BABB
(Bank Account Based Blockchain)

Whitepaper summary

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Introduction

There is a very strong case to be made for a fully decentralised banking system. In the next four pages, we will make this case.

We will highlight the weaknesses of the current banking system and outline our solution. We will demonstrate how this solution can improve individual well being, support businesses and improve the financial resilience of communities, countries and the global economy as a whole.

We will also make the business case for BABB, summarising the business model and the market opportunity. Finally, we will include the key details of our token sale.

Problem

There are seven billion people in the world, and more than two billion of them are 'unbanked'. This means they don't have access to basic financial services. Being 'unbanked' leaves people reliant on cash, making it hard to save money, take out a loan safely, or send money across any kind of distance. In an increasingly connected world, 30% of the population is disconnected from the economy.

The current banking system isn't working for these two billion people. Anyone who doesn't have access to a bank account or financial services is being held back. An initiative in Mexico to 'bank the unbanked' found that opening bank accounts for low-income customers led to a 7.6% increase in the number of business owners, a 1.4% increase in employment and a 7% increase in average income. On a broader level, financial exclusion is responsible for the perpetuation of poverty, poor living standards, exclusion from education and poor health.

The current banking system isn't working for the 'banked' either; the other five billion people in the world. Accenture has recently reported that 'banking the unbanked' represents a $380 billion market opportunity. And yet, the gatekeepers to the system (the banks) have done very little to tap into this opportunity.

Why?

Because they can't. It's expensive to get new users onboard. The majority of the 'unbanked' are small players – individuals, solopreneurs and small businesses. The revenue they would generate is lower than the cost to serve them. Therefore it simply isn't profitable, or even viable, for traditional banks to serve these two billion people.

In other words, even though the unbanked people of this world represent a $380 billion market opportunity, the centralised banking system can't do much to unlock it.

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Solution

BABB is an acronym for Bank Account Based on Blockchain. We want to use blockchain technology to offer a bank account to anyone in the world, with built-in access to crowdsourced financial services. It is possible to significantly cut the cost of banking and financial services to offer game-changing service and bring two billion people into the global economy. We think this will be good for everyone.

The benefits of a decentralised model of banking don't stop at financial inclusion. We can end high prices due to stagnant competition and data leaks due to poor security. We can also make the global economy less susceptible to shocks such as the 2008 financial crisis by decentralising the decision making. Banks are weak and vulnerable, compared to the distributed strength and security of a decentralised banking platform, in which each user is essentially their own bank

Product

A beautiful smartphone app

In the last few decades, emerging markets have gone straight to mobile data networks, leapfrogging landlines. Now, we'll take the unbanked straight to a streamlined mobile banking experience.

A real UK-based bank account

A BABB account will take seconds to set up via the BABB smartphone app, using a selfie and passphrase. In addition to the usual cryptographic address, BABB accounts are issued an IBAN for international payments, as well as an account number and sort code for UK transactions.

BABB is already an Authorised Payment Institution regulated by the FCA, and applying for a UK banking licence. We can still operate even without the banking licence; as an authorised payment institution we are able to do everything except for treasury operations.

True peer-to-peer financial services

A BABB bank account will be a portal to a connected world of crowdsourced financial services. BABB account holders are nodes in a peer-to-peer network managed by smart contracts, connecting people with money to people with ideas.

A secure payment card

The Black Card will be a payment card linked to the BABB app using an NFC tag or QR code with no data stored on the card itself. Account holders will be able to pick up a blank card for free online or in any shop, and spend it with any retailer who also has a BABB account.

With the Black Card, we will create a new universal payment system, independent of Visa and MasterCard. Retailers with a BABB account will be able to accept Black Card payments without needing to buy a card machine or pay high processing fees. They can also access the funds immediately, cutting out the current week-long lag time and increasing the speed of doing business.

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Technology

Blockchain

Blockchain makes it possible to run a decentralised peer-to-peer platform, enabling users to transact without an intermediary and benefit from faster and cheaper transactions. Smart contracts create tamper-resistant transactions for greater security.

Biometrics

Biometrics, including voice print, face scan and geolocation, make it possible to create secure digital identities for all account holders. This enables everyone - even those without an address or ID documents - to open a bank account, and retain ownership of their digital identity data.

Artificial intelligence

AI will be used for 'dynamic KYC', enabling us to build up an ever-evolving profile of BABB users and spot fraudulent or uncreditworthy behaviour. Trust is a crucial element of a peer-to-peer network, and AI is pivotal in ensuring everyone on the network is trustworthy.

Growing the network

The BABB platform utilises the network effect: the value of the service increases according to the number of others using it. A BABB account must provide access to a high level offering of crowdsourced financial services almost immediately, which requires rapid initial growth of the network.

Our key growth mechanism is the 'Social KYC' proposition. Social KYC enables a BABB advocate - a fully verified member of the network - to recommend other people for an account. We intend to work closely with ambassadors on the ground in order to create fully banked communities. We will also work with employers, who can use BABB for payroll. People can receive their salary directly into their BABB account, removing the need to cash into the platform.

Data privacy

BABB will employ privacy by design, implementing GDPR regulations into our operations. On the BABB platform the account holders have full ownership of and control over their own data.

There will be different tiers of data protection, implemented through various means of storage and encryption. These will be optimised to ensure privacy by default and presented in clear and obvious UI.

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Central Bank Digital Currencies

BABB will work directly with central banks to issue their own digital currencies, working around existing local and international fiscal and monetary policy. We believe that central bank-issued digital currencies (CBDCs) will play a key role over the next decade, with many central banks having already announced plans to this effect. CBDCs can help to stimulate local economies by retaining wealth within a defined boundary and supporting local payment networks.

BABB will work with central banks to manage existing and issue new CBDCs. They can leverage our technology to host and operate a portion of the federated network. This sub-network remains an integrated part of the global platform, allowing citizens to transact locally and globally. Central banks can also collect data from the platform to provide the insight needed to manage the system efficiently.

BAX token

BAX will be implemented on the public Ethereum blockchain as an ERC20 token. BAX is a utility token which will be used under the hood in the BABB platform, powering the network across all jurisdictions.

All service fees and licensing on the platform will be collected in BAX, meaning any individual or business must hold BAX in order to use a BABB account. As a universal currency, BAX will also have many use cases on the platform, including: ensuring liquidity of P2P currency exchange, facilitating cross-border fundraising, and international payments.

Token sale

BABB will raise funds through a BAX token sale. The funds raised will be used to develop the app and the platform, apply for a banking licence, and operate the infrastructure.

BABB will issue 50 billion tokens, 30 billion of which (60%) will be available for public sale, over two phases: the first with 40% in 2018, the second 20% in 2019 once the platform is live and the token in use. Any unsold tokens in each of these phases will be burned.

Token Economy

We aim to create long-term appreciation of the token value, through the fundamental utility of the BAX token, and our approach to reserve management.

During the first five years, out of all tokens BABB receives as revenue, 50% are burned, until the amount in circulation reaches 20% of the issued tokens. The rest are re-introduced into circulation over the course of five years.

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