



# Global new cross-border cryptocurrency for stable savings and payments

Koinon Platform Whitepaper v5.0.2

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## I. Koinon Ecosystem Executive Summary

Koinon is a global Digital Coin and Token based payment platform for both consumer payees and merchants. The Koinon platform is part of the Komodo (KMD) blockchain ecosystem, which leverages the security of the industry-standard Bitcoin (BTC) platform. Koinon consists of cryptocurrency digital payment coins (“dcoins”) called KOIN, combined with a system designed to enable universal point of sale (POS) acceptance of a wide variety of payment methods, including: (1) cards (cryptocurrency-linked debit cards, plus standard Visa, MasterCard, AMEX, etc.); (2) fiat currency-based eWallet/mobile pay solutions (Alipay, WeChat Pay, Kakao Pay, Samsung Pay, Android Pay, etc.); and (3) cryptocurrency-based eWallets (KOIN, KMD, XRP, XLM, BCH, etc.)

*Note that in this document the terms “cryptocurrency” and “tokens/coins” are generally used interchangeably.*

Koinon is bridging the gap between the current environment, in which most POS merchant processing systems accept only cash and credit/debit cards, and the coming world in which most offline and online merchants will be seamlessly equipped to accept all relevant payment methods. With mobile payments and blockchains gaining greater prominence by the day, it is inevitable that such OmniChannel payment acceptance will be the norm within the next few years. Koinon is positioned to lead that revolution and become the de facto industry standard, providing the solution needed for both merchants, including our existing 27,000+ point of sale network, and consumers, while creating a valuable cryptocurrency in the process.

At present, it is extremely rare (or nonexistent) to find true OmniChannel acceptance of BTC (Bitcoin), KMD (Komodo), BCH (Bitcoin Cash), XRP (Ripple), XLM (Stellar Lumens), other tokens/coins, QR code eWallet, and V/MC/JCB/UnionPay in one integrated merchant POS offering for physical merchants. While these features do exist for online merchants, the offline market is both immense and almost completely untapped. Our focus is building this service for regional merchants, first focusing on Asian markets where cryptocurrency payments are allowed (Japan, HK, Singapore, Thailand, Australia, Philippines), and eventually expanding to non-card based regions like Africa, Latin America, underbanked Europe, and others while leveraging strengths in our initial Asia expansion.

### Key Elements of the Koinon Ecosystem

- (1) **Koinon eWallet**
- (2) **Cryptocurrency-backed international debit card linked to Koinon eWallet**
- (3) **eWallet/cryptocurrency acceptance of all providers’ eWallets and tokens/coins via Koinon Cloud POS technology**

The Koinon platform includes an eWallet + linked debit card feature for consumers. The company has already created 125 million KOIN dcoins, which along with KMD, BTC, BCH, XRP, and XLM (and others in the future) will be held in the eWallet. Given current processing times and fees, the preferred tokens/coins for actual payment transactions will be KMD, XRP, and XLM, which have major advantages over the behemoths of ETH and BTC. In the cryptocurrency space, things of course change rapidly, so Koinon is prepared to add additional tokens to the wallet as needed to meet market demand.

In the 24 months following launch, the company intends to amass a rapidly growing portfolio of merchants and enable them with the hardware and software required to accept all payment methods. We have already established an initial technology integration agreement with Asian payment services provider VEII, which controls a portfolio of 27,000+ existing merchant point of sale terminals. These terminals will be upgraded to include Koinon payment acceptance across China, HK, Macau, Philippines, Malaysia, and Singapore.

Asia will be the initial target market, capitalizing on both the regional expertise of the Koinon management team and Asia’s strong receptivity to, and existing usage of, alternative payment systems. The platform will be expanded globally within 18-24

months, with a focus on markets with large unbanked and underbanked populations.

The features of the eWallet and debit card are fairly standard in the industry. However it is the acquisition of merchants as users of Koinon's OmniChannel POS processing system that represents the critical part of the company's long-term vision. And for this effort, speed and scale are critical in capturing a dominant market position.

While organic growth will play a significant role in the acquisition of merchants to grow the existing contracted 27,000+ points of sale, the proceeds of KOIN sales will provide funds to help jump-start the rapid acquisition of large existing merchant portfolios. Koinon's management team has deep experience in the payments industry and is already in discussions with a number of existing companies holding such portfolios to replicate deals similar to the 27,000 points of sale technology services integration agreement with VEII.

### **Revenue Model**

Koinon's revenue will come from multiple sources. There will be Koinon-linked debit card fees for converting KOIN/XRP/XLM to fiat currency for POS transactions. The debit card will be accepted by all merchants who accept Visa/MasterCard, and its usage will generate roughly 1.5%, which is standard for the prepaid crypto debit card industry. The same transaction fee applies for eWallet users paying via QR code.

These eWallet fees will represent much of Koinon's revenue in the company's initial stages. However, Koinon's much more lucrative opportunity lies in enabling merchant acceptance of eWallets. Once this Koinon technology is rolled out and in widespread use, merchant fees are expected to make up the majority of the revenue mix.

Merchants using Koinon's payment acceptance technology will generate a 1.0% merchant fee (paid in KOIN) to receive funds from any/all cryptocurrency eWallets, including the Koinon eWallet. Importantly, revenue from merchant fees will come from all the merchants' crypto payment transactions processed by Koinon, not just those in which the consumer is using the Koinon eWallet. These merchants now pay 2-5% service fees to accept V/MC/AMEX/JCB/PayPal at POS. Hence eWallet acceptance with typical 1.0-1.5% fees represents an attractive new option, providing merchants a strong incentive to accept these payments – and to encourage their customers to use them. Merchants will continue to pay 2-5% fees for standard card transactions that are unrelated to an eWallet, as they are accustomed to paying now.

### **KOIN**

Koinon management has created a blockchain based on a copy of the KMD blockchain. Because KMD is a "Bitcoin-type" coin, KOIN is as well. The connection is that a blockchain in the Komodo ecosystem is secured with the hashrate of the Bitcoin blockchain. This is made possible with Komodo's unique security mechanism, which stores a backup of every chain in the ecosystem onto the Bitcoin ledger every ten minutes. Hence the Koinon blockchain has the same level of security as the Bitcoin network. This unique security service is called delayed Proof of Work (dPoW), and it is one of Komodo's most fundamental innovations – which contributed strongly to Koinon's choice to work with Komodo.

In addition, teaming up with Komodo for Koinon's blockchain provides superior performance, as the system is capable of executing 20,000-44,000 transactions per second, with each transaction requiring approximately 1-3 seconds and cost of USD \$0.01 per transaction. These numbers compare very favorably with any other transaction capability available and contribute to positioning Koinon to be the logical choice for payments.

The Koinon blockchain and 125 million KOIN dcoins have already been generated. The native eWallet for KOIN storage is Komodo's Agama wallet, which has been adapted for KOIN and is now live as KOIN is now available on the Agama desktop wallet version, storing not only KOIN, but also other coins/tokens including stable fiat linked stable coins.

Usage of KOIN in everyday transactions at merchant points of sale will be encouraged by offering all KOIN holders a 1/3 discount on the 1.5% conversion fees for usage of the Koinon debit card or eWallet QR code. The discount to 1.0% is available to users opting to pay the fee with KOIN, even if they choose to pay for the transaction itself with another of the available tokens/coins, such as XRP or XLM. A further 1/3 discount to 0.5% will be given to users who pay for the entire transaction with KOIN.

KOIN is already available for trading on KMD's decentralized exchange (BarterDEX) as well as on digitalprice.io, allowing for both purchase and sale of KOIN immediately. Koinon also plans to list its dcoins on cryptocurrency exchanges to broaden KOIN's user base and enable users to acquire and dispose of KOIN as required for their individual situations.

### **Use of Funds**

Proceeds from the ongoing sale of KOIN dcoins on BarterDEX, and eventually other exchanges as well, will be used to finance development, partnership programs, float (both fiat and KOIN), operations, regulatory, audit, legal, and most importantly, marketing and customer acquisition. It is anticipated that approximately 15-20% of KOIN dcoins will be used to cover these operating expenses. The largest expense will be for marketing and customer or merchant portfolio acquisition as the company runs marketing and acquisition campaigns to increase both the number of consumers using the Koinon eWallet and the number of merchants using Koinon's OmniChannel payment processing services.

## II. Background

Blockchain technology or Distributed Ledger technology in a broader sense is one of the most exciting and broad reaching digital innovations in recent years. Much like the Internet itself, it has the potential to completely change the way humans interact – both online and offline. Cryptocurrencies like Bitcoin (BTC), Ethereum (ETH), and Ripple (XRP) are currently the most widely known applications of blockchains, and they have represented a tremendous growth opportunity for many investors and users over the past few years. While cryptocurrencies have not yet reached critical mass for frequent use in everyday financial transactions, the likelihood of a near future in which this is the case appears high. However, major obstacles stand between the current picture, in which payments are made primarily with cash and credit/debit cards, and a world in which merchants seamlessly accept a wide variety of payment types.

These obstacles may have slowed the widespread adoption of cryptocurrencies, but they represent a tremendous valuecreation opportunity for companies that can help remove them and capture a significant share of such transactions. With its eWallet and OmniChannel technology for merchants' digital payment acceptance, Koinon is positioned to be one of these groundbreaking companies.

### **Leapfrogging Traditional Institutions for the Unbanked and Underbanked**

Looking at the bigger picture, it is clear that a remarkable opportunity exists around the Asia Pacific region and in other emerging markets to connect countries, currencies, commerce and consumers in a way that has never before been possible. The advent of all types of digital payments, combined with mobile technologies, has enabled payments to occur not only faster, but more conveniently and with less infrastructure than ever before. These technologies connect offline to online, online to offline, and provide the underbanked with an unprecedented opportunity to participate in the local and the global economies by effectively leapfrogging traditional institutions. There is no need for these consumers to slow themselves down by moving from having no financial services to traditional bank accounts and credit/debit cards. Instead they can leapfrog this step entirely, moving straight to cryptocurrency based financial services.

Koinon is positioned to break down the barriers between these markets and those businesses and consumers that may benefit from them, using technology to amalgamate all of the significant regional payment methods into a single payment and merchant POS solution for both consumers and merchants. The solution encompasses everything from fiat currency with rapid arbitrage mechanisms, to digital wallets like Alipay, WeChat Pay, Samsung Pay, Apple Pay, and others, to more future focused and rapidly expanding blockchain/DLT-based tokens/coins such as XRP, XLM, KMD, BCH, and BTC and the significant advantages that they offer. This will reduce the barrier to entry for all consumers, regardless of income or geography, to access goods and services that have traditionally been out of reach, while providing merchants with access to those same consumers, be they online or offline.

Koinon is able to address several immediate opportunities:

- Merchant points of sale across Southeast Asia to provide them with access to dominant payment platforms, such as WeChat and Alipay, allowing them to do more trade from, e.g., Chinese tourists (who use these payment methods so much that cash payments are becoming almost unheard of in their home country.)
- Providing the unbanked and the underbanked with the ability to transfer funds to friends and family at low to no cost, instantly.
- Currency transfer and arbitrage at higher speed and significantly lower rates than existing remittance facilities.
- Providing a secure facility through which consumers can store their savings.
- Providing debit card access to the underbanked to reduce the technical barrier to entry and provide seamless access to traditional payment networks.
- Enabling regional trade to happen faster and more cost-effectively.
- Providing access to online shopping portals across APAC to consumers in all markets, as opposed to the domestic markets they are now mostly restricted to.

The key to Koinon's success, initially, will be generating demand for several of these key components in order to reach a critical mass, namely:

- Person-to-person transfers, e.g., a domestic worker in Hong Kong transferring funds home to her family in the Philippines or Indonesia, traditionally facilitated by Western Union or MoneyGram, at significant cost.
- Merchant adoption such that a critical mass of merchants, for reasons of convenience and ease-of-use, will encourage Koinon end users to increasingly leverage their Koinon wallets instead of fiat currency at points of sale.

### **Cloud-based POS Systems**

Another major recent advance in payments and processing is cloud-based POS payment and check-out terminals to replace traditional cash registers. One of the key advantages of using these new systems is the simplicity with which multiple payment modes can be "stacked," making it much easier to install Koinon's OmniChannel processing applications. To better grasp the significance of this advantage, consider that with existing cash registers the task of adding each additional payment mode (e.g., cards, XRP, XLM, KMD, BTC, BCH) requires software to be written and installed directly with the back-end system. This can often be an arduous task and a strong barrier to merchants taking action.

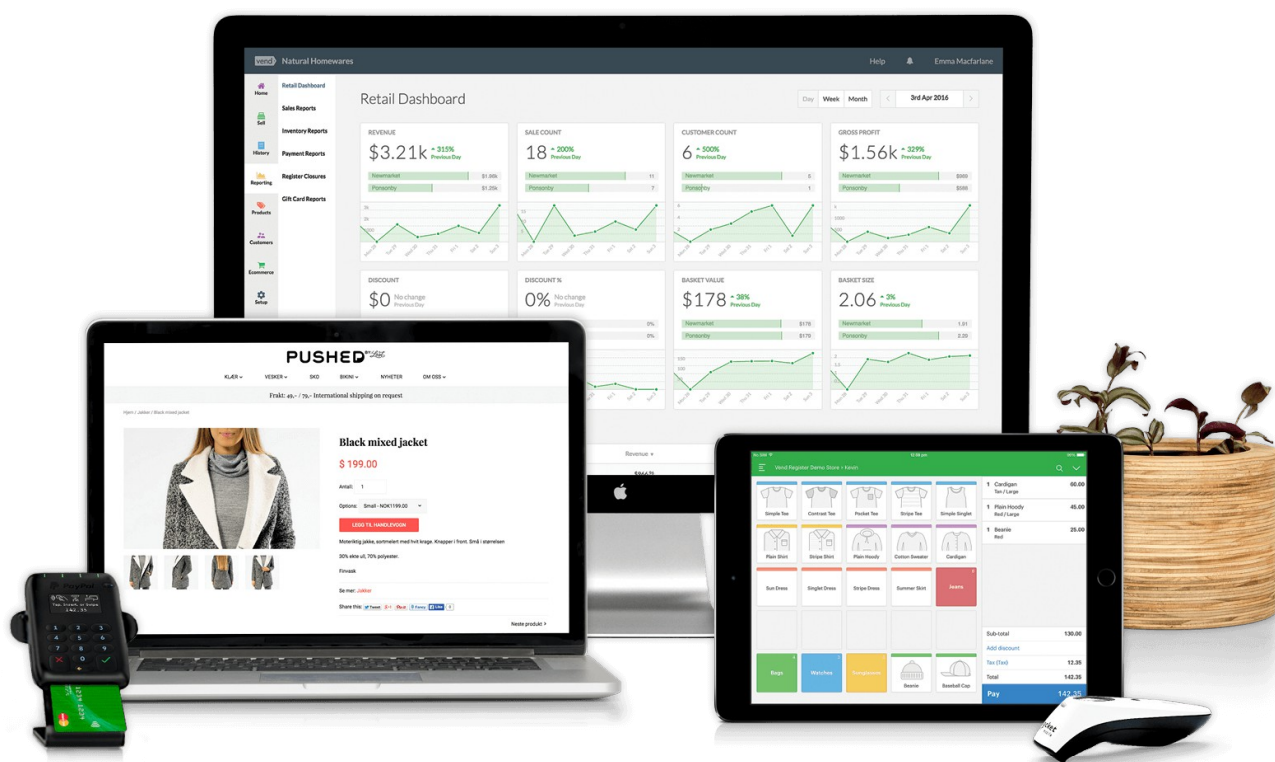
In cloud-based POS systems, adding each additional payment channel is effectively as simple as downloading and installing

an app on a smartphone. There is no challenge to integrate it with previously installed applications, and no programming required. Hence Koinon's OmniChannel payment acceptance does not need to be configured for each POS individually. And as additional payment channels become available, merchants can bring them online with the same level of ease. Merchants in Asia are just beginning the process of upgrading to cloud-based terminals. This major long-term industry trend dovetails perfectly with the growth in cryptocurrency payment options, as well as Koinon's OmniChannel rollout. As merchants make the upgrade, it's a natural opportunity for them also to upgrade to acceptance of all relevant OmniChannel payment methods. The combination of pressure to upgrade to cloud-based hardware and software, combined with the pressure to accept modern payment methods, provides an ideal backdrop for Koinon's message and its easy-to-install technology systems.

The transition to cloud-based terminals is a once-in-50-years type of revolution in the industry, and Koinon is perfectly positioned to be the first to take maximum advantage of it. Koinon will lead the way in pairing cloud-based terminals with OmniChannel payment acceptance, enabling the company to capture enormous initial market share – and the fees that accompany it.

Figure 2 on the following page provides an example of one cloud-based POS system that is currently available to merchants.

**Figure 2: An example of a cloud-based POS system on the market today**



### III. Koinon Digital Payment Services

To date, most eWallet providers have focused on enabling the universe of online merchants. As this market moves toward saturation, the greatest opportunity now lies offline, at physical merchants' Points of Sale. New eWallet providers coming out of China have led the way in offline digital payment transactions. Providers of mobile eWallet payments such as Alipay and WeChat Pay, as well as to a lesser degree others including PayPal, Line, Kakao, Samsung Pay, Apple Pay, Android Pay, etc., have focused on enabling physical stores worldwide to accept their payments in an O2O (online to offline) push.

However, merchant acceptance solutions from these providers are “closed systems,” meaning the merchant is enabled only to accept payments for that particular eWallet provider. So if a merchant wants to accept payments from five different eWallet providers, it must have five different technologies installed and maintain five different relationships. The huge advantage of Koinon's solution is that its OmniChannel system requires merchants to have only one relationship and one technology platform to accept payments from ALL eWallet providers.

Koinon aims to seamlessly enable consumers to pay with XRP, XLM, KMD, BTC, BCH, and other tokens/coins by being the leader in building digital payments infrastructure for processing these payments at physical points of sale. At present the landscape of eWallet providers is vast, with more coming into the market nearly every day. These eWallets are competing

against each other for use by consumers. While Koinon will be offering its own eWallet to consumers, the company believes that the much greater opportunity is in providing acceptance of agnostic payment wallets (XRP, XLM, KMD, BTC, BCH, others) as a localized in-country solution – with local currency – at POS.

Similar to the global buildout of Visa/MC/AMEX/JCB/Unionpay acceptance, the form of the input (card, mobile eWallet, crypto eWallet, etc.) is not the primary concern for Koinon. Instead, Koinon is focused on providing the physical acceptance service and merchant contract at POS. As more cryptocurrency eWallet transactions occur, Koinon anticipates rapid fee growth based on three self-reinforcing factors:

1. Growth in the number of eWallet transactions
2. Growth in the average size of each transaction
3. Growth in the number of merchants using Koinon POS systems as the company rolls out its service to an ever larger installed base

Our goal is to provide service to as many merchants globally as possible, as quickly as possible. Koinon's OmniChannel solution will provide e-commerce gateway processing services as well as in-store POS purchase services and related other services, delivering merchants an OmniChannel solution via a single provider. We will also work with partners, vendors, hardware and software suppliers, and independent sales organizations to build our merchant acceptance footprint. By doing so we will also help to build worldwide acceptance of tokens/coins as payments to merchants of all sizes.

Similar to the global growth and acceptance strategies of Visa/MasterCard, Koinon will facilitate global POS acceptance of XRP/XLM/KMD/BTC/ BCH/KOIN, and other tokens/coins. With this as the primary long-term business focus, the Koinon eWallet and Debit card programs are thus intended to be supplementary to the eWallet/cryptocurrency merchant acceptance. The Koinon eWallet will also function to allow holders to store KOIN and other tokens/coins as savings, while at the same time facilitating additional retail payments and supporting buildout of the Koinon global merchant acceptance ecosystem. In keeping with Koinon's primary long-term focus on the eWallet/cryptocurrency merchant acceptance opportunity, the company's strategy is to offer merchants agnostic cryptocurrency acceptance at Point of Sale for any and all crypto eWallets via their existing physical store payment systems/gateway. The merchant receives the ultimate payment in local fiat currency through a transaction process that complies with all local regulatory and legal requirements.

As mentioned earlier, Koinon eWallet users opting to pay the 1.5% conversion fee with KOIN dcoins at these merchants will receive a 1/3 discount on the standard 1.5% fees, reducing it to 1.0%. For KOIN eWallet users who also choose to use KOIN for the entire transaction, this fee is further reduced to 0.5%. We anticipate that both of these policies will help drive adoption of KOIN usage for merchant payments via the Koinon eWallet. At a later date Koinon may decide to implement a "burn" of some percentage of the KOIN dcoins used to pay these fees. The dcoins burned are permanently taken out of circulation, thereby increasing the scarcity and potentially strengthening the value of all remaining dcoins by helping to combat token inflation.

It is worth re-stating that Koinon is offering merchants a single, easily available, true OmniChannel acceptance solution, not only for online e-commerce payments, but also for physical merchants' POS, accepting:

- (1) Cash
- (1) Credit and debit cards (V/MC/AMEX/JCB/UnionPay)
- (2) Mobile pay eWallets (Alipay, WeChat Pay, Kakao Pay, Samsung Pay, Android Pay, etc.)
- (3) Cryptocurrency eWallets (KOIN, XRP, XLM, BCH, ETH, BTC, etc.)

This complete "take all" POS solution has never been achieved anywhere to date. Koinon will supply the integration of new mobile pay eWallet fiat currency solutions (Alipay, WeChat Pay, Kakao Pay, Samsung Pay, Android Pay, etc.) while also including acceptance of KOIN dcoins as well as all XRP, XLM, KMD, BTC, BCH, and other eWallets enabled for local pay at POS.

## IV. Revenue Model

The company generates revenue from both Koinon eWallet users and merchants that have the Koinon POS and ecommerce payment processing system installed.

### Koinon eWallet Users

Koinon eWallet users pay a roughly 1.5% fee to convert XRP, XLM, BCH, ETH, KOIN, BTC, and other tokens/coins to local fiat currency when making a transaction at POS. (The exact amount of the conversion fee varies from country to country but is generally around 1.5%.) This currency conversion takes place whether the purchase is being made using the Koinon debit card or QR Code. The same fee is paid when the user makes a token-to-fiat conversion within the eWallet. These typical fees are discounted as discussed above by using KOIN dcoins for purchases and transactions.

These eWallet fees will represent much of Koinon's revenue in the company's initial stages. However, Koinon believes the much more lucrative opportunity comes from its system for merchant acceptance of eWallets. Once this technology is rolled out and in widespread use, merchant fees are expected to make up the majority of the revenue mix.

### **Koinon Merchant Acceptance**

On the merchant acceptance side, fees are generated via a 1.0% merchant fee to receive funds from any/all eWallets, including the Koinon eWallet. Importantly, revenue from merchant fees will come from all the merchants' transactions processed by Koinon technology, not just those in which the consumer happens to be using a Koinon eWallet. In the case of payments with fiat currency-based eWallets like AliPay, WeChat Pay, etc., Koinon will split the 1% fee with the wallet provider. If the payment is being made from a cryptocurrency eWallet, Koinon receives the full 1%, regardless of whether the consumer is using a Koinon eWallet or a different one.

Merchants now pay 2-5% service fees to accept V/MC/AMEX/JCB/PayPal at POS. Hence eWallet acceptance represents an attractive new option, given their typical 1.0-1.5% fees, thus providing merchants a strong incentive to accept these payments – and to encourage their customers to use them. Merchants will continue to pay 2-5% fees for standard card transactions that are unrelated to an eWallet, as they are accustomed to paying now.

Koinon linked debit card fees are to be standard fees for the prepaid crypto debit card industry. These fees will generate much of Koinon's revenue until OmniChannel merchant acceptance achieves a solid footprint within Asia (and beyond), at which point merchant acceptance will make up the majority of the revenue mix.

## **V. KOIN Digital Coin**

### **The Basics of KOIN**

Koinon management believes that creating both its own blockchain and the KOIN Digital Coin (dcoin) using the Komodo blockchain is the most prudent choice. The platform is simple and secure, and it is based on Bitcoin, the dominant choice in the cryptocurrency marketplace.

Komodo's unique security mechanism stores a backup of every chain in the ecosystem onto the Bitcoin ledger every ten minutes. Hence the Koinon blockchain has the same level of security as the Bitcoin network. This unique security service is called delayed Proof of Work (dPoW), and it is one of Komodo's most fundamental innovations.

In addition, teaming up with Komodo for Koinon's blockchain provides superior performance, as the system is capable of executing 20,000-44,000 transactions per second, with each transaction requiring approximately 1-3 seconds and cost of USD \$0.01 per transaction. These numbers compare very favorably with any other transaction capability available and contribute to positioning Koinon to be the logical choice for payments.

The Koinon blockchain and 125 million KOIN dcoins have already been generated. The native eWallet for KOIN storage is Komodo's Agama wallet, which has been adapted for KOIN and is now live, storing not only KOIN, but also BTC, KMD, ZEC, ANC, BTCD, BTM, DGB, DOGE, FRK, GMC, LTC, MZC, SYS, UNO, and ZET

Usage of KOIN in everyday transactions at merchant points of sale will be encouraged by offering all KOIN holders a 1/3 discount on the 1.5% conversion fees for usage of the Koinon debit card or eWallet QR code. The discount to 1.0% is available to users opting to pay the fee with KOIN, even if they choose to pay for the transaction itself with another of the available tokens/coins, such as XRP or XLM. A further 1/3 discount to 0.5% will be given to users who pay for the entire transaction with KOIN.

KOIN is already available for trading on KMD's decentralized exchange (DEX) and on digitalprice.io, allowing for both purchase and sale of KOIN immediately. Koinon also plans to list its dcoins on cryptocurrency exchanges to broaden KOIN's user base and enable users to acquire and dispose of KOIN as required for their individual situations.

To maximize the dcoins' usefulness for savings and payment, Koinon will support a stable value for KOIN dcoins by holding a basket of stablecoins. This fund will have a downside hedge bias where the loss in value of tokens/coins in the KOIN backed basket will be hedged to limit losses, while upside remains open. Koinon intends to establish a committee to set up and oversee this fund to provide hedged downside risk protection for Koinon token holders.

### **Use of Funds**

Proceeds from the ongoing sale of KOIN dcoins on DEX, digitalprice.io, and eventually other exchanges as well, will be used to finance development, partnership programs, float (both fiat and KOIN), operations, regulatory, audit, legal, and most importantly, marketing and customer acquisition. It is anticipated that approximately 15-20% of KOIN dcoins will be used to cover these operating expenses. The largest expense will be for marketing and customer or merchant portfolio acquisition as the company runs marketing and acquisition campaigns to increase both the number of consumers using the Koinon eWallet and the number of merchants using Koinon's OmniChannel payment processing services.

An example of how funds will be used to facilitate growth of merchant fee revenue is the \$500,000 technology implementation agreement in place with VEII, whereby Koinon will upgrade VEII's 27,000+ existing point of sale systems to OmniChannel payment acceptance. Once installed, Koinon's payment system can be used by VEII's merchants upon update

of merchant contracts and approval for individual POS use are agreed.

## VI. Rollout and Growth Plan

Koinon's growth depends on the number of transactions conducted by both Koinon-enabled merchants and Koinon eWallet users. We will drive this volume worldwide through marketing of Koinon payment services to consumers and merchants within the ecosystem via a staged rollout of our services and our marketing and sales programs.

The minimum viable product (MVP) for Koinon's omnichannel merchant acceptance service is expected to be ready by the end of Q2 2019.

**27,000+ merchant locations via agreement in place with VEII (<https://www.value-exch.com/>)**

VEII controls POS with a number of large retailers, including household names such as:



### Target Geographies

Koinon's desired footprint focuses on markets/countries where crypto payments are allowed under current regulatory laws. The list of countries for initial targeting, where crypto payments are already permitted, is Japan, Hong Kong, Singapore, Australia, and the Philippines, as well as countries outside of Asia with similar regulations.

Eventually the larger list of target countries includes those where there is little penetration from traditional debit and credit cards. These areas are adopting eWallet digital transactions at a much faster pace than was seen in even the worldwide buildout of V/MC acceptance over the last six decades. Rollouts will be staged to consider the regulatory situation in each country, but it is clear that Asian consumers in particular have shown rapid adoption of eWallet purchases at point of sale, with strong growth expected to continue.

Koinon thus intends to capitalize on this trend by providing merchants across the region with transaction processing systems and Koinon eWallet/cryptocurrency acceptance contracts at POS. In addition we can roll out Koinon eWallet and Debit Card adoption in Asia, where traditional card penetration rates are now only 8-11%. These markets, and younger consumers in particular, are ready to choose eWallet over typical card payments. These consumers are also attracted to eWallets because they gain the ability to purchase online with international retailers like AliExpress, JD.com, etc., and also to buy electronic tickets on regional airlines.

Our aim for Koinon eWallet growth is to provide service to these younger existing banking customers who do not have international digital payments capabilities through their current providers. These customers are especially important in the company's initial phase of development, as Koinon eWallet and Debit Card users will be the primary drivers of revenue during the first stage buildout of Koinon in Asia while the merchant acceptance ecosystem builds.

Once Asia adoption of Koinon services is well under way, we intend to roll out the same strategy in other underbanked areas like Africa and some former Soviet Union territories, where youth spending rates are climbing dramatically and local payment alternatives are not available or are underwhelming.

### Sales and Marketing Plan

Koinon has worked with a large marketing firm with deep online experience to develop a detailed sales and marketing plan to accompany the rollout of its services and its dcoins. Because so much of the focus is on younger users of eWallets and cryptocurrencies, it is critical that the online landscape be effectively covered and leveraged.

An overview sketch of the plan consists of:

**(1) Inbound Marketing:** This extensive category of the plan involves a number of different activities that combine to create a unified marketing front for Koinon and its various services. Key aspects of the inbound marketing plan include: creating buyer personas and buyer questions; website design and build; offer creation for site launch; SEO research and tools; blog posts; content promotion on Twitter and other forums; email marketing.

**(2) Incentives Program:** An important piece of the marketing strategy is to create a program to incentivize and reward early adopters, helping enlist not only the business but the influence of evangelists who can drive company growth forward. A similar program that can create customer-generated marketing is generous referral program for users who bring new customers into the Koinon ecosystem.

**(3) Social Media Advertising:** Social media will be the primary driver of traffic, leads, and customers. Combined, content, offers, and ad spend will create a virtual megaphone to garner more users, and through them, more users still. Ad pricing in Southeast Asia remains well below global averages, ensuring maximum leverage for every dollar



spent. We will explore other advertising opportunities should they present themselves, but from a leverage perspective, neither traditional display nor search will provide us with the same kind of speed, cost advantage or analytics to scale as rapidly as with social media.

**(4) Offline Activities:** While the majority of sales and marketing activities will take place online, strategically planned and located offline activities have the opportunity to make an impact specifically because they bring the virtual world of eWallets into the physical world, much like O2O (online to offline) commerce. Aspects of offline activities include engaging the support of key opinion leaders in various countries, and planning launch events for various milestones in the Koinon rollout.

### **Merchant Acquisition Targets**

Koinon has identified three main categories of merchants to target for its eWallet merchant acceptance systems. The categories have different characteristics and will be accessed via different sales and marketing methods.

**(1) Online Ecommerce Merchants:** This group is the pioneer for accepting eWallet payments. The process of marketing to and enrolling online merchants can be done very efficiently and with a high degree of automation. The marketing will consist primarily of large scale online promotion, and the actual enrollment process for these individual merchants will be largely selfservice, with online merchants effectively enrolling themselves. The sales and marketing plan covers the strategy for this segment extensively.

**(2) Merchant portfolios serviced by POS hardware vendors and other groups controlling relationships with large portfolios of merchants:** Any company or group that in one way or another “owns” a large portfolio of POS relationships with merchants represents an attractive target for Koinon’s OmniChannel payment systems. For example, Koinon management has a strong 20-year working relationship with the two primary POS hardware vendors for large regional multinationals, Diebold Nixdorf and NCR. Further, company management also has long-term relationships with other companies such as value-added resellers (VAR’s) that all maintain portfolios of 20,000+ merchants points of sale. Additional vendor partners may be POS hardware manufacturers like Ingenico. Other channels for canvassing many vendors through a single touch point include accounting software makers, professional organizations targeting particular industries and professions, and trade groups serving affinity groups like, e.g., restaurant owners. All these types of organizations are ideal candidates for partnerships with Koinon, and in some cases, targets for full-scale strategic mergers and acquisitions. Part of the TGE funds raised are earmarked for such acquisitions, and several are being explored at present, in anticipation of Koinon’s full-scale launch.

**(3) Supermarkets, Hypermarkets, and Large International Chains:** Companies such as Carrefour, Park N Shop, FairPrice Singapore, Tesco Lotus Thailand, Wal Mart, etc. are all highly desirable candidates because they have central control of such a vast number of points of sale and a huge volume of transactions. Companies like these are also already selling online and thus either already on board with the need for OmniChannel payment acceptance or at least aware that they will have to adapt imminently. We see these chains as a “VIP group” that will be targeted with the company’s highest level of urgency. Landing such an account will not only quickly boost Koinon’s buildout and revenue on the merchant side, it will also provide a massive credibility boost.

### **Global Agent Network Serving Koinon eWallet Users and Koinon OmniChannel Merchants**

Koinon will assemble a global network of agents serving two primary purposes:

- (1) Selling KOIN dcoins to Koinon eWallet users using local fiat currency and loading the dcoins into their Koinon eWallets
- (2) Assisting and enabling merchants seeking to add POS acceptance of eWallet and XRP/XLM/BTC/ BCH/ETHenabled customer payments.

Such online partnerships with offline businesses are common in Asia, where so many consumers have historically lacked access to debit and credit cards in order to make online ecommerce payments. A well-known example is AirAsia, which has a vast network of partnerships allowing customers to make offline cash payments for flight bookings made online. AirAsia’s network includes ATM’s and convenience stores such as 7-11, where customers can pay in cash for flight bookings.

## **VII. Founder Matthew Mecke**

Matthew Mecke, Founder of Koinon has more than 20 years of Digital Payment and related Transaction Gateway Experience in Asia. Having lived in China, Hong Kong, Indonesia, Thailand, and Singapore since 1997, Mr. Mecke has built, operated, funded, and publicly listed in the US 4 card processing and ecommerce merchant acceptance businesses over the last 20 years.

Mr. Mecke built, with others, the first 14 currency regional ecommerce processing hub out of Hong Kong in 1998 which was listed NASDAQ at that time. The company has since merged into several other entities.

### **Executive Background:**

Mr. Matthew Ryan Mecke, also known as Matt, serves as Secretary of Sino Daren Co. Ltd. Mr. Mecke serves as Chairman, Secretary and Treasurer of Sabina Oil & Gas, Inc. He serves as Chairman and Chief Executive Officer of China Luxury, Inc. He served as Chief Financial Officer and Principal Accounting Officer of Sino Payments, Inc. since November 2008. He served as the Chief Executive Officer and President of Sino Payments, Inc. since November 2008 until August 26, 2013. He served as Chief Executive Officer and President of Sino Bioenergy Corp. (alternate name, Sino Fibre Communications, Inc.) from January 2006 to October 2007. Mr. Mecke founded Mezabay International, Inc., (formerly, Asia Payment Systems) and



served as its Chief Executive Officer and President from October 2003 to January 2006. He co-founded First Ecom.com and served as its Senior Vice President of Systems and Product Development from October 1998 to July 1999. From April 1994 to July 1998, he was an Employee of First Data Corp. in the United States and Hong Kong. In the late 1990s, he served as Management Executive of First Data Asia in Hong Kong, where his responsibilities included strategic planning, new business development, e-commerce applications and pricing. Mr. Mecke was responsible for middle management of retail card system operations. He has been the Chairman and Director of Value Exchange International, Inc. since November 2008. He served as Chairman of Sino Bioenergy Corp. from January 2006 to December 2007. He served as Vice Chairman of Mezabay International, Inc., from October 2003 to March 2006. He serves as Director of Sino Daren Co. Ltd. He served as Director of Sino Bioenergy Corp. from January 2006 to May 5, 2008 and Mezabay International, Inc., from September 17, 2003 to January 27, 2006.

Founder and Director of Value Exchange International, Inc. (OTCQB: VEII):

*About VEII.* We are a provider of customer-centric solutions for the retail industry in China, Hong Kong SAR and Philippines. We promote ourselves as a single IT source for retailers who wanted to extend existing payment processing systems for full gateway integration of their online shops, Omnichannel at Point of sale (Credit/Debit Cards, Unionpay, and eWallets, and other local forms of payment). Our retail solutions are installed in an estimated 15%-25% of POS/POI-suitable retailers in Hong Kong and Philippines, processing tens of millions of transactions a year via 27,000+ points of sale. VEII is headquartered in Hong Kong and with offices in Shenzhen, Guangzhou, Shanghai, Beijing, China; Manila, Philippines; and Kuala Lumpur, Malaysia.

## **VIII. Professional Services**

**PW Richter PLC (SEC Legal Counsel)**

[www.pwrsec.com](http://www.pwrsec.com)

## **IX. Contact Koinon**

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