

# sikoba

{ Sikoba is a global and decentralised money platform based on peer-to-peer IOUs and built on blockchain technology }

## { timeline }

Crypto-anarchy movement (late 1980s)

Experiments with digital “money” (e-cash 1990-94 & others)

bitcoin & crypto-assets (since 2009)

Fiat money on blockchains (past few years)

**Time to put IOUs and credit money on the blockchain !**

## { vision }

### P2P payments and remittances:

- + have already reached \$1 trillion globally
- + share of mobile payments small but growing fast

### P2P lending:

- + \$26 billion globally in 2015
- + growing at 50% p.a. and expected to reach \$900 billion by 2024

### P2P IOUs:

- + a new market sector ready to emerge

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## { money before central banks }

- [ 1 ] **Money**  $\approx$  **credit** – esp. during periods of thriving commerce
- [ 2 ] **Many monies** circulated – therefore need for optimisation, i.e. choosing the “least expensive” to pay with in a given situation
- [ 3 ] Commerce was often based on **P2P credit** – therefore need for clearing

*The Banking Law Journal, May 1913*

## WHAT IS MONEY?

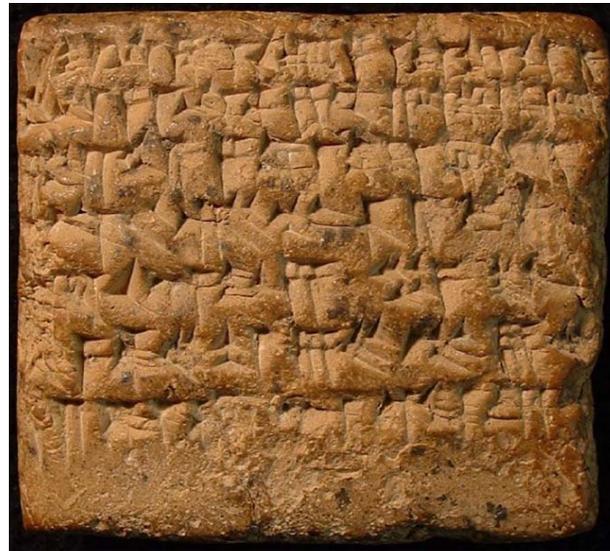
BY A. MITCHELL INNES.

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Credit is the purchasing power so often mentioned in economic works as being one of the principal attributes of money, and, as I shall try to show, **credit and credit alone is money.** Credit and not gold or silver is the one property which all men seek, the acquisition of which is the aim and object of all commerce.

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*Late Babylonian receipt for payment of silver*



## { money in the central bank era }

[ 1 ] Today, **money creation is done almost exclusively by banks**. By making loans, banks take the credit of individuals, companies and public sector bodies and convert it into bank credit, or bank money, for a fee.

[ 2 ] There is **only one type of money**, for example the Euro in the Eurozone, despite a variety of issuers.

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**{ the future of money? }**

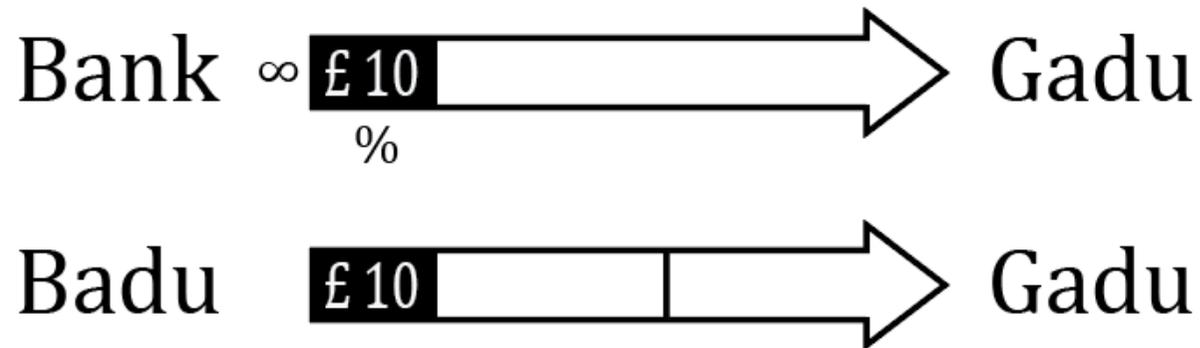
*Imagine a system where many types of money and many types of credits coexist,  
and any two users, or any group of users, can choose how to use them...*

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**{ key concept : accepting credit }**

+ final vs temporary credit

+ credit conditions



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## { credit conversion }

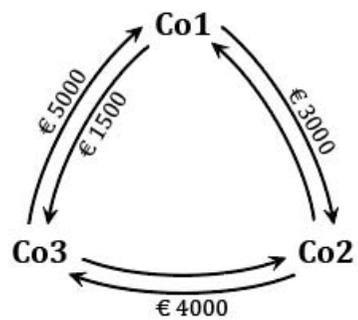
- + users decide terms of credit conversion
- + similar to “rippling” but with attached terms and conditions



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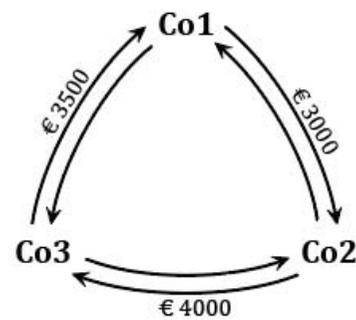
## { netting and clearing }

+ we plan to support multi-currency clearing also



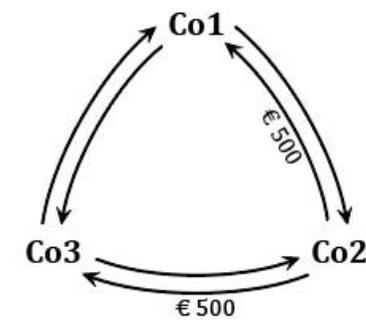
$\Sigma \text{ € } 13\,500$

Netting  
Co1/Co3



$\Sigma \text{ € } 10\,500$

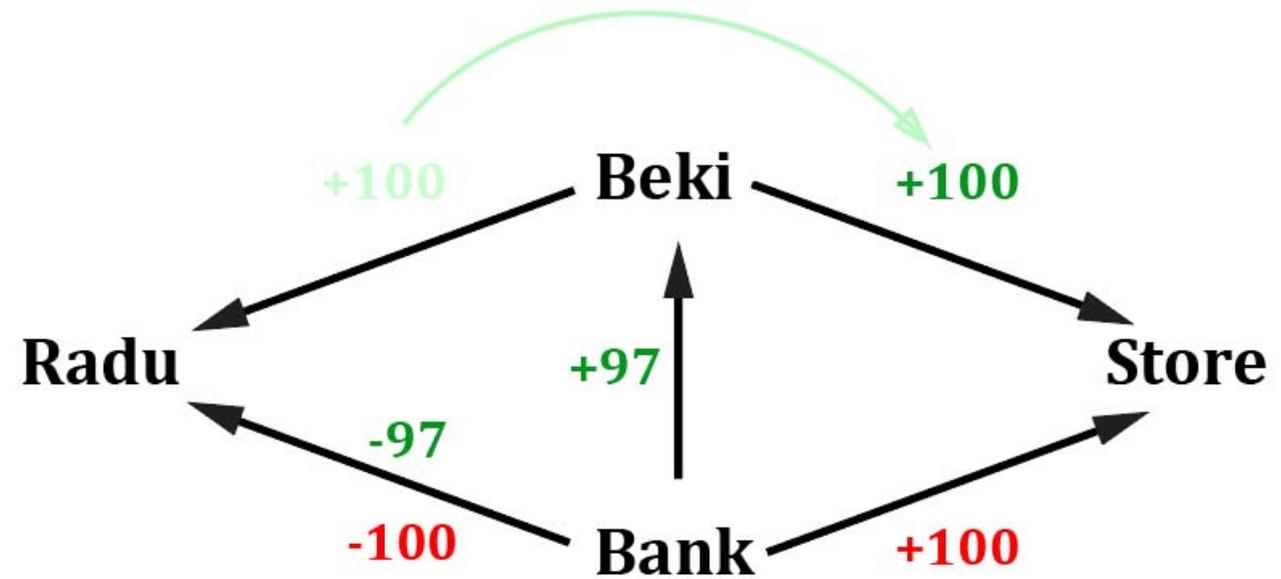
(3500)  
Clearing



$\Sigma \text{ € } 1\,000$

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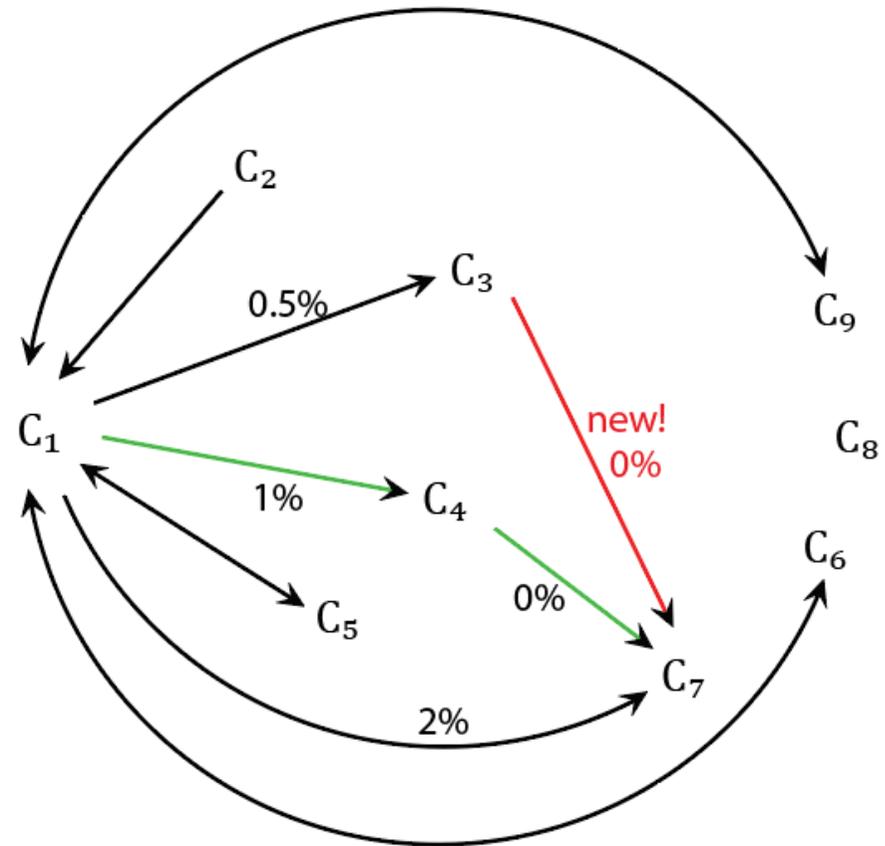
{ optimal payment path }



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## { ongoing optimisation }

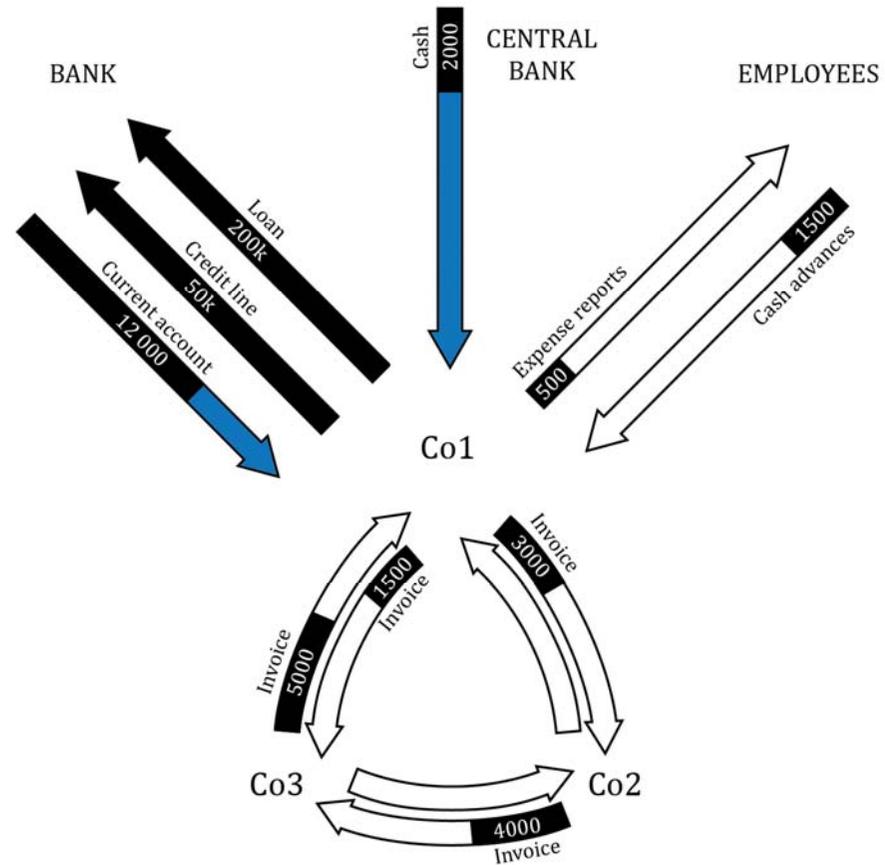
+ the addition of new credit relationships may result in a new optimal payment path



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{ in the real world }

Financial relationships  
in the real world can be modelled  
using credit agreements



## { key platform features }

- > Users can define their own credit relationships, what money and credit they accept, and on what terms.
- > Optimal payment path computed automatically for all payments.
- > Ability to create new currencies, linked to financial assets or other external data.
- > Library of predefined contracts for typical use cases (interco credit system, ...).
- > Ability to create custom contracts - although an audit may be required.
- > Access to fiat currencies and other financial instruments via gateways (banks)

## { example : accepting credit for final settlement }

Let's take user Radu who is configuring his account. First, he specifies which credits he accepts for final settlement – ie without further conditions.

- > Accepts and AA+ rated bank credit in EUR (that is Euro fiat money)
- > Accepts bitcoin, but total holdings not to exceed the equivalent of EUR 2,500.
- > Accepts local currency Beki at a discount of 3%, but total holding not to exceed 1,000.

## { example : credit communities }

Radu is actually the CEO of an SME, he has applied to join a local interco credit system and has been accepted with a credit line of EUR 10,000. By joining the system, he agrees to its rules, which could for example be:

- > Every member must grant as much credit as he receives
- > There is a fee of 0.1% for each transaction, to go into a default guarantee account
- > Monthly clearing of balances on the last day of each quarter, with debit balances exceeding EUR 5,000 payable in EUR fiat
- > ...

## { example : custom contract }

Radu often does business with “Widgets & Co”, so he agrees to accepting their credit under the following conditions:

- > Currency: EUR only
- > Credit line of EUR 10,000, but only if the total exposure of Widgets does not exceed EUR 50,000
- > The credit is free for 30 days, after which a 5% pro-rata interest applies
- > The credit must be cleared within 90 days, or settled in EUR fiat at that time
- > Radu also accepts credit conversion to the tune of EUR 5,000, as long as his own available credit lines exceed EUR 20,000
- > These conditions remain valid as long as Widgets accepts Radu’s credit on the same terms

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## { technology }

- > Permissioned mining
- > Miners are elected by all nodes and form the “Sikoba federation”
- > Governance and economic rules will be specified on the blockchain, federation members vote to make changes
- > A public blockchain will be used as a “notary”
- > Concept of “Optimisation consensus protocol”
- > ... this is work in progress, we’re still looking at various options

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## { optimisation consensus protocol }

Leverage the distributed processing power of the nodes to solve complex optimisation problems:

- + agree on state of system
- + run optimisation program for a predetermined period of time
- + the best solution wins (based on common cost function)
- + all nodes verify the solution
- + the resulting state is written to the next block

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## { use cases }

- + inter- and intra-company credit systems, to reduce reliance on bank financing
- + partial alternatives to micro-credit systems
- + jump-starting local economies for the world's "underbanked"
- + quickly set up alternative money/credit systems during crises
- + local currencies

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**{ token presale – in progress! }**

We aim to raise enough money to produce a MVP (minimum viable product)

Presale buyers will obtain the right to receive 50% more Sikoba tokens per ETH compared to buyers of the future crowdsale

Sikoba token will be used to pay for commissions on the Sikoba platform

More info at [www.sikoba.com](http://www.sikoba.com)

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