BONUM

White Paper

World global platform working with
cryptocurrency and blockchain asset

Contents

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Abstract

The Bonum platform will provide the opportunity to take out loans in cryptocurrencies, tokens and fiat money against blockchain assets, as well make cryptocurrency and token deposits.

These are basic, fundamental, and therefore popular financial services that are not widely available in cryptoeconomy at the moment, but the demand for which will grow at the fastest pace.

Crypto asset market is already quite large, it's still growing, and it can grow more: tens, hundreds, and even thousands of times. The volume of financial transactions, namely loans and deposits in blockchain-based assets, will grow accordingly.

Our BFT token holders will receive the following privilege: each BFT token gives its holder the right to make deposits and take out loans at beneficial interest rates for a certain amount. This fact provides BFT with real economic value.
At the same time, the dynamics of the BFT value will be similar to the dynamics of market volume. A detailed economic and mathematical substantiation of these claims can be found in the "BFT Economy" paper (Appendix 1).

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1. Our vision

The Bonum project is based on the basic needs of both people and business. First, it is the generation of monetary income (liquidity) without the sale of available assets. The second is receiving income via existing assets with minimal risks. These needs have existed for thousands of years, they exist now and will exist tomorrow, both in the economy centered around fiat money, and the economy of the future – crypto economy.

Our platform gives people and businesses an opportunity to meet these needs if they have assets with the right of possession exercised via blockchain technologies.

The crypto asset market is already sufficient for Bonum to work efficiently and profitably. But we are looking to the future.

Undoubtedly, blockchain will continue to develop and make its way into everyday life. Our assumption is confirmed by the single fact that all these business giants like Intel, IBM, AIRBUS, J.P.Morgan, Cisco, American Express, Hitachi, Futjitsu, Daimler, etc. are taking part in the Hyperledger project (creating tools for the blockchain industry).

Consequently, the volume of assets blockchain technologies engage with, will grow. Have you ever wondered how the size of the market will change when real estate and securities registers and transactions will be moved onto blockchain? When will countries digitize their national currencies? What will be the volume of assets circulating within blockchain? Will it be tens or even hundreds of trillions of dollars, when the usual everyday models of economic behavior will start massively using blockchain technologies?

The main goal of the Bonum project is to provide an opportunity to effectively distribute crypto assets according to every client's needs: increase the welfare of depositors and meet the needs of borrowers.

The main sources of increase in the volume of blockchain-based assets we expect to work with are:

1. National cryptocurrencies. Some countries have directly or indirectly announced the creation of such currencies;
2. Blockchainization of stock and securities registers and transactions;
3. Blockchainization of real estate registers and transactions;
4. ICO projects aimed at tokenization of various other assets;
5. Increase in the number of various ICO projects, mining and forks

We want Bonum to become the gold standard of the industry, a universal solution, and that’s why we support interstate and national regulation of crypto assets and blockchain. Clear rules and instructions the states will help to create, and, if necessary, act as transaction arbiter, will make the blockchain an integral part of the world economy, attract small and medium business, large companies, and make the mass use of blockchain technologies safe.

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2. Market overview

In the 1990s and 2000s Internet economy was formed, and now we can safely say that cryptoeconomy is being formed – economy of the blockchain.

We are sure of it because we can observe the following trends:

Migrating physical assets onto a blockchain.

Today, the capitalization of all cryptocurrencies is estimated at over 150 billion USD [1]. It is growing due to an increase in the stock price of the [3]-[5] most popular crypto assets. Already, a lot of projects are being implemented, aimed at a variety of things, including the tokenization of various assets, asset register keeping using blockchain, development of appropriate tools and technologies that will help handle assets within blockchain [2]. Besides numerous startups, the world's largest corporations are also involved in this process [3], including AIRBUS,
Intel, IBM, J.P. Morgan, SAP, CISCO, American Express, etc.

Even at first glance, the prospects of tokenization are enormous:

- Real estate (turnover of about 15,6 trillion USD)
- Diamonds and jewelry (turnover of approximately 78 billion USD)
- Gold (turnover of about 7,8 billion USD)
- Money and repurchase agreements (turnover of more than 1000 trillion USD)
- Financial derivatives and currency exchange (the volume of market estimated at approximately 630 trillion USD)
- Cloud storage and computing facilities (turnover of about 8 billion USD)

The world community is being actively and irreversibly integrated into cryptoeconomy.

For example, the number of cryptocurrency wallets is growing at a high rate: the number of users of Blockchain Wallet only approached the 17,5 million users mark in September 2017, and since January 2013 the increase in the number of users is characterized by a parabolic trend [4]

1 https://coinmarketcap.com/all/views/all/

2 LAToken, Atlant, TokenD, etc

3 AIRBUS, Intel, IBM, J.P. Morgan, SAP, CISCO, American Express, and others have joined the Hyperledger community to create tools and solutions for the blockchain industry (http://hyperledger.org/members)

4 https://blockchain.info/charts/my-wallet-n-users?timespan=all

Cryptocurrencies are becoming means of accumulation, payment and measure of value, basically fulfilling the functions of money.

For example, you can rent a room at Howard Johnson Hotels for a bitcoin, or pay for plane tickets and other services at travelforcoins.com and cheapair.com, or you can order a pizza from pizzaforcoins.com

Crypto investment boom: the demand for ICO as an investment mechanism, continues to grow. [5]

Smart contracts are used more and more often to formalize and secure contractual relations.

Thus, cryptoeconomy has all the necessary elements to become a full-fledged global economic system, on par with the fiat system. Nevertheless, cryptoeconomic relations are still in its earliest stage, which means there are three key problems: legal regulation of cryptoeconomy, its institutional support, and its interaction with the fiat system. BONUM will be part of the institutional support of cryptoeconomy and link it to the world of fiat money.

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5 During the entire year of 2016, 96,4 million USD was raised as part of ICO, while over the period of January-September 2017, the amount increased up to more 2,3 billion USD (according to https://www.coinschedule.com/stats.php?year=2017)

3. Our product

All descriptions and interaction schemes between the client and the platform, as well as a description and diagrams of the principles of the BONUM platform operation on the blockchain level can be found in the "Product description" paper (Appendix 2).

Global problems lead to each cryptoworld participant's needs being unmet.
At the moment, payment, loan and deposit services are in its infancy. That's why people encounter inconvenience when using crypto assets.

Here are some examples: say you have a bitcoin…

Example 1.

You need money right here and now, but you don't want to spend your bitcoins, as it steadily grows in value.

- Perhaps you want to invest in an interesting and profitable project via ICO that's about to start or has already started, and there are less and less tokens left.
- Your mining equipment broke, and every minute of downtime is a loss of money.
- You are exchange trading, and certain that a crypto asset's exchange rate will grow, so you want to purchase it and make even more money on its resale.
- Your bitcoin generates a passive income, and you want to use it and make a purchase in a fiat currency, e.g. buy a new iPhone, but leave your bitcoin untouched.

Our solution: crypto loan.

With our platform you get an opportunity to receive the necessary funds here and now, and spend them as you wish. The value of the collateral crypto asset, quite possibly, will grow, and then this revenue can partially or completely cover the loan interest rate.

1. Loans are available in cryptocurrencies, tokens, and fiat currencies
2. This is not a targeted loan, you can spend the funds borrowed as you wish
3. Loans in fiat currencies are provided through our licensed partners worldwide
4. The loan can be borrowed against cryptocurrencies or crypto assets, with collateral as the only loan security required.

5. The collateral remains a property of the borrower (in the borrower's wallet on the platform), and in case of timely repayment of the loan, the borrower automatically receives the entire collateral back. At the same time, the sale of a part of the collateral is possible only in the event of the default of the borrower. This is prescribed in the smart contract;
6. It is possible to use cryptocurrencies and tokens as collateral; collateral nomenclature will increase as relevant assets are moved onto the blockchain;
7. Presumably, the standart interest rate on the loan will be 27% per annum, with monthly interest payments;
8. A bonus loan interest rate will be available to BFT token holders, which will be lower than the standard rate. Presumably, the bonus interest rate on the loan will be 12-18% per annum, with monthly interest payments;
9. The loan amount depends only on the collateral: the larger is the amount used as collateral, the bigger is the loan available to the borrower.

Example 2.

How can you generate extra income, besides the bitcoin exchange rate growth?

- You can convert bitcoin to USD and make a deposit. However, fiat money deposits often do not generate the necessary income [6]. Moreover, the bitcoin to US dollar exchange rate is steadily growing, and in 2017 this growth turned explosive. Why would you convert your funds to fiat money in a situation like that?
- You can purchase mining equipment with bitcoin and issue cryptocurrencies. But in this case, you are spending your bitcoins on equipment that has to be constantly updated.
- You can try to generate income by trading your bitcoin on the stock exchange. But it's high-risk and time-consuming, which doesn't work for everyone.

Our solution: crypto deposit.

Bonum gives you an opportunity to raise capital by doing nothing other than making a deposit on our platform. At the end of the deposit period, you will receive your interest income.

1. Make crypto asset (cryptocurrencies and tokens) deposits
2. The deposit is secured with a pledge and a special reserve fund, which can be formed by the platform based on the ICO results. Bonum will do everything to minimize the risks faced by depositors.

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6 Deposit interest rates in developed countries have been steadily declining since the 90s, and in some cases, are almost zero (https://data.worldbank.org/indicator/FR.INR.DPST?contextual=aggregate&end=2016&locations= JP-CH-CA-ES-IT-FR&name_desc=true&start=1991).

In developing countries, deposit interest rates are often similar in value to the level of inflation and do not provide the depositor with a sufficient income.

3. Presumably, the standart interest rate on the deposit will be 3% per annum, with monthly interest payments (APY – 3,04%);
4. A bonus deposit interest rate will be available to BFT token holders, which will be higher than the standard rate. Presumably, the bonus rate for a cryptocurrency or token deposit will be 4-6% per annum with monthly interest payments (APY from 4,07 up to 6,17%)

Our unique offer.

Our platform offers a multicurrency option: multicurrency collateral and multicurrency deposit. This means that the client can make a collateral or a deposit as a portfolio of cryptocurrencies or crypto assets.

Example.

Jack has 1 BTC and 1 LTC.

Example 1. Collateral

He wants to take out a loan. Jackcan use a portfolio of these crypto assets (1 BTC + 1 LTC) as collateral, and thereby increase the amount of loan available. In this case, the collateral is formalized by a single smart contract.

Example 2. Deposit

Jack wants to multiply his savings, and makes a portfolio (1 BTC + 1 LTC) deposit. Thus, Jack increases the amount of interest income he receives once the term of the deposit is through, due to a larger deposit. In this case, the deposit is also formalized by a single smart contract.

- All significant terms and conditions concerning loans and deposits, such as interest rate, term, amount and payment schedule are known and made clear to the client in advance: floating interest rates and payment terms are not used, and no hidden fees exist.
- To become our client, you need to register on our platform website and set up your personal account and wallet. Anyone can become our client, unless they are a resident of a country, where such services are legally prohibited or any restrictions, e.g. age-related, etc., are enforced.
- Deposits and loans are not interconnected as business processes (a counter offer is not needed). Loans are issued using the internal funds of the platform.

How to take out a loan or make a deposit?

The platform provides a personal account and a secure digital wallet attached to it.

Users have to register their personal account on the platform website. A unique personal digital wallet is attached to the personal account. When registering with the platform for the first time, users are required to undergo our KYC process. Once the registration is complete, the user can enter the platform via double-authentication.

In order to get a loan, the client needs:

A) To have sufficient funds in their wallet for loan registration (see Appendix 1, section "Collateral" for more detail). Next, they need to choose the type of asset (cryptocurrency or token) and its amount for the registration of the collateral. The collateral will not be available to the client, but it will remain in their wallet (no need to transfer it anywhere);

B) The amount of the loan available to the client will be determined by the collateral, the interest rate will be determined by the loan term chosen by the client and whether or not they hold any tokens. All significant terms of the loan will be displayed on the screen for confirmation;

C) After the client confirms the loan parameters and the terms of the loan agreement, a smart contract is entered, and the loan is transferred to the borrower's wallet, attached to their personal account.

In case of conscientious fulfillment of the terms of the loan agreement (loan and interest payments are made on time), the collateral automatically becomes available to the borrower. In case the terms of the loan agreement are not met (default of the borrower), a part of the collateral is used to repay the current debt, while the rest is available to the borrower.

In order to open a deposit, the client needs:

A) To have crypto assets they want to invest available in their wallet on our platform;

B) To specify deposit parameters of the deposit: type, term, and currency and DEPOSIT AMOUNT;

C) A deposit interest rate will be offered to the client. Project token holders will be offered a beneficial interest rate.

D) After the client confirms the deposit parameters and the terms of the deposit agreement, a smart contract is entered, and the deposit amount becomes inaccessible to the depositor, and the platform is granted the right to use it.

E) At the end of the deposit term prescribed in the smart contract, the client automatically receives the deposit amount back, along with deposit interest.

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4. Our advantages

Comprehensive approach.

We consider all companies, whose client base can overlap with ours, to be our competition. Some of the competitors have not yet launched or entered the market.

	BONUM	ESR Wallet	CoinLoan	Lending Club	SALT	BitBond	Everex	Dharma	Kiva	Suretly	Micro Money	Lendoit
Business model	Loan and deposit platform	P2P lending platform	p2p	p2p	Lending platform	p2p	microfinance organization	p2p	p2p	p2p and Crowdvouching	microfinance organization	p2p
Loan issuance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Deposit attraction	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✗	✓
Collateral	✓	✗	✓	✗	✓	✗	✗	✗	✗	✗	✗	✗
Several types of collateral	✓	✗	✗	✗	✓	✗	✗	✗	✗	✗	✗	✗
Fiat money loans	✓	✗	✓	✓	✓	✗	✓	✗	✓	✓	✓	✗
Cryptocurrency loans	✓	✓	✗	✗	✗	✓	✓	✓	✗	✗	✓	✓
Deposit protection (other than collateral)	✓	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗

- Bitbond focuses on lending to small and medium enterprises
- SALT has a deposit feature, but for a limited number of investors only: accredited investors, or through the involvement of an investment adviser, or persons registered as brokers/dealers
- Suretly's main service is providing loan guarantees
- Micromoney plans to issue loans in cryptocurrencies, but at the moment only issue them in fiat money
- For p2p platforms, the deposit attraction box refers to the client placing the amount he's willing to lend under certain conditions into the platform's registry. In this case, there is no guarantee whether the deposit will be returned, as it all depends on the good faith of the borrower.

Based on the results of competitive analysis, we came to the conclusion that many competitors do not approach the issue of providing loan and deposit services in a comprehensive way:

1. Some do not work with fiat currencies, others – with cryptocurrencies ;
2. Some offer unsecured loans;
3. Most do not attract deposits;
4. None form reserve funds to secure deposits.

Indirectly, the following can be considered our competitors:

1) Exchange platforms and stock exchanges (Poloniex, Bitfinex, å-BTC) make it possible to increase leverage. However, these are targeted loans, limited by crypto assets traded at each particular exchange. Clients can also make a deposit there, but their conditions are not always best, as you can see from the examples below.

Example 1.

Poloniex (section LENDING) offers monetary investment under approximately 4% per annum with a duration of 2 days. However, demand over such a short period of time is doubtful. , because significant earnings can only be achieved in case of a large investment amount.

Example 2.

e-BTC offers the following deposit terms at the time of the study:

- 6-12% per annum
- Interest payment once a month (first-third day of the month)
- Minimum deposit period of 3 months
- Minimum deposit amount of 0.5 BTC
- Early withdrawal with a fine of 3% of the deposit amount

Please, pay attention to the last condition. If you urgently need your deposit back, in the first quarter-half of the deposit term you will withdraw less than you've deposited, as you are fined 3% of the deposit amount, which is, of course, a very harsh condition.

A lot more cryptocurrency lending offers exist on the market, but none of them offer any guarantees. These are not actual deposits with interest rates, but rather an offer to generate collective income at a common risk, e.g. mining.

2) Some resources are meant exclusively for savings, and do not issue loans (Magnr, Coincheck, Liqui). They make a limited number of cryptocurrencies (most popular cryptocurrencies) available to their clients, and do not work with tokens.

3) Marketplaces, which plan to attract partners to provide loan and deposit services (Change, Karma). The fact that these platforms do not focus on loan and deposit services, may prevent them from providing these services as efficiently as possible. Moreover, marketplaces may encounter the problem of finding partners and determining partnership terms.

At the moment, cryptocurrency loans can only be obtained via p2p loan platforms. All p2p platforms have similar terms and conditions, as well as reputation scoring models. Regardless of the platform, the borrower has to wait for a long time for the lenders to collect the amount requested by the borrower. The borrower can wait for up to a month, but no less than 24 hours. However, the borrower has no guarantees they will receive the loan. The interest rate for the borrower (APR) is about 30% per annum.

The Bonum platform has several advantages over its competitors:

A) We focus on loan and deposit services, providing them in the best possible way, quickly, and in full, as we do not get scattered on other financial services

B) We provide loan and deposit services in full: loans and deposits are available in a variety of currencies, including fiat money

C) Our loans are not targeted, which allows our clients to use it as they please, while the loan is secured by collateral

D) Our interest rates on loans and deposits are competitive

Optimal business model.

Our comprehensive loan and deposit platform approach has a number of advantages over other platform models, implemented by our competitors:

- We are not a p2p platform. We don't need depositors and borrowers to be in accord. Moreover, fee revenue received by p2p platforms may not be sufficient to cover operating expenses due to the distribution of participant roles (escrow, guarantors, scoring agents, collectors)

- We are not a marketplace platform, with possible problems with building a client base and searching for bona fide partners. Moreover, implementing a set of individual financial services of the required quality may prove to be nearly impossible.

Using collateral to secure loans allows us to minimize risks and expenses, associated with scoring:

- We don't have any additional expenses for attracting verification specialists
- Collateral acts as borrower's, depositor's and platform's insurance in the event of the default of the borrower
- Collateral used to secure loans, allows us not to use the services of the collection agencies, in the event of the default of the borrower
- We do not keep or check credit ratings, or require loan guarantees, etc.

Legal support.

Focusing on loan and deposit services allows us to carefully work out the legal aspects of our service, which means minimizing regulatory risks for both our clients and our platform. To issue fiat currency loans, we involve licensed partners, and in some key countries we are considering the possibility of obtaining the required licenses ourselves. We approve the regulation of cryptoeconomy, and, moreover, we are ready to actively participate in the process of industry standardization, despite the fact that organizing a proper legal structure is a very expensive process.

Customer convenience.

Our wide variety of loans and deposits help us to satisfy our clients' needs as best we can.

Our platform allows the client to get a loan or make a deposit as quickly and conveniently as possible: without additional checks and verifications, talking to phone operators or having to visit sales offices, and without having to wait long. We are trying to automate loan and deposit processes, and make them more convenient for the client.

Our team and experience.

The founders of the project have a prior experience in creating, managing, and effectively developing a large federal financial corporation (Denga Group of Companies) – one of the leaders of the Russian microfinance market. The corporation has successfully undergone a comprehensive audit of the Central Bank of the Russian Federation. It operates within the legal framework of Russian Federation and in the eight time zones all across Russia, and has 250 offices in 90 cities.

- Exceptional professionalism and outstanding teamwork allowed the company to provide its services to millions of clients.
- The unexpired loans portfolio has been steadily growing since 2014, while performing loans portfolio (excluding loans overdue for over 90 days) has been dynamically growing in 2017, and in October 2017 has reached its maximum over the 2014-2017 period.
- Moreover, loans issuance increases from year to year, both in amounts, and in the numbers of clients and loans.

This can serve as proof that our team conducts effective competition techniques in an environment that is becoming more dynamic and aggressive.

Our team consists of experts from various fields: IT, development of high-loaded distributed software, finances, marketing, theory and practice of complex systems management, analytics and math, etc. Several members of the team have academic degrees and have authored research publications.

You can learn more about our team members and experience in „Our team and experience“ section.

Analytical support.

We have quite a lot of experience with mathematical and statistical methods, since we have successfully been using them for a long time at the Denga corporation. We are using advanced analytics for scoring the borrower, predicting the success of the physical presence of our offices, depending on location, demographic or other characteristics, as well as for the optimization of our company's business processes.

We are sure that we will be able to implement such analytical support system for our cryptoplatform and successfully apply mathematical and statistical methods to solve the following tasks:

1. forecasting collateral asset value volatility with an acceptable level of accuracy;
2. evaluating borrower's default risk;
3. analyzing consumer behavior in order to ensure that the platform meets customers' expectations as best as possible;
4. evaluating the effectiveness of platform promotion campaigns

For five years we have been using the following methods at the Denga company:

- Machine learning based on neural networks;
- Cluster analysis;
- Autoregressive models;
- Maximum likeness sampling model (MMSP)

- Classification and regression trees model (CART)
- Support Vector Machine (SVM)

Our analysts also have experience in the practical application of the following methods:

- Exponential smoothing (ES)
- Markov chains
- Fuzzy logic
- Transfer functions (TF)

It is of note that as qualified analytics and mathematicians, we are able to master and apply new, diverse methods not only from statistical data processing, but from other math sections as well.

Moreover, there is a bug advantage when it comes to the potential client base of the platform: in the PDL segment (payday loans), when evaluating the borrowers of the Denga company, we often found that the borrower’s credit history was vague, and it was impossible to check it. Blockchain technologies make working in this direction much easier.

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5. Platform description

To meet the demands of time, the following elements have been integrated into our business model:

1. Modern financial technologies (FinTech), allowing to minimize expenses, as well as ensure maximum efficiency due to specialization and agility, and platform process automation;

2. Cryptocurrencies and tokens. They are increasingly accepted as payment, and their capitalization is steadily growing;

3. Digital customer identification. It is an inherent requirement of our time, we need to know our client (KYC): identify and establish the identity of a person before conducting financial transactions. This helps prevent money laundering and terrorism financing.

Choosing a blockchain solution

We decided to implement our project using collaborative Hyperledger solution. It is, of course, more difficult at the initial stages of development, but, on the other hand, it has crucial advantages: it is significantly more flexible, and the modular architecture provides a lot of room for future developments. A more detailed rationale for choosing this solution can be found in the “Why we have chosen Hyperledger” paper (Appendix 3).

Why does our project need blockchain technologies?

- It will allow us to keep register of transactions (client statement), associated with loan, collateral and deposit processing.
- It will allow us to use smart contracts to formalize loans, collaterals, and deposits.
- It will allow us to conduct ICO, including Bonum platform token issuance.
- Blockchain provides maximum security, reduces transaction time and costs.

Platform architecture

Our personal account has an intuitive interface, and is available in a variety of languages. Moreover, the following will soon be implemented:

- More detailed account: funds status indication (available, collateral, deposit, etc)
- Two-factor authentication upon login

Our wallet provides the client with the most convenient ways to control their funds on our platform. It allows the client to work with leading cryptocurrencies and tokens, as well as conduct financial interactions between customers, make payments, and perform other relevant functions in the Bonum ecosystem.

The wallet's security corresponds to all top security standards and recommendations:

1) Two-factor authentication (login and password + phone number or email)
2) The access is protected by a 6-digit PIN
3) Combined hot and cold storage

Security

An integrated approach to security is used to minimize risks:

- Protection against default losses via collateral (see “Key Advantages”);
- Protection of clients’ funds through the use of secure electronic wallets;
- Protection of personal data (protection against unauthorized access);
- Deposit protection through setting up a reserve fund (safety cushion)

Each deposit will be provided with a reserve amount from the funds raised during ICO (at the expense of the reserve fund). However, if ICO raises less than 10 million USD, we can accept unprotected deposits. Loans will be secured with collateral in any case. The reserve fund will be kept in a highly liquid account.

Protecting the platform from external threats.

In order to safely sell tokens (ICO), as well as to ensure stable performance of our platform, we have engaged the best experts in cyber and information security. The expertise of our experts has been confirmed by their experience working in the best companies of the world, including Kaspersky Lab.

To protect our platform from DDoS attack, Kaspersky Lab suggests using their KasperskyDDoSProtection solution, which can quickly detect attacks, and fight them in two ways: via DdoSIntelligence monitoring system, and via special security infrastructure courtesy of Kaspersky Lab.

In addition, the solution uses both our own as well as third-party technologies to protect the business.

Ensuring maximum transparency.

Non-falsified IFRS reports, confirmed by a third-party independent audit, will be available on our website. Moreover, all transaction recorded onto blockchain will be publicly available.

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6. Platform economy

Market size.

With the current (at the time of writing this WP) cryptocurrency and token capitalization at more than 150 billion USD, we estimate our potential market to be at least 0,1% of this capitalization – 150 million USD.

For reference, this share of the circulating cash is much larger in the world. For instance, in Russia, not the most overleveraged country, the total amount of unexpired debts on credit cards, held by the citizens of Russia, is about 1 trillion rubles by the end of Q1 2017, according to Tinkoff Bank Research: Slower Contraction in the Credit Card Market in 2016 [7]. With cash in circulation, the amount is approximately 9 trillion rubles, according to the Central Bank of the Russian Federation [8]. Thus, the ratio of unexpired debts to the M1 money supply in the actual economy is over 10%, а к to the Ì2 money supply – 2,5%.

It can be concluded that the assessment of our potential market is greatly underestimated, but even with this market size we are going to profit.

Estimated size of the platform portfolio.

To assess the demand for platform services, we have examined the openly available information from existing credit services providers.

Several of the more successful platforms declare the amount of issued p2p loans to be from 10 to 20 million USD over 2-4 years of work. On average, for a loan term of 3 months to a year.

Given that the capitalization of cryptocurrencies has grown many times over the past year, we can estimate their current cryptocurrency loans portfolio at 10-15 million USD minimum.

This assessment is also underestimated, because:

1. Given the number of unsatisfied loan requests, the amounts not collected, and so on, one can say about twice or even three times greater loan demand that was left unsatisfied within the framework of these p2p platforms.
2. A part of potential clients is not accounted for, as they end up not using p2p platforms due to urgency or difficulties associated with obtaining a loan.

Our financial business experience working with fiat money showed us that most borrowers, under the conditions of liquidity deficit, won't wait for 24 hours or more, the time it takes for the p2p platform users (lenders) to collect the necessary amount.

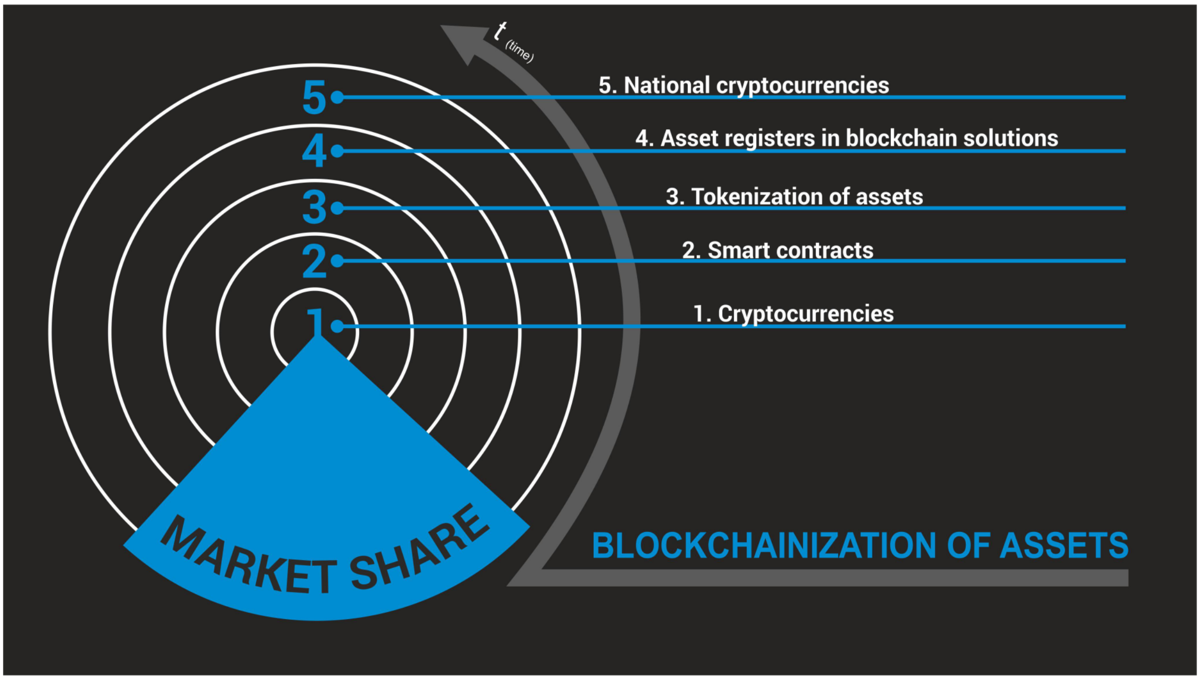
7 https://www.tinkoff.ru/about/news/20022017-tinkoff-credit-card-mrkt-rep-16-eng/

8 http://www.cbr.ru/eng/statistics/

3. It is necessary to take into account potential clients, who need fiat money that is not currently available on cryptocurrency platforms.

All of this together allows us to reliably estimate the potential market of borrowers from our platform at no less than 150 million USD as of today.

As already noted, we do not take market growth into account: increase in cryptocurrency capitalization, the appearance of new crypto assets, as well as asset registers which are being moved onto blockchain. Considering these circumstances, this market will, of course, continue to grow.



Relatively unfilled market, our four-year experience in this business in a tough competitive environment, our accumulated knowledge, our use of appropriate analytical tools based on various mathematical methods and model, allow us to claim 20-30% of the market.

That is, by the end of our first year of work, we plan to have a loans portfolio estimated at 30-40 million USD, and continue to increase it further at a pace similar to the growth rate of the market, maintaining our market share.

Interest rates.

We plan to enter the market with the following rates that do not allow arbitrage:

- The standard deposit rate of 3% per annum, with monthly interest payments, that is, approximately, APY=3,04 % per annum;
- The deposit rate for the holders of our BFT tokens of 4,0% per annum, with monthly interest payments, that is APY= 4,07 %;
- The standard loan rate of 27% per annum (APR) with monthly interest payments;
- The loan rate for the holders of our BFT tokens of 18% per annum, with monthly interest payments.

Together with the reduced deposit risks due to the collateral and the reserve fund, we consider these interest rates to be the best on the market. Moreover, the platform will offer milder terms and conditions for deposit returns and early loan repayments, namely, the platform will recalculate the interest rates in accordance with the actual term of deposit/loan without withholding penalties.

Similarly, for loans, combined with zero time wasted waiting for the platform to approve your request, as well as an opportunity to take out a loan not only in cryptocurrencies, but also in fiat money, we also consider this offer to be the best on the market today.

Transaction fees, as is common for all platforms examined by us, will be paid by the client.

Platform revenue.

With a balanced portfolio of deposits (at 20 million USD) and loans (at 20 million USD) and the above interest rates, the annual revenue of the platform will be about 2,8 to 4,8 million USD (depending on the number of token holders with bonus rates applied), which covers the planned operating costs of the platform with a considerable margin.

We understand, that first of all we must ensure the fulfillment of our obligations to the clients of the platform, therefore the revenue is distributed as follows and in the following order:

1. The first part is allocated to repay interest on deposits
2. The second part is allocated to cover operating and other expenses of the platform

Also, if necessary, after ensuring the obligations fulfillment, and covering the current costs of the platform, a part of the revenue can be allocated to increase the platform’s reserve fund (safety cushion).

We are planning the following growth dynamics of our loan portfolio during the first four quarters after the launch of the platform, in millions of USD (equivalent):

- 1Q - 3
- 2Q – 9
- 3Q – 18
- 4Q - 30

Portfolio balancing and market adjustment of the initial conditions.

Undoubtedly, practice is the criterion of truth. We acknowledge that our initial condition might prove to be insufficient for portfolio balancing. But then, there are effective methods for interest rates management.

For example, if deposits exceed over the loans issued, you can reduce the deposit interest rate, thus reducing their inflow. Another way is, should the market conditions allow, to reduce the loan interest rate and increase their issuance. Combined management of interest rates allows us to form a balanced portfolio.

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7. Development strategy and Roadmap

Development strategy

Concept.

Parallel implementation of individual financial services is nearly impossible. That is why, Bonum will initially focus on issuance of loans and attraction of deposits. Since we already have an expert team of developers, who have previously worked with blockchain, the necessary IT infrastructure and the platform itself are already being actively developed (even before ICO).

We plan to issue collateralized loans both in crypto assets and fiat money.

Scaling.

Our plans include actively scaling up the business. We plan to adjust the platform in accordance with the regulations of various countries regarding obtaining licenses ourselves, or attracting licensed partners. Choosing either depends on economic conditions. We are already looking for licensed partners to work with fiat money, as well as exploring possible options and determining the procedure of entering markets of different countries. At this time Bonum has already found partners in three continents.

Diversification.

We will be able to expand the range of financial services and solutions available on our platform by relying on our client base, built when providing loan and deposit services. We are interested in payment cards, cross-border money transfers, investments (asset management fund), and, possibly, other services that will be in demand. These prospective services will be implemented by us either individually or through the involvement of our partners with the platform (open standard API).

Thus, over time, our platform can become a marketplace able to provide customers with a set of most promising, useful and interesting individual financial services, with our token as the platform's internal currency. Perhaps, in the future, our token will also be able to serve as a tokenization tool for the physical assets of individuals coming to the platform.

Roadmap

Start and attraction.

1. Q4.2016 - brainstorming
2. Q1.2017 - hiring
3. Q2.2017 - working out the concepts
4. 07.2017 - attracting partners
5. 08.2017 - start of development
6. 09.2017 - WP and website development
7. 10.2017 - advertising campaign
8. 12.2017 – Pre-ICO
9. 01.2018 - 02.2018 – ICO

Development.

10. 04.2018 - Beta-version of the platform (testing loan and deposit services)
11. Q3.2018 – Internal security and serviceability testing, finalization and optimization
12. Q4.2018 – Security and serviceability testing, with the involvement of external auditors
13. Q3-Q4.2018 – Launch of mass loan and deposit service provision

Diversification and scaling.

14. Q1 - Q2.2019 – diversification and expansion of platform's functionality: search, attraction and integration of partners based on open API
15. Q3 - Q4. 2019 – optimization and platform marketplace expansion

At the same time:

- Q4.2018 - attracting more partners (Europe and North America)
- Q1.2019 - attracting more partners (Asia)
- Q2.2019 - attracting more partners (Latin America)
- Q3.2019 - attracting more partners (Africa)

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8. ICO parameters

The choice of ICO as a fundraising method for the implementation of the project is not accidental. We see a number of serious advantages in ICO:

- Firstly, ICO allows us to ensure prompt fundraising, meaning we can start implementing the project sooner.
- Secondly, ICO gives a wide range of people an opportunity to invest in the project, at the same time providing our potential clients with an opportunity to give feedback, allowing us to consider their wishes and opinions, as well as provide additional advertising for our platform. As a result, we will be able to make the platform as convenient as possible.

The founders of the project consider Bonum to be an extremely important and valuable project that can bring loan and deposit relations to a new level – the level of cryptoeconomy. Therefore, the project will be implemented regardless of the results of the ICO. However, a successful ICO campaign will allow us to implement our idea much faster, much better and on a much larger scale: we can start providing services and expand the geography of our presence much sooner.

During the ICO process, our platform tokens (BFT) will be up for sale. The tokens of the project will allow their holders to use platform services on favorable conditions (Read more in “Platform token”).

BFT token distribution and stages of ICO

All issued tokens, in the amount of 65 million BFT will be distributed as follows:

1. 2% bounty campaign
2. 20% company reserve
3. 15% team (frozen for a year)
4. 10% external consultants
5. 53% of tokens will be sold during the ICO, which will be conducted in two stages.

Tokens not sold during the ICO will be destroyed.

Pre-ICO.

At this stage, we will conduct an open token sale to raise funds for a marketing campaign for the main ICO stage

- Pre-ICO will last 14 days, December 11-24, 2017.
- The token will sell for 1 USD per 1 BFT.
- Loyalty program is provided in the form of bonuses for purchased tokens, with reference to the time of purchase and the amount of BFT purchased.
- Maximum amount of funds raised – 750 thousand USD.

ICO (main stage).

This is a part fully dedicated to the main open sale of the tokens.

- It will last 47 days: January 10 – February 25, 2017
- The token will sell for 1 USD per 1 BFT.
- Loyalty program is provided in the form of bonuses for purchased tokens, with reference to the time of purchase and the amount of BFT purchased.

ICO (a total for both stages) hard cap is set at 30 million USD.

Project implementation costs

Expected project implementation costs are estimated at about 20 million USD over the three-year period. Expenses are distributed as follows:

1) **Development – 29,3%**

- Staff – 16,4%
- Infrastructure – 12,9%

2) **Promotion – 14,3%**

- PR – 8,6%
- Further development – 5,7%

3) **Legal support – 12,1%**
4) **External audit – 6,4%**
5) **Operating costs – 7,9%**
6) **Analytical support – 8,6%**
7) **Consultants – 5,7%**
8) **Security – 15,7%**

Also, the funds raised during ICO can be allocated to establish a reserve fund, which can be formed in order to increase Bonum's financial sustainability. The size of the reserve fund is in direct correlation to the ICO results.

If funds raised during ICO are less than 10 million USD, a reserve fund is not formed, and all of the raised funds are allocated to the development of Bonum. If more than 10 million dollars raised, a portion of it is allocated to the creation of a reserve fund:

- If 10-15 million USD raised, 20% of the amount collected over 10 and up to 15 million USD will be allocated to the reserve fund (up to 1 million USD).
- If 15-20 million USD raised, 40% of the amount collected over 15 and up to 20 million USD will be allocated to the reserve fund (up to 2 million USD).
- If 20-25 million USD raised, 60% of the amount collected over 20 and up to 25 million USD will be allocated to the reserve fund (up to 3 million USD).
- If 25-30 million USD raised, 80% of the amount collected over 25 and up to 30 million USD will be allocated to the reserve fund (up to 4 million USD).

The maximum size of the reserve fund is estimated at 10 million USD, so ICO hard cap is set at 30 million USD.

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9. Platform token

During the ICO, our platform tokens (BFT) will be up for sale. The tokens of the project will allow their holders to use platform services on favorable conditions.

- BFT is a utility token. At the moment, we are awaiting a Gibraltar's regulator's report, recognizing it as a utility token.
- The token will be sold in accordance with ERC-20 standard via a public blockchain solution Ethereum.

BFT will provide its holders with an opportunity to receive bonus interest rates (increased for deposits or reduced for loans) for a certain amount of deposited or borrowed funds. The more tokens the client has frozen on the platform, the greater the amount of loan or deposit the bonus rates are applicable to. Basically, BFT has real economic value.

The model of the token and its economic and mathematical aspects is published as a separate document on our website. Here we'll discuss the basic principles of the model via examples and show what is at its core.

Token economy in examples.

The base amount is the amount the bonus interest rate is applicable to per 1 frozen BFT token.

Bonus rate is an increased deposit or reduced loan interest rate, available to the client at the base amount, when freezing a BFT token on the platform.

For simplicity, all amounts are in USD. Let's say the bonus amount is 1 USD.

Example 1 Standard deposit interest rate.

Michael has 2 USD and he wants to make a deposit to the Bonum platform. In this case, Michael can deposit his 2 USD at the standard deposit interest rate. Suppose the standard deposit interest rate is 3% per annum. Once the year is through, Michael will receive his deposit of 2 USD back, along with the deposit interest payment of 0,06 USD.

Example 2 Bonus deposit interest rate.

Michael has 2 USD and he wants to make a deposit to the Bonum platform. But he also has a Bonum platform token – BFT.

In this case Michael can freeze his one BFT on the platform and receive a bonus interest rate for 1 USD of the deposit amount, with the other USD available for deposit at a standard interest rate.

If Michael had 2 BFT, he would have been able to apply bonus interest rate to the entire deposit amount of 2 USD.

Let's say the standard deposit interest rate is 3% per annum, and the bonus interest rate is 4% per annum. Once the year is through, Michael will receive his deposit of 2 USD back, along with deposit interest payments: 0,03 USD for 1 USD deposited at the standard rate, and 0,04 USD for 1 USD deposited at the bonus rate.

In the second example, Michael receives a higher interest income than in the first. This constitutes the economic value of the BFT token.

Example 3 Standard loan interest rate.

Jane has 1 ETH, and she needs 2 USD to buy some makeup. In this case Jane can borrow 2 USD at the standard loan interest rate. Suppose that the standard rate for a loan is 20% per annum. Once the year is through, Jane will have to repay the 2 USD loan and 0,4 USD interest.

Example 4 Bonus loan interest rate.

Jane has 1 ETH, and she needs 2 USD to buy some makeup. But she also has 1 BFT. In this case, Jane can freeze 1 BFT on the platform, and borrow 1 USD at the bonus interest rate and 1 USD at the standard interest rate.

If Jane had 2 BFT, she would have been able to apply bonus interest rate to the entire deposit amount of 2 USD

Let's say the standard loan interest rate is 20% per annum, and the bonus interest rate is 15% per annum. Once the year is through, Jane has to repay the 2 USD loan, as well as interest: 0,2 USD for 1 USD borrowed at the standard interest rate, and 0,15 USD for 1 USD, borrowed at the bonus interest rate.

In the fourth example, Jane has to pay less interest, than in the third. This also constitutes the economic value of the BFT token.

Bonus growth mechanism for the platform's clients.

As the platform's client base grows, with the limited number of tokens available, there will come a time when all issued BFT tokens will be frozen on the platform in order to obtain bonus rates. In this case, Bonum will increase the base amount, and release the tokens into circulation, as their value will increase.

In terms of our examples, that would mean that 1 BFT token will allow Michael to deposit the entire amount at the bonus rate (not half of it), and Jane will be able to borrow the entire amount at the bonus rate (not half of the amount).

Thus, as Bonum develops, it will increase the bonuses available to the client, and the token's economic value will grow as well.

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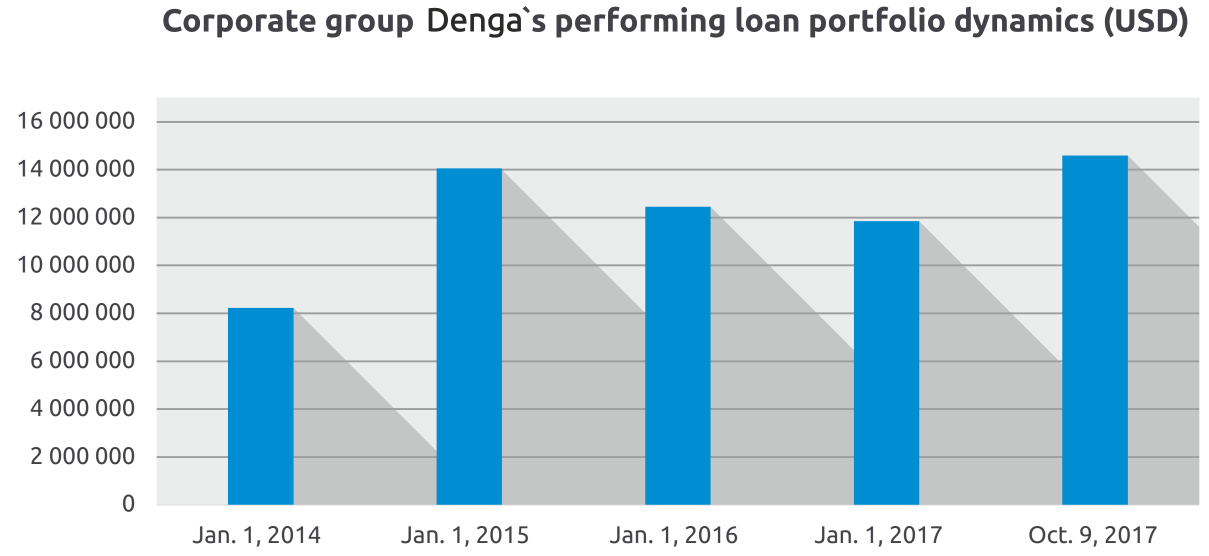
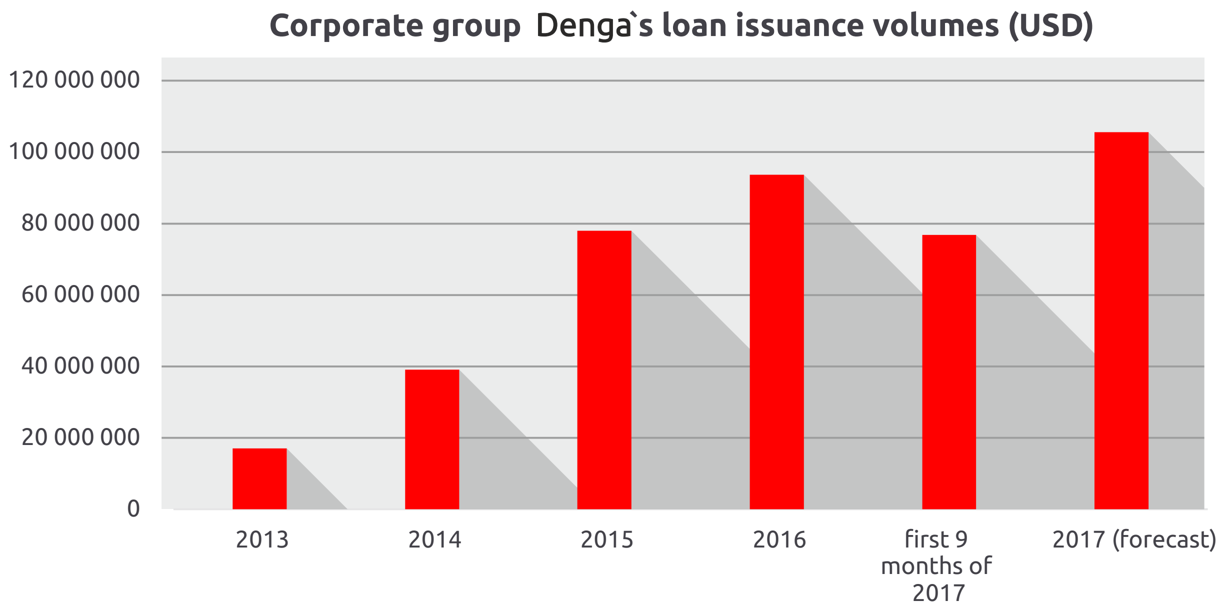
10. Our team and experience

The strategic partner of the Bonum platform is a group of financial companies under the Denga name (https://denga.ru/).





Ruble to USD conversion had been performed according to the official ruble exchange rate, set by the Central Bank of the Russian Federation on October 17, 2017, where 1 USD = 57,08 RUB.

By the end of 2016, the company had entered into 1 141 747 microloan contracts, with 17,9% of them entered into with new clients. The total number for microloan contracts entered into within the PDL segment in 2016 is 12 985 527, according to the Central Bank of the Russian Federation. Thus, the market share of the company based on contracts entered into, is 8,79%.

By the end of 2016, the company had issued microloans for a total amount of 93,7 million USD, and the total amount of issued loans within the PDL segment in 2016 is approximately 1439 million USD, according to the Central Bank of the Russian Federation. Thus, the market share of the company based on issued loans, is 6,51%.

Important! The Central Bank of the Russian Federation defines the PDL segment (payday loans) quite broadly, with loan amount up to about 800 USD, and loan term up to 60 days. At the same time, Denga operates in a much narrower segment, issuing loans for up to 500 USD and for 23 days. Thus, the market share of the company in its segment is much higher than the above estimate.

More detailed information about the Denga corporation can be found in the “Denga: informational report” paper (Appendix 4)

Project founders.

Evgeniy Gnatiuk

Co-founder, COO

An ICO, startup/venture investor with a degree in law. Co-founder of "Denga" company.

Igor Rogachev

Co-founder, CIO

An ICO, startup/venture investor with a degree in law. Co-founder of "Denga" company. Igor is an entrepreneur with 15 years of experience. Since 2002 he has been investing in startups, since 2010 he has been involved in launching the leading microfinance company in Russia – “Denga ”. Igor has experience in the banking and credit sector, microcredit, and, starting in 2016, in the blockchain.

Team.

Igor Krikun

CAO

Igor has a Master’s degree in both physics and economics. He has over ten years of experience in economics, finance, and integrated optimization. Igor spent five years working as an actuary for an insurance company, and over five years as the head of the financial and economic department of the Denga company.

Yaroslav Nayden

CSA

Yaroslav has a Ph.D. in science (physics and math). Since 2008 he has been involved in R&D, data analysis, software and algorithm development for conducting laser rangefinder observations under extreme conditions. He is also experienced in developer team management, software architecture and design, development and support of high-loaded systems and web applications in Python/Django. Yaroslav has experience working with the financial sector.

Maksim Lentyayev

CTO + UI/UX Design

Egor Grishechko

Back-end Developer
Egor used to be a backend developer for a long time.
He really enjoys well-written code, microserves and unit-testing.
He is sure, that computer science basics are more important than technologies
https://www.linkedin.com/in/egor-grishechko/

Nikolay Kalinin

Front-end Developer
Nikolay is an experienced frontend developer, who participated in the development of various projects for Sberbank, Russian Railways, and the Coca-Cola Company.

Anastasiya Kalinovskaya

Graphic Design
Anastasiya has a degree in graphic design. She has been working in this field for over seven years, collaborating with SAMSUNG, Media Markt, KIA, Denga, and others. She also participated in the development of several promising startups.

You can learn more about our team at http://bonumchain.com

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Appendices
(see website http://bonumchain.com)

The following appendices can be found and downloaded from the main page of our website in the http://bonumchain.com в формате .pdf format using the links next to the link to this White Paper.

Appendix 1. “Token economy”

Appendix 2. “Product description (business and implementation)”

Appendix 3. “Why we have chosen Hyperledger”

Appendix 4. “Denga: informational report”

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