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BinToken

Whitepaper
2019



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1 ABSTRACT

Bancoin is a Brazilian microcredit Fintech for the unbanked. The business, which completed its testing phase successfully is now seeking to reach a larger scale. Emerged in 2017 and has as its strategic partner proScore, a credit bureau specialized in risk analysis and data science with 18 years in the market and data experience collected from more than 200 million Brazilians.

To leverage microcredit operations, Bancoin issues debts (CCBs) containing a fixed remuneration and term for each operation.

After a thorough analysis of the operation of Bancoin, B.IN Corp. modeled the operation, aiming at the initial sale of 5 million B.IN Tokens, which will guarantee its holders the right to receive their face value plus 150 % of the Brazilian CDI, (currently 6.39%) after 18 months, backed by the CCBs issued by Bancoin exclusively for this operation. Blockchain technology will be used in the stellar protocol to make this funding more transparent, efficient and safe for all involved. Arises from this protocol the token B.IN, which represents and secures the purchase of a security relating to this debt of Bancoin.

INVESTMENT THESIS



Excellent profitability for international standards

Social Impact



High number of unbanked people

High bank spread in Brazil guarantees the return



Few players focused on the unbanked people (10% of the lending fintechs)

ProScore strategic partner creates competitive advantage



Experienced and capacitated team

Transparency by having data recorded in Blockchain



2 CONTEXT

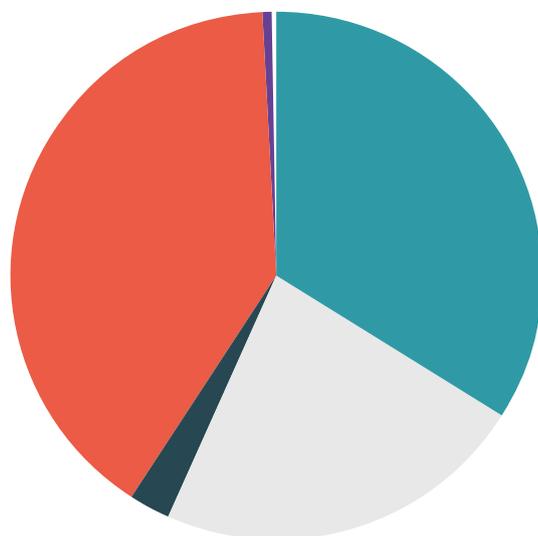
2.1

According to data from the World Bank, Brazil has the 2nd largest banking spread in the world, surpassed only by Madagascar. Given that, comparing to countries with the same spread calculation methodology (Italy, Japan, Chile, among others), Brazil would occupy the first position. Its average spread in 2015 was 31.3 pp while the comparable countries was 1.9 pp, ie the Brazilian spread was 16.4 times higher.

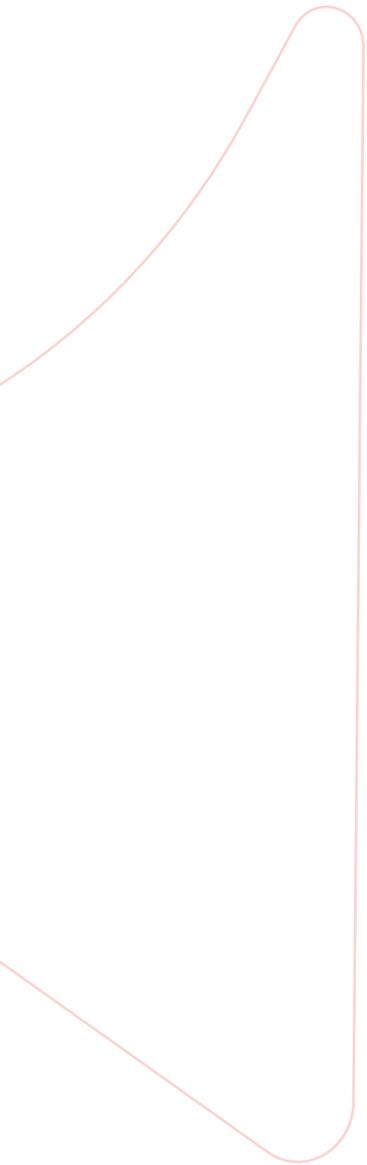
The methodology used to calculate this indicator takes into account 5 factors: Credit Default; Profit and others; Direct Taxes; Compulsory deposit and charges; Administrative costs. In 2016, these factors represented the respective weights for the calculation of the spread indicator: 39.95%; 34.02%; 22.68%; 2.61%; 0.75%.

SPREAD's Composition

- Administrative costs: 0,75%
- Non-performance: 39,95
- Compulsory deposit + charges: 2,61%
- Direct taxes: 22,68%
- Profits and others: 34,02%



Thus, credit default are often pointed out by the Central Bank as the main justification for the high bank spread in Brazil. However, analyzing the behavior of all these factors between 2011 and 2016, we conclude that this statement is not plausible or true. This occurs because all factors have of the spread growth (52%), or even reduced, like the compulsory deposit. In addition, comparing Brazil with countries that use the same



calculation methodology, there is a huge disparity between the factors. For example, Italy has a credit default 3 times higher than Brazil and a spread 8 times lower. Other factors that may justify the high bank spread in Brazil are the high level of concentration of banks in Brazil (the 5 largest banks hold more than 84% of the domestic credit supply); difficulty in recovering assets offered as collateral; high basic interest rate, among others.

2.2. Banco Central Schedule and Brazilian Fintechs

In order to reduce the banking spread, the Central Bank of Brazil has been operating based on 3 pillars: default and guarantees; administrative costs; competition and cross subsidies. As a result of the Agenda to encourage greater competition for large banks, an extremely favorable scenario arises for Fintechs - a term used to refer to startups seeking to innovate in financial services. Thus, according to the Brazilian Association of Fintechs, Brazil can already be considered a global hub for Fintechs, with approximately 400 startups in different spheres of the financial system, such as payments, investments, loans, among others. Among these, we highlight great success cases, such as Nubank, a Brazilian fintech that today has more than 800 thousand customers and has already raised more than R\$ 600 million, with estimated valuation of US \$ 1.8 billion. Another recent case of success was PagSeguro, a Brazilian fintech who made its IPO on the New York Stock Exchange, resulting in raising US \$ 2.7 billion.

2.3 Unbanked people

Another consequence of the high banking concentration in Brazil is its high number of unbanked people. Today, approximately 50 million people representing 50% of the population considered economically active, which makes them excluded from the traditional financial system. In this way, facing numerous adversities, such as low security to receive and save money, make payments, invest, among other financial services. This factor, linked to the low level of financial education, leads Brazil to a high index of indebted people (61% of Brazilian families declared having some kind of debt in 2018), as well as having one of the lowest levels of savings in the world, below 15% in relation to GDP. On the other hand, there are a large number of these deb-



tors who have good financial health, a good history of payments and no debts. However, despite being potentially good payers, this part of the population ends up being excluded from the traditional financial system due to a desinterest and unfamiliarity with the payment and behavior history , caused by the mass analysis and its internal risk management policies. According to ProScore, the strategic partner of Bancoin, and an information and credit analysis bureau with 18 years of market, there are now in Brazil about 13 million unbanked people considered good payers. That is, they have a good payment history and a low probability of default.

2.4 Microfinances & Social impact

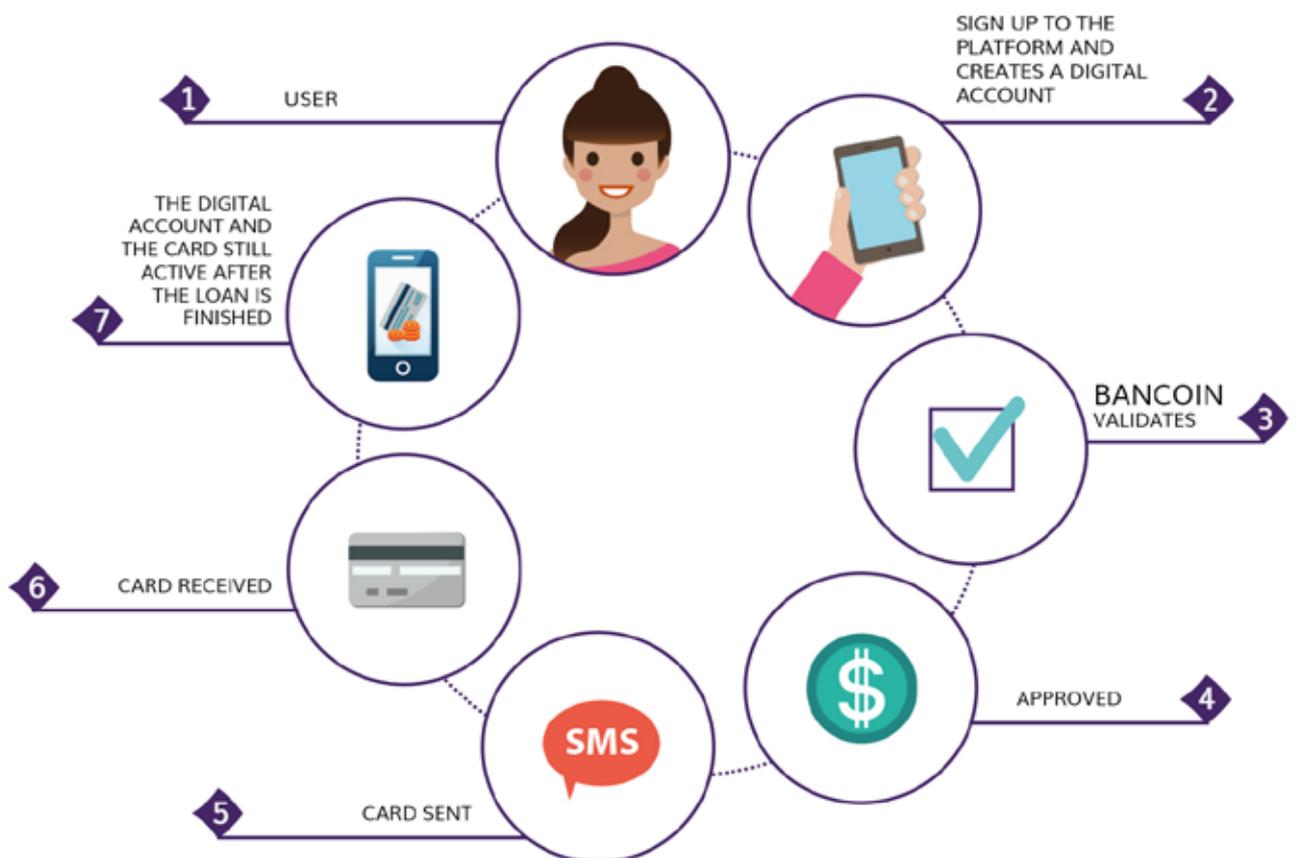
In addition to the enormous financial returns potencial, including these 13 million unbanked, considered good debtors, in the financial system will have a major social impact. Muhammad Yunus, a Bangladeshi economist who is known for winning the 2006 Nobel Peace Prize in 2006 for his work at Grameen Bank, a microcredit bank for the extremely vulnerable population in Bangladesh. Currently, Grameen Bank has 2185 branches, borrowing the equivalent of U.S. \$ 5.72 billion to 6.61 million borrowers, of which 97% are women. Its default rate is considered very low compared to others institutions, remaining at the level of 1.15%.

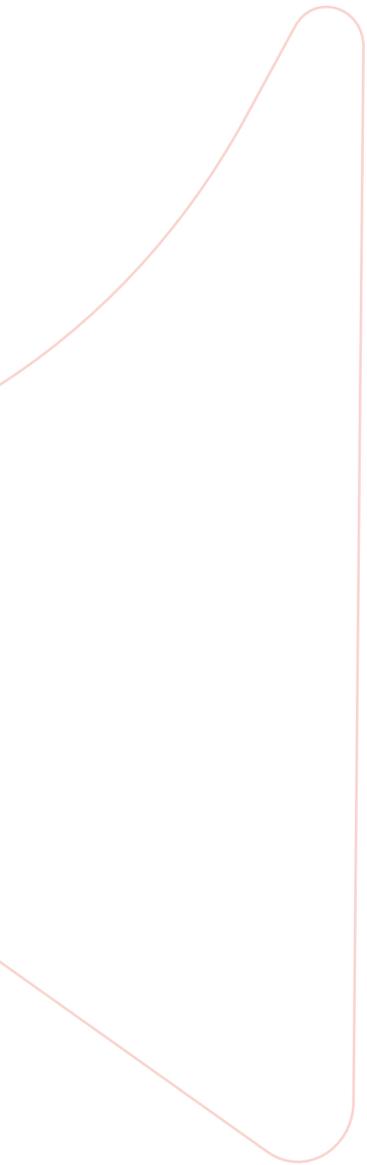
2.5 Bancoin

In order to offer loans from R \$ 500 to R \$ 1,500.00, at a competitive interest rate (around 6% per month), in 2017 Bancoin arises. Having proScore, a credit bureau with 18 years in the market and a database with more than 200 million Brazilians, as a strategic partner, Bancoin counts with extremely high quality data regarding the unbanked, which allows Bancoin to understand like few companies, the consumption profile, the needs and behaviors of their target. Thus, Bancoin is able to implement highly effective predictive models, mitigating the risk of defaults, allowing its partners to cover a fair interest rate, which results in average ticket installments of R\$ 190.00 in up to 18 months,

which fits into the pocket of their customers and provide a great and sustainable financial result for the operation.

A first period of testing the capture of the client has been carried out we broadcasted an SMS for people in our database (13 million unbanked people with an adequate rating). The conversion these texts messages was 30%, wich is considered excelente.





Digital Account

In addition to the loan, brought the prepaid credit card that we send to our costumers and it is issued by a partner company, a new demand was identified for this public: access to a digital account, managed by our financial partner institution. That is the access to a account that ends up been digital but that enables him to save his money, to pay for his bills, transfers to others, among other services.

3 THE FUNDING

3.0. The Funding

To finance its microcredit operations, Bancoin is making available to B.In the opportunity to transfer CCBs backed by the operations, in a total amount of five million reais (R \$ 5,000,000.00), within a remuneration equivalent to 150% (one hundred and fifty percent) of the Brazilian interest index (CDI).

3.1. Objective

To make the transaction efficient and transparent, it will be used the Blockchain technology, through a Stellar protocol. Thus, the token B.IN, which represents and ensures the purchase of a right to receive a security drawn against Bancoin, arises from this protocol.

3.2. Token B.IN

Token B.IN will represent a right that the holder will have against Bancoin to receive after 18 months, the principal invested plus a fixed rate of 150% of the Brazilian CDI. It will not be possible to trade this token in the secondary market, such as in brokerage firms, and can not even be exercised before the due date. The technological risks involved in this token are minimal, since in case of a hack, there will be a destruction of the tokens and a new token emission will be made, with no cost or damage to the original token holders. This is possible thanks to the Know-your-client process that precedes the purchase of the tokens. That is, tokens emitter knows and protects the information of the real holders of their tokens, which prevents the action of possible hackers.

B.IN Bancoin

REGISTER [I am already registered](#)

Start **Contact** E-mail confirmation Password

Name and Surname
Informe o Nome e Sobrenome

Cell phone
Informe o Celular

Email
Informe o Email

I am not a robot.

Next

3.3.

The returns from the investment in Bancoin's debt through the purchase of the B.IN token are not tied to the default rates of the loans made by Bancoin. That is, the investor is not directly exposed to the credit risk of Bancoin's operation. This is justified by the fact that Bancoin carries out risk management and credit analysis with excellence above the national average, obtained through the expertise and broad data offerings provided by its business intelligence proScore technology partner. Thus, Bancoin's default rates have been proven below the average observed in Brazil. To increase the safety further, the amount raised for the loan will be allocated only to AAA rating users, according to ProScore's risk assessment, thus further reducing the likelihood of default.

Finally, even if there is a small credit default, it is already priced in the calculation of the Spread practiced by Bancoin on the loans, thus exempting investors from the risk of a possible default.

3.5. Roadmap



May, 2018
Blockchain
Technology
Platform



October, 2018
Pre-sales
Token B.IN
(Whitelist)



February, 2019
Public sales
Token B.IN



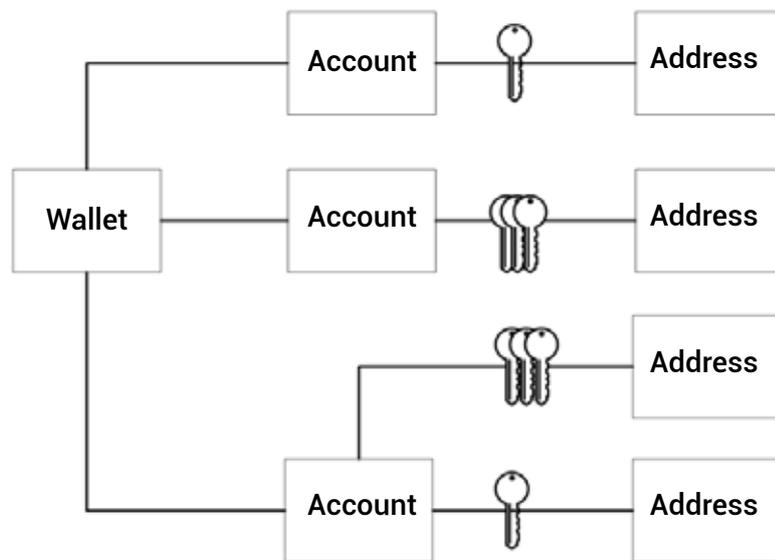
August, 2020
Dividend
distribution

4 TOKEN

4.0 Token technology and security

B.IN maintainers shall be responsible for all security and maintenance of the user's digital asset during the period between the purchase and return of the token investment. The custody service relies on the multisignature-5 process, providing security to the fund's wallet during the period. It means that for any move in the main wallet, must be at least three-of-five multisig to allow a transaction.

Illustration of selections N / M for handling in multisignature portfolios.



In multisignatures wallets it is possible to stipulate a specific amount of the total of existing private keys to administer a portfolio. You can, for example, set the total of 10 private keys, but only 3 of them need to sign in to validate a transaction. In the BIN case, we defined 5 keys and 3 signatures for their validation. They are distributed in three hubs of the initiative, ensuring the safe dispersion of their access.

Once secured by the process that has not yet been frauded, the other fronts of access to value, such as Web interface, will have a technical report from security experts. References in the area for years, B.IN partners sign the most important bank security reports, as well as its internationally famous name for excellence in hacking good. It means that in addition to custody protection, the contact layer between users, web interface and B.IN will have security guaranteed by checking and reporting by a third party expert, evidencing the strengths for invasion. In this way, we have established a safe investment and custody flow along all the parts involved.

5 RISKS

5.Risks

The following table shows possible risk factors highlighted by the funding team and the respective strategies adopted by Bancoin to mitigate them

RISKS	RISK MANAGMENT
Credit default	Financial modeling of the operation predicts up to 15% of credit Default
CDI rise	Our spread forecasts a CDI rate of up to 25%
Dificulty to acess clients	13 million unbanked people with adequate rating and 30% conversion via text message
Low entrance barrier	Only 10% of the lending fintechs are focused on our target. proScore as a strategic partner creates a sustainable competitive advantage.

6. Team & Resource Allocation

Bancoin's team is composed of experienced and trained professionals with different backgrounds. In addition to the exclusive professionals of Bancoin, the fintech uses the expertise of its technology partners and ProScore.

This possibility results in a large reduction of administrative and operational costs, as well as maximizing the synergy potential arising from the relationship between Bancoin and ProScore. In addition to the Bancoin team, an exclusive team was formed for this funding, aiming to increase the safety and assertiveness on the funding structures.

The following is biographical information of members of the Funding team and Bancoin.

