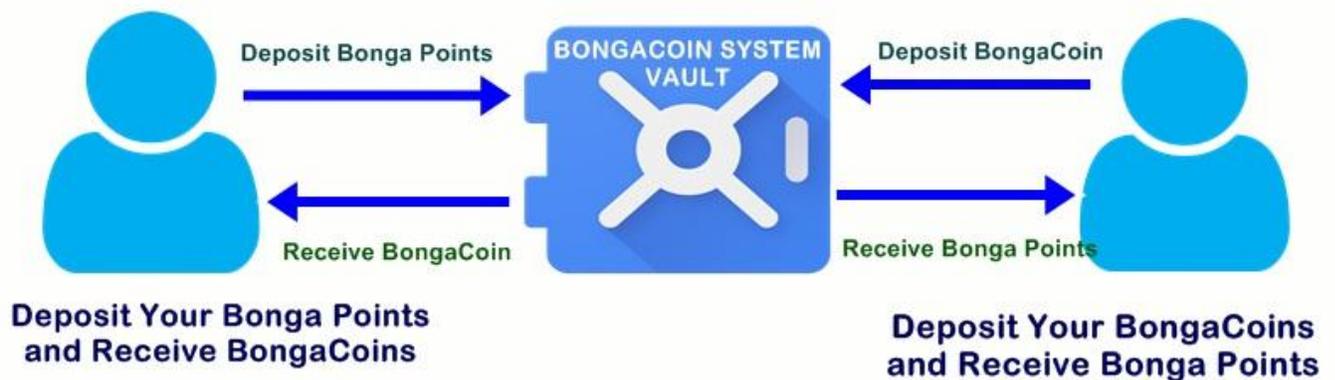
**One Bongacoin is equal to 100 Bonga Points.(1 Bongacoin = 100 Bonga Points)**

**To Transfer Bonga Points, follow the steps Below.**

- From your Safaricom line Dial \*126# and select submenu 5: to "Transfer Bonga Points". Alternatively dial \*126\*5#.
- Enter the recipient mobile number (Login to bongacoin online wallet and Get Mobile No: )
- Enter amount to transfer (eg 1000 Bonga Point = 10 Bongacoins)
- Click OK to confirm

*Nb: Anyone holding Bongacoin in their wallet is a part of Bongacoin community. Every Bonga Point exchanged with Bongacoin will be saved in Bongacoin System Vault which is entirely owned by community, anytime you can exchange your Bongacoin back to Bonga Points by Depositing Bongacoin to Bongacoin System wallet Address provided at online wallet Dashboard.*

#### Application Example of How BongaCoin System Works



## Coin specifications

Coin Algorithm:	SCRYPT (POW)
Coin Name:	Bongacoin
Coin Abbreviation:	BONGA
Script Block Time:	90 seconds
Coin Base Maturity:	20blocks
Block Reward:	10 BONGA
Total coin supply:	30 Millions

# BONGACOIN ECOSYSTEM

## BONGABANK

**BongaBank** is an innovative lending platform where Bongacoin are used as collaterals. Any user can act as a lender or a borrower. Our team has studied the problems of interaction between the fiat and virtual currencies. There is an invisible wall between them at first glance, which cannot be overcome. Cryptocurrencies – Bitcoin, Ethereum, Bongacoin and similar – are increasingly attracting attention due to their rapid growth and stability. But a person often needs fiat money that is more convenient for settlements.

Selling virtual currency used to be the only affordable solution when there was a need for fiat money. This led to a loss of possible revenue from further appreciation of cryptocurrency and additional costs: financial, associated with fees on exchanges, and temporal – from the moment of cryptoasset sale to the actual receipt of fiat money.

BongaBank offers a different approach: our users will be able to receive real money in any available currency secured by Bongacoin. The system will select the most suitable option for the borrower from the set of counteroffers for lending

We are convinced that time is the greatest value in the modern world. This is why the BongaBank system will be fully automated. Loans will be issued without verification of the borrower's solvency, without processing applications by the lending center and other formalities peculiar to the traditional banking system. The user will receive fiat money almost instantly.

There will be no strict division of users into lenders and borrowers in our system – it is not two different poles for us. A borrower can become a lender, and a lender can become a borrower at any time. This will secure flexibility and loyalty of the system.

Unlike traditional forms of collateral, such as real estate and automobiles, blockchain assets are divisible, fungible, and in many cases instantly transferrable.

The BongaBank Lending Platform is designed to enable Bongacoin Community to leverage their Bongacoin blockchain assets to secure cash loans, making it easy to get money to spend without having to sell their Bongacoin assets.

### What is a Blockchain-Backed Loan™?

A Blockchain-Backed Loan™ is money borrowed for any kind of personal or business use, such as making a big purchase, paying for school fees, investing in home improvements, taking a vacation, or paying for business expenses. The loan is collateralized by a blockchain asset, such as Bongacoin.

BongaBank wants to make things simple for its Members. There are no origination fees, closing costs, or prepayment penalties on the fixed rate term loans arranged through the BongaBank platform. Members may elect at any time to pay off their loans early at no additional cost to them. This is in strong contrast to terms often offered by conventional lenders.

Typically, conventional loans are accompanied by a myriad of itemized fees such as upfront origination fees, which can exceed 5% of the loan balance, and monthly servicing fees that are paid by the borrower on top of the monthly payments to the lender.

## **CRYPTOCURRENCY**

### **Background**

Created in the wake of the global financial crisis, Bitcoin, and its underlying blockchain technology, sparked a wave of innovation that has changed the way people think about transferring and storing value. The distributed ledger technology that underpins Bitcoin, and other digital assets, decentralizes the tasks of tracking and validating financial transactions. This technological breakthrough streamlines settlement systems that had previously relied on fallible third-party intermediaries. The intrinsic benefit of this new technology has led to explosive growth in blockchain-based assets, which exist within a highly secure digital infrastructure. Reliance on intermediaries that introduce counterparty and settlement risk, in the context of blockchain assets, has been replaced by trustless, open-value networks which operate without the constraints of geographical borders or market hours.

Holders of digital assets have limited liquidity options in today's cash based digital economy. Bitcoin was the first peer-to-peer electronic cash system enabling trustless transfer of value and we are witnessing the emergence of a new asset class based on value networks. Some of these blockchain assets are natively digital, others are digitized forms of traditional assets which, like Bitcoin, face critical liquidity challenges.

Resolving liquidity challenges is important because spending drives growth in economies and is based on the summation of money and credit available. Bitcoin and its associated blockchain technology created an efficient, trustless cash network free from expropriation through unknown inflation, but Bitcoin's inventor Satoshi Nakamoto neglected to address credit. Credit links savers and borrowers and is as important as cash markets to an economy's financial development, because it represents spending in the economy on an order of magnitude greater than cash based transactions. Distributed ledger technology allows for transaction and settlement without counterparty risk.

However, the purchasing power held within this new blockchain technology need not be limited to assets held. The access to credit provided by the BongaBank Lending Platform is intended to let the world of blockchains grow beyond the economic limitations of simply buying and liquidating assets. Credit is not only an important economic factor, it is a vital component of personal financial freedom and, along with asset accumulation, gives individuals greater purchasing power. Crypto-credit products, like those accessible through the BongaBank Lending Platform, offer a revolution in personal finance by granting control over the medium of

exchange to owners of blockchain asset based wealth who wish to preserve their assets, rather than spend them.

Traditional financial institutions often face significant challenges adapting to changing landscapes. This is especially true of the asset backed credit market, where there is still no product offering an adequate solution for monetizing the value of blockchain assets without forcing liquidation. Technological, custodial and regulatory barriers have prevented existing financial service companies from overcoming the risk needed to operate in a system without centralized oversight. This has left blockchain asset holders with limited borrowing options in today's digital economy.

BongaBank's Secured Automated Lending Technology creates a solution that removes many of the barriers that have kept traditional financial institutions, and their capital, from serving the rapidly growing base of individuals and businesses holding assets on blockchains. The BongaBank Lending Platform provides the tools to mitigate the risk of asset price volatility and borrower default, giving investors the ability to safely lend against blockchain assets.

A blockchain asset is a natively digital asset like Bongacoin or a digitized traditional asset like digital gold, a stock, or a title; where the record of ownership is recorded within a public or permissioned distributed ledger network. All blockchain assets have the potential to be used as collateral for Blockchain-Backed Loans subject to lender determined collateral suitability.

The BongaBank Lending Platform is intended to facilitate the creation of lending agreements, secure and monitor the value of the blockchain assets acting as collateral, and automatically enforce the terms of each smart contract credit agreement. This low-cost, efficient technology gives investors and institutions a way to lend against a new asset class, while addressing the needs of a massively underserved borrower base. It is also designed to provide a new way for individuals to access the value of their blockchain assets that does not involve a liquidation of their asset. Deficiencies inherent in traditional forms of collateral can increase costs to borrowers, decrease liquidity, and necessitate the need for income-based credit evaluation. BongaBank's technology was built to address these shortcomings, while emphasizing the aspects of blockchain assets that make them a functional form of collateral - divisibility, fungibility, and transferability. With BongaBank, blockchain assets are transformed into collateral that can be incrementally liquidated in a calibration process intended to ensure

overcollateralization in a fast, trustless, and secure process. Blockchain-Backed Loans™ offer a new mechanism through which lenders can indirectly gain exposure to digital assets in a regulated environment with sophisticated tools for managing the risks associated with lending.

## Cryptocurrency Use:

Cryptocurrency was initially intended for online payments only. However, financial operations in this area began to rapidly develop due to the safety of cryptocurrency settlements.

Now cryptocurrency can be used to make purchases in online stores, buy airline tickets, cars, real estate, travel trips, and some companies offer discounts when paying with cryptocurrency. This list expands every day.

## Financial Inclusion

Financial inclusion means that individuals and businesses have access to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way.

Access to a transaction account is a first step toward broader financial inclusion since it allows people to store money, and send and receive payments. A transaction account can also serve as a gateway to other financial services, which is why ensuring that people worldwide can have access to a transaction account is the focus of the World Bank Group's Universal Financial Access 2020 initiative.

Financial access facilitates day-to-day living, and helps families and businesses plan for everything from long-term goals to unexpected emergencies. As accountholders, people are more likely to use other financial services, such as credit and insurance, to start and expand businesses, invest in education or health, manage risk, and weather financial shocks, which can improve the overall quality of their lives.

Around 2 billion people don't use formal financial services and more than 50% of adults in the poorest households are unbanked. Financial inclusion is a key enabler to reducing poverty and boosting prosperity. While there has been progress toward financial inclusion, significant challenges remain:

- An estimated 2.5 billion adults worldwide don't have a basic account.
- Globally, 59% of adults without an account cite a lack of enough money as a key reason, which implies that financial services aren't yet affordable or designed to fit low income users. Other barriers to account-opening include distance from a financial service provider, lack of necessary documentation papers, lack of trust in financial service providers, and religion.
- More than 200 million formal and informal micro, small and medium-sized enterprises (MSMEs) in emerging economies lack adequate financing to thrive and grow.
- MSMEs cite a lack of collateral and credit history, and business informality as main reasons for not having an account.
- Some groups are more financially excluded than others: Women, rural poor, and other remote or hard-to-reach populations, as well as informal micro and small firms

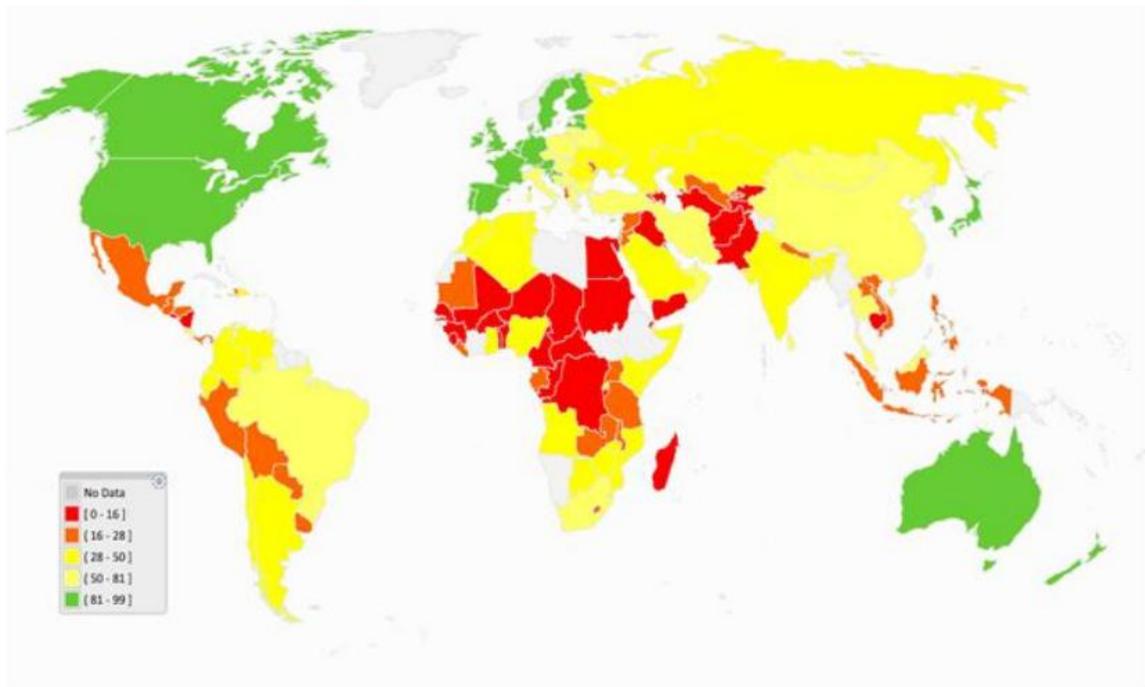
are most affected. For example, the gender gap in developing countries is estimated at 9 percentage points: 59% of men reported having an account in 2014, while only 50% of women did.

- The forcibly displaced populations present one of the most pressing financial inclusion challenges as almost 80% in adults in Fragile and Conflict-Affected States are outside the formal financial system.

Financial inclusion is becoming a priority for policymakers, regulators and development agencies.

## Overall level of Financial Inclusion

**2.5 billion of adults do not have access to formal financial system**



Source: World Bank – Global Findex. Based on the question: do you have an account at a formal institution

## Who are our potential clients?

They are more than 20 Million of unbanked & underbanked people in Kenya, they run cash-only households, have no credit history, have no debts, and widely use smartphones and Facebook. They are the so-called “blue collars” and “white collars”, and SMEs.

Their monthly income is around Ksh2000-70000.

This implies a huge amount of new customers and we are here to bring them to the new global crypto economy.

As people worldwide lack access to basic financial services, they have limited capacity to overcome poverty and to increase their living standards. That implies a lack of access to both banking services (loans, mortgages, or bank accounts) and access to all other services and opportunities. No credit history means limited access to banking services, which means no loans and, no credit history... However, there is hope to break this vicious circle.

There are still more than 10 Million people without formal banking in Kenya. That means they are forced to use cash in their daily life and have no chance to address their urgent needs by applying for banking services. Borrowing from friends and family is the most common source of urgent finances because their loan applications are hardly approved by banks. The reason is always the same: they have no credit history. Although financial organizations declare that there are fewer and fewer unbanked each year, those who remain in an unbanked or underbanked status do not have an easy way to solve their situation.

What are the trickiest things for banks to include such people into their customer base?

Unbanked are profitable at large, but they involve higher risks and lower margins. Blockchain technology offers an answer to classical but outdated banking restrictions. It provides financial institutions with a way to increase market competition and to make a product revolution in financial services.

The current situation enables and even forces all market players to provide fast and affordable services for the financially excluded worldwide.

There is a large percentage of unbanked individuals in Kenya, However according to a report Kenya is leading Africa in internet penetration with over 39.4 million (89.4%) having access to the internet, 92% Mobile penetration, and Mobile money customers increased to 26.3 million with the value of money transacted standing at Ksh1.2 Trillion.. This trend proves that although most Kenya people may be unbanked, digital services and innovative solutions have improved people's lives.

And we are here to help bring all those millions of people to the new global crypto economy.

# Financial Inclusion in Kenya

Account at a formal financial institution (%age 15+)

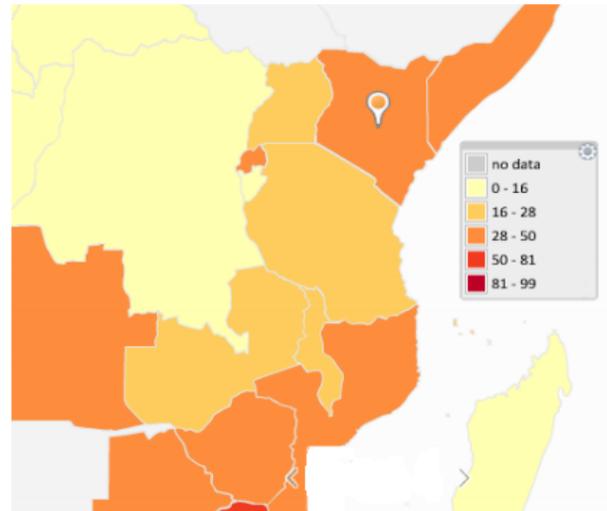
**42%**

Account at a formal financial institution, income, bottom 40% (%age 15+)

**19%**

Loan from a financial institution in the past year (%age 15+)

**10%**



## How a BongaBank Lending Platform Works?

BongaBank is an innovative technological project, the activities of which will have no territorial restrictions. The system will be launched in Kenya, and the coverage of the countries will expand along with the development progress. BongaBank will operate as a legal payment institution, licensed in Kenya.

The platform will work with large and small loans. The minimum loan amount will be Ksh1000 (\$10). This will attract not only legal entities but also individuals to the platform.

The time for which a loan can be issued is not defined. Borrowers and lenders determine the optimal duration of the deal for themselves – from 1 day to 12 months (1 years). Such a flexible approach will ensure the convenience and interest of users.

Lenders and borrowers determine the best interest rate for themselves. To keep lending within the existing market conditions, the BongaBank system will calculate the recommended values of interest rates, which will be lower than in any other lending institutions. More loyal terms will be achieved due to the absence of costs associated with collateral property and competition between lenders.

The system will be fully automated: orders will match and execute instantaneously. The borrower can receive funds in any convenient way (M-pesa or Instant bank Transfer.)

## Theory of Operation

The theory of BongaBank operation can be considered from two sides – lenders and borrowers. But it should be understood that the system does not restrict users in using the project. A lender can become a borrower, and a borrower can become a lender at any time.

### LENDER:

Any individual or legal entity with fiat money can become a lender on the BongaBank platform. No additional permissions for conducting activities within the project are required. To give a loan, the user needs to deposit fiat money into his/her personal account in any convenient way – SWIFT, SEPA, Sofort, bank card. As the platform develops, the ways of replenishing the account and withdrawing money will expand.

The lender creates an application for a loan, which indicates:

- Loan amount;
- Currency;
- Interest rate within the current market conditions (the recommended limit will be provided by the BongaBank system);
- Loan term;
- Additional parameters: possibility of early or partial repayment, the lowest amount for one loan (the loan amount indicated by the lender can be distributed to several borrowers interested in the terms proposed).

The lender will be able to check out the real market offers in order to define conditions that will allow for faster order execution. BongaBank will have sections with statistical data, charts, executed deals and valid offers.

This will create competition within the system, which will allow to get rid of economically unprofitable offers from both sides.

The created offer will wait for a counterorder. If the terms of the loan order match the current market situation, it will be executed instantly.

When the orders are matched and the deal is concluded automatically, the borrower's Bongacoin asset becomes the pledge of obligation fulfillment and is stored in the BongaBank system. The lender receives repayment in two ways, depending on the loan terms:

1. by monthly scheduled payments, including the part of the loan principal and monthly interest;
2. the entire amount at the end of the contract, including the loan principal and all interest due (only for loans for up to 60 days).

If the borrower failed to fulfill his/her obligations, the pledged asset will be automatically liquidated as debt repayment – the lender's funds are insured and protected from the risks of non-return.

BongaBank allows to create an order for giving new loans automatically after the old ones are repaid. Thus, the lender's money will be able to work without his/her involvement.

## **BORROWER:**

To start working in the system, the borrower must deposit Bongacoin into his/her personal account.

To get a loan, the borrower creates an application, which specifies the terms on which he/she is ready to conclude a deal. To assess the market situation, he/she will be able to view the history of the completed and active orders of other users, charts and other statistical data. This information will outline a real picture of the current offers and help decide on the parameters to be used to get a loan faster.

During the loan term, its costs as an interest rate can be offset by an increase in the Bongacoin value. As such, borrowers will be able not only to retain the blockchain assets, but also to earn.

The following is specified in the loan application:

Amount of Bongacoin to secure a loan;

Percentage of the loan amount to the Bongacoin current market value (LTV<sup>3</sup>). Due to the volatility of virtual currencies, the collateral ratio from 10 to 70% will be set. This means that no more than 70% of the market value of the borrower's asset can be borrowed. Such a restriction will be introduced to reduce risks associated with volatility. The borrower chooses and assesses the possible risks on his/her own, depending on his/her asset and loan term;

- Interest rate under market conditions;
- Term for which a loan is required;
- Additional options: possibility of partial replenishment, early repayment, etc.

Once the application is filled out, the system will begin to search for a counteroffer. If there is a suitable one, the orders will be matched instantly.

The funds can be received in any convenient way – To M-Pesa account or Bank transfers.

The loan can be repaid in two ways:

1. payment of the entire debt in one payment (only for loans for up to 60 days);
2. monthly repayment (annuity payments<sup>4</sup>) over the loan duration.

The borrower will be able to pay interest and the loan principal in a fiat currency or a Bongacoin. If he/she is unable to repay the loan, the borrower will be able to refinance it, otherwise a part of the collateral will automatically be sold to repay the monthly payment.

*LTV (Loan-to-value ratio) is the percentage of the loan principal and the estimated value of the asset, which serves as its collateral. The LTV ratio is usually calculated by dividing the loan amount by the estimated value of its collateral. For example, a 70% ratio requires the amount of debt to be not more than 70% of the collateral market value.*

## **Mechanism of Handling Risks**

Despite the stability the cryptocurrency has demonstrated recently, it remains volatile. This is why we have developed a mechanism to protect the interests of users from possible risks associated with the fluctuating exchange rate of virtual currencies.

Throughout the term of the deal, the BongaBank system calculates the ratio of borrowed funds and collateral (LTV). With any change in the exchange rate, the ratio of provided funds to the amount of collateral also changes. When the ratio begins to decline to 70%, the system sends a warning to the borrower about changes in the Bongacoin rate.

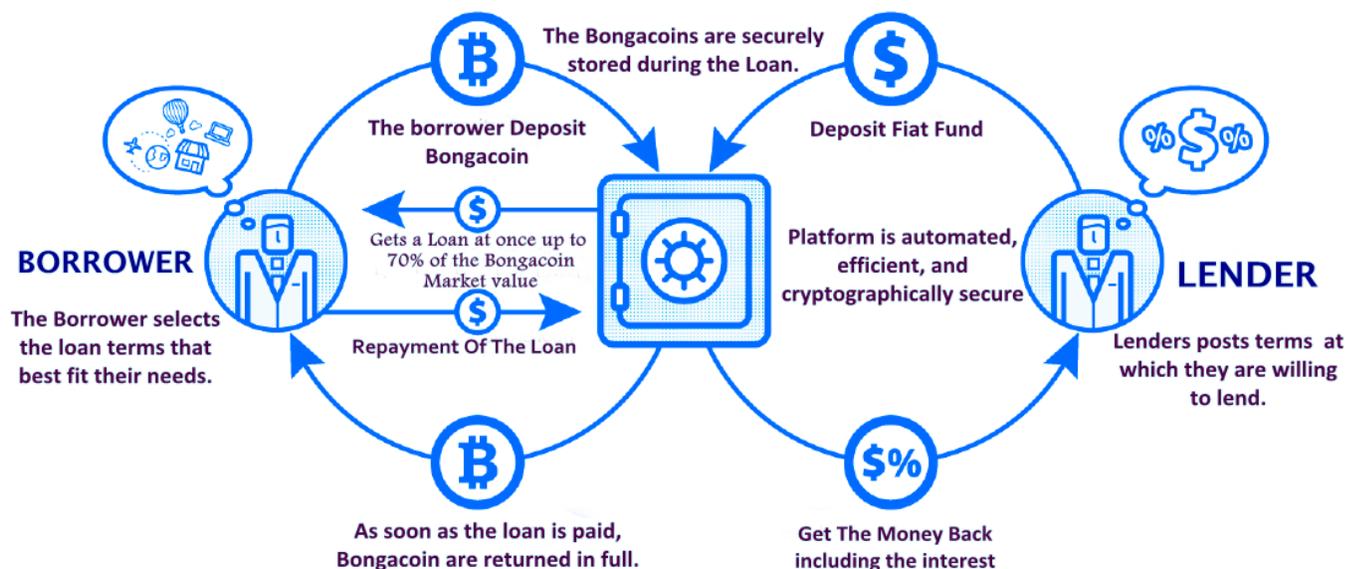
If the ratio approaches 70%, the system will warn the borrower about the need to replenish the balance or sell part of the Bongacoins. If the borrower does not respond, the system will automatically sell part of the Bongacoin at the current rate to secure the loan deal.

BongaBank uses high-frequency monitoring of the market situation on the largest cryptocurrency exchanges. This allows to sell between 71 and 75% of the value of the collateral much earlier than the ratio reaches a critical level.

*Annuity payment is a payment that is set in equal amounts at regular intervals. For example, you pay the same amount each month in accordance with an annuity repayment schedule, regardless of the debt balance.*

*The maximum percentage is indicated in the context of this deal as an example. If the borrower sets the ratio of 10% of the value of the collateral, the warning will be sent when the specified value is reached.*

This mechanism protects lenders from the loss of their investments, while the borrowers can transfer Bongacoins into fiat money in time, repay the loan and avoid losses in relation to the current rate.



## Application Example of How a BongaBank Lending system Works \*

Let's review an application example from the part of the borrower for a better understanding of how the BongaBank system works.

The user has 1000 Bongacoin, and he/she needs a fiat currency. He/she does not want to sell the cryptocurrency at the exchange, as the rate is skyrocketing.

At the current rate, 1 Bongacoin is worth Ksh100, so 1000 Bongacoin are worth Ksh10,000 .

$$1000 \text{ BONGA} \times 100 = \text{Ksh } 100,000$$

This amount can become a collateral for a loan deal. However, according to the BongaBank rules, one can get a loan only in the amount of 10-70% of the real value of the borrower's cryptoasset (LTV). Accordingly, the user can borrow no more than Ksh 7,000. This LTV restriction is introduced to reduce the risks associated with the cryptocurrency volatility.

$$10\% \text{ from Ksh } 100,000 = 10,000$$

$$70\% \text{ from Ksh } 100,000 = 70,000$$

Let's consider a case with a maximum amount and a deposit of 1000 BONGA at a rate of Ksh10 for a period of one year. The amount of collateral is 700 BONGA (70%), 300 BONGA (30%) is a security deposit.

Three scenarios for the entire duration of the contract are possible:

1. BONGA market value will fall;
2. BONGA market value will grow;
3. BONGA market value will not change.

What to do if the Bongacoin price drops to Ksh 80 and the value of the pledged asset amounts to Ksh 80,000

1. Repay the entire loan amount of Ksh100,000 + % and get 1000 BONGA back.
2. Replenish the collateral with the Bongacoin in the amount of 250 BONGA to restore the ratio of the loan amount and the value of the collateral (LTV) to 70%.
3. Repay part of the loan in the amount of Ksh14,000 to reduce the loan principal and restore the ratio of the loan amount and the value of the collateral (LTV) to 70%.
4. Repay the loan in full through selling part of the collateral. In this case, the system will sell about 875 BONGA, and the balance of 125 BONGA will be available for withdrawal.
5. Do nothing. If the collateral value drops to 75% (the BONGA rate drops to Ksh75), then part of the collateral required for restoring the 70% ratio will be automatically liquidated, and the loan amount and interest will be returned to the lender (Depending on the market situation, the sale process will be initiated from 71 to 75%). In our example, the sale of 778 BONGA for Ksh58,350 will be initiated. After the sale, the loan balance will amount to Ksh11,650, it will be secured by 222 BONGA at a price of Ksh75 (the total value is Ksh16,650) and equal to 70% of the loan-to-value ratio. This process will be repeated if the market value of collateral (BTC) drops to Ksh70.

### **What to do if the Bongacoin price grows to Ksh125 and the value of the pledged asset amounts to Ksh125,000**

1. Pay the entire loan amount in the amount of Ksh70,000 + % and get 1000 BONGA back.
2. Withdraw the excess part of the collateral in the amount of 200 BONGA or get an additional loan secured by this amount. The remaining 1000 BONGA will be retained as collateral.
3. Repay the loan in full through selling part of the collateral. The system will sell about 560 BONGA, and the balance of 440 BONGA will be available for withdrawal.
4. If the loan is not repaid by the due date, the borrower will be able to pay only interest due and refinance the loan.

## What to do if the Bongacoin price does not change and remains at Ksh100

1. Repay the entire loan amount of Ksh70,000 + % and get 1000 BONGA back.
2. Repay part of the loan to reduce the loan principal and withdraw the excess part of the collateral.
3. Repay the loan in full through selling part of the collateral. The system will sell about 700 BONGA, and the balance of 300 BONGA will be available for withdrawal.
4. If the loan is not repaid by the due date, the borrower will be able to pay only interest due and refinance the loan.

Unlike the traditional system, in the event of a decline in the collateral value and no response from the borrower, everything is resolved transparently and fairly with respect to both parties to the deal. Moreover, the system worries about the well-being of borrowers and informs them about negative changes in the market in advance.

## Using Bongacoin for Corporate Purposes

Companies that are already engaged in lending can expand their capabilities and customer base with the help of Bongabank.

Our platform will provide an API that lenders can integrate into their own online services. In this way, the lenders will be able to give loans using BongaBank technology without offering their borrowers to use the platform directly.

## OUR MISSION

- ❖ Solving hunger and poverty by providing unbanked people with the access to financial services and a possibility to build their first credit history on a Blockchain.
- ❖ Helping unbanked small entrepreneurs grow their businesses by offering them online loans.
- ❖ Enabling banks, financial companies, e-institutions, and retail businesses worldwide to efficiently scale and serve customers, who previously had no access to their services.
- ❖ Creating an extensive micro-financing ecosystem by providing our franchise to local partners.

- ❖ Raising financial awareness among our clients by offering consulting services and educational materials.
- ❖ Bringing financially excluded people to the new global crypto economy.

## OUR VISION

People are happiest when they have access to the things they need or want. This is called purchasing power and it's what credit provides. Over the years, the lending landscape has gone through several periods of change, and blockchain technology is driving the next evolution. Income-based lending is borrowing from the future to spend money today.

This exists in contrast to asset-based lending, which is a form of monetizing assets already owned. At Bongabank Lending, we see a future where people worry less about their credit score and spend more time recording and monetizing the assets they already have. We seek to enable a new way of monetizing an ever-expanding universe of blockchain assets. We believe that in the not too distant future, ownership of all assets will be recorded and transferred on various blockchains. The increasing recognition of personal assets, at low cost and in a secure and immutable way, will offer consumers

greater financial freedom. The BongaBank Lending Platform is a system that seeks to give value to previously latent capital, unlocking the wealth within physical and social assets, providing a new source of money creation.

Financially include the unbanked into the system who have been suppressed for the longest time. Access to basic financial services is a must in today's day and age. Blockchain has come in as a blessing by creating a truly peer to peer ecosystem on a distributed network.

We are aware that to change from the old Fiat system to this new decentralised ecosystem, will take time. That is why we are taking this journey to start with best of both worlds and eventually move to a truly decentralised network.

Engaging everyone, especially the unbanked population in the electronic finance system via Blockchain will raise incomes of the poor and also improve health care and education systems and bring financial services to your doorstep (aka Smartphone).

## ROADMAP

Our future roadmap and development plan is transparent and precise. We plan on redeveloping the entire Bongabank platform for speed, security and reliability.

## 1<sup>st</sup> Quarter 2018

Start BongaCoin developments, Sever Building,  
Website development, DDoS attack protection

Whitepaper Development/Advisory Group

Pre-Development/Code Testing, Security Audit  
Back End Development/User Platform & Wallets

Web Wallet/Android wallet/Window wallet

Linux Wallet/ Mac Wallet

Completion of developing the platform core.  
Official launch of the platform

## 2<sup>nd</sup> Quarter 2018

Listing Bongacoin on coinexchange, yobit.com, CREX24 & CoinmarketCap Target Price \$2

Launching the development of BongaBank platform core

Expanding the staff. Developing the company's legal structure. Obtaining the required license.

## 4<sup>th</sup> Quarter 2018

Completion of developing the Bongacoin Leading platform core.

## 1<sup>st</sup> Quarter 2019

Apps & APIs development

Massive Marketing campaign

Official launch of the Bongacoin Leading platform.

Merchants partnership to expand Ecosystem

Target one million Bongacoin Community Member and \$100/Bongacoin

*Bongacoin is a digital currency developed in the form of open-source software (OSS) and operates on a peer-to-peer network protocol on the Internet, under the management of no central bank and is NOT affiliated with, funded, or in any way associated with any Company or organization.*

