

# The Realm of Private Corporate Currencies

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COO of Leondrino, Inc. and Leondrino Germany

Frankfurt, March 10, 2020

# Leondra GmbH – Leondrino Germany

- Licensee of the Leondrino Platform in Germany
- “Currency Management as a Service“:
  - Issuance and management of digital currencies for enterprises following the Leondrino Standard model
  - Leondrino LifeCycle based on token classes E to A; unrestricted trade only in token class A
- Current reference projects with focus on virtual reality, hospitality and sports
- Consortium for operations of the Leondrino MainNet in preparation
  - will include data centers of banks and enterprises besides independent players such as IBM
  - currently, preparation of benchmarks on LinuxONE and IBM Z

# Back to Original Drivers of Blockchain Invention

Rising Parallel Currencies Beyond Financial Supervision

# Back to Original Drivers of Blockchain

Ben Lawsky @BenLawsky · 3 Jun  
Here's a link to today's talk about the final #bitlicense framework.

**NYDFS today issued the first BitLicense**  
September 22, 2015



**COMPETITION AND CURRENCY**  
ESSAYS ON BANKING AND MONEY

**The Economist**  
OCTOBER 31ST - NOVEMBER 6TH 2013  
INSIDE: A 12-PAGE SPECIAL REPORT ON COLOMBIA

007 and the spectre of Britain's past  
Turkey votes to the sound of bombs  
Those ever-creative accountants  
America takes the fight to IS  
Coywolves: the new superpredator

**The trust machine**  
How the technology behind bitcoin could change the world



**Choice in Currency**  
*A Way to Stop Inflation*  
F. A. Hayek  
Commentaries by  
Ivor F. Pearce, Harold B. Rose,  
Douglas Jay, Sir Keith Joseph

**THE TRUTH MACHINE**  
THE BLOCKCHAIN AND THE FUTURE OF EVERYTHING  
MICHAEL J. CASEY & PAUL VIGNA

Fintech Competition  
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Royal Bank of Canada  
Blockchain Loyalty

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Exchange at #FA  
#IntoTomorrow w/ @DaveGra

WITH ANALYSIS OF FACEBOOK'S INITIATIVE, LIBRA

"This book is an instructive window into the future, where blockchain technology will reimagine financial services."  
—CAMERON WINKLEVOSS, Co-Founder, Gemini Trust Company

**FINANCIAL SERVICES REVOLUTION**

How BLOCKCHAIN is Transforming Money, Markets, and Banking

Edited with a preface by  
**ALEX TAPSCOTT**

**BLOCKCHAIN REVOLUTION**

HOW THE TECHNOLOGY BEHIND BITCOIN IS CHANGING MONEY, BUSINESS, AND THE WORLD

**DON TAPSCOTT**  
BESTSELLING AUTHOR OF WIKINOMICS  
and **ALEX TAPSCOTT**



5 days ago | Jamie Redman | 2751 5 Comments

**Financial Services Provider Square Acquires New York BitLicense**

services firms that they can no longer "afford to ignore" blockchain technology

providers under the EU Anti-

al currencies: what a

article — EU Parliament, Economic and monetary

# Digital Currencies – Where Are We Now?

A wide range of digital currencies based on different concepts is currently in the “test”:

- **„Classic“ crypto currencies** based on public blockchain networks
  - Bitcoin, Ethereum, ...
- **Global stable token concepts** with different types of collaterals (e.g. fiat money, raw material or other commodities, or already widely accepted crypto)
  - Tether, TrueUSD
  - Libra of Facebook and partners
  - DAI of Maker Foundation
- **Platforms of competing, digital currencies** (often with algorithmic stability mechanism in combination with special reserves or bridge currencies)
  - Celo – with focus on emerging markets
  - Leondrino – with focus on enterprises
- **(Public) CBDC – (Public) Central Bank Digital Currency**
  - Front runners: Central Bank of Sweden, England and China
  - Digital Euro initiative
  - Current debate around reach of CBDC implementation: whole sale vs. retail

# Economic Motivation Today

Independently of token type (security, utility, asset, loan,...):

- Economic motivation of **early champions in crypto industry**
  - to finance own token economy
  - fees for mining and staking
  - trading fees
  - fees for custody services
- Motivation of early adaptors in **traditional financial institutions**
  - trading fees
  - fees for custody services
  - portfolio considerations „in modern asset allocation strategies“
  - potential efficiency gains

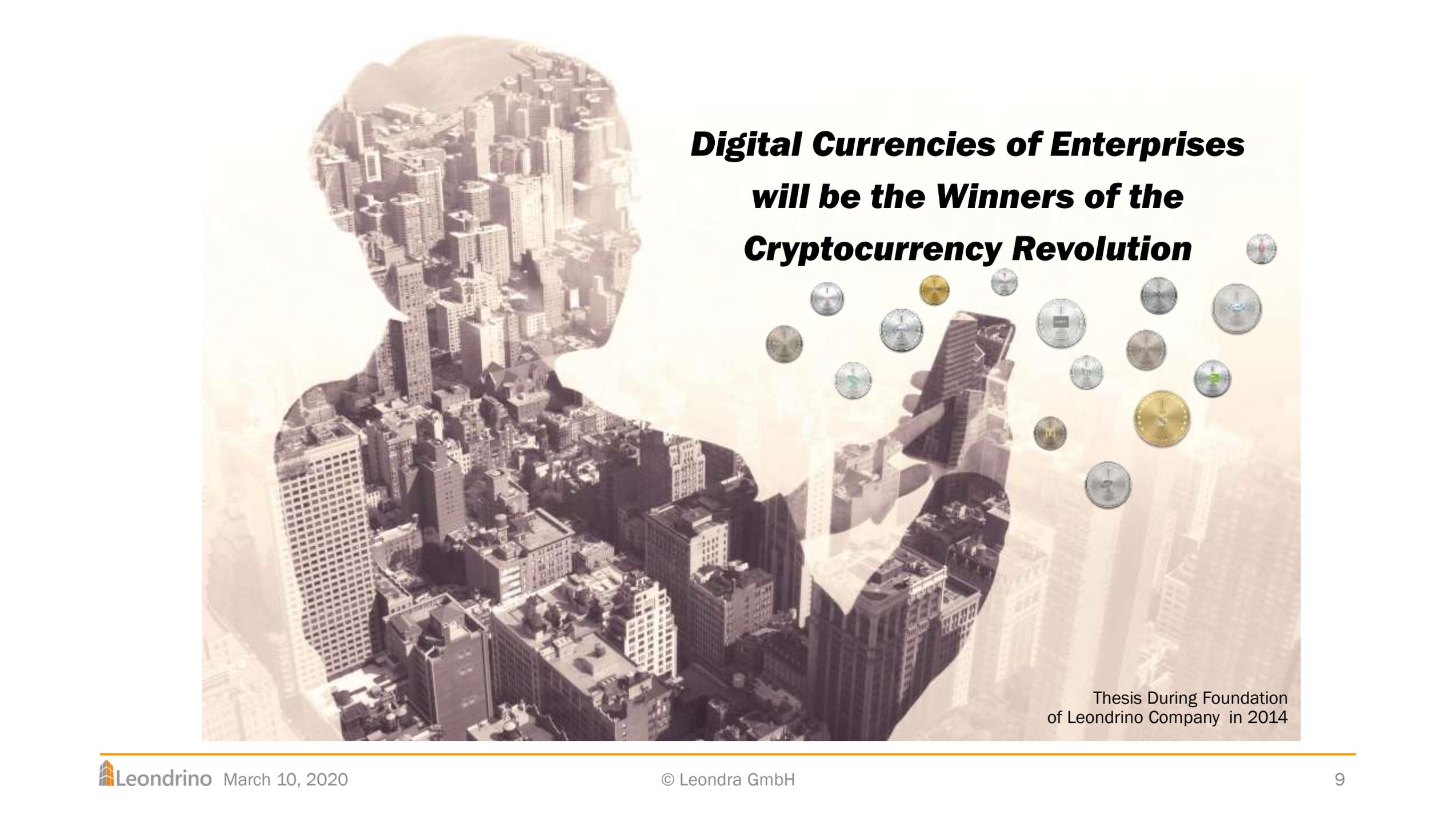
# Fourth Function of Money as New Driver?

- Historically, three primary functions of money considered:
  1. Unit of account
  2. Store of value
  3. Medium of exchange
- Fourth function with disruptive potential:
  4. Source of information

Transaction history as basis for forecasts of new purchasing decisions and as basis for dynamic pricing; money as customer loyalty instrument and to secure own ecosystem

# Corporate Currencies

Opening Financial Markets Through Power of Public Blockchain –  
Chance for Corporate Currencies



***Digital Currencies of Enterprises  
will be the Winners of the  
Cryptocurrency Revolution***

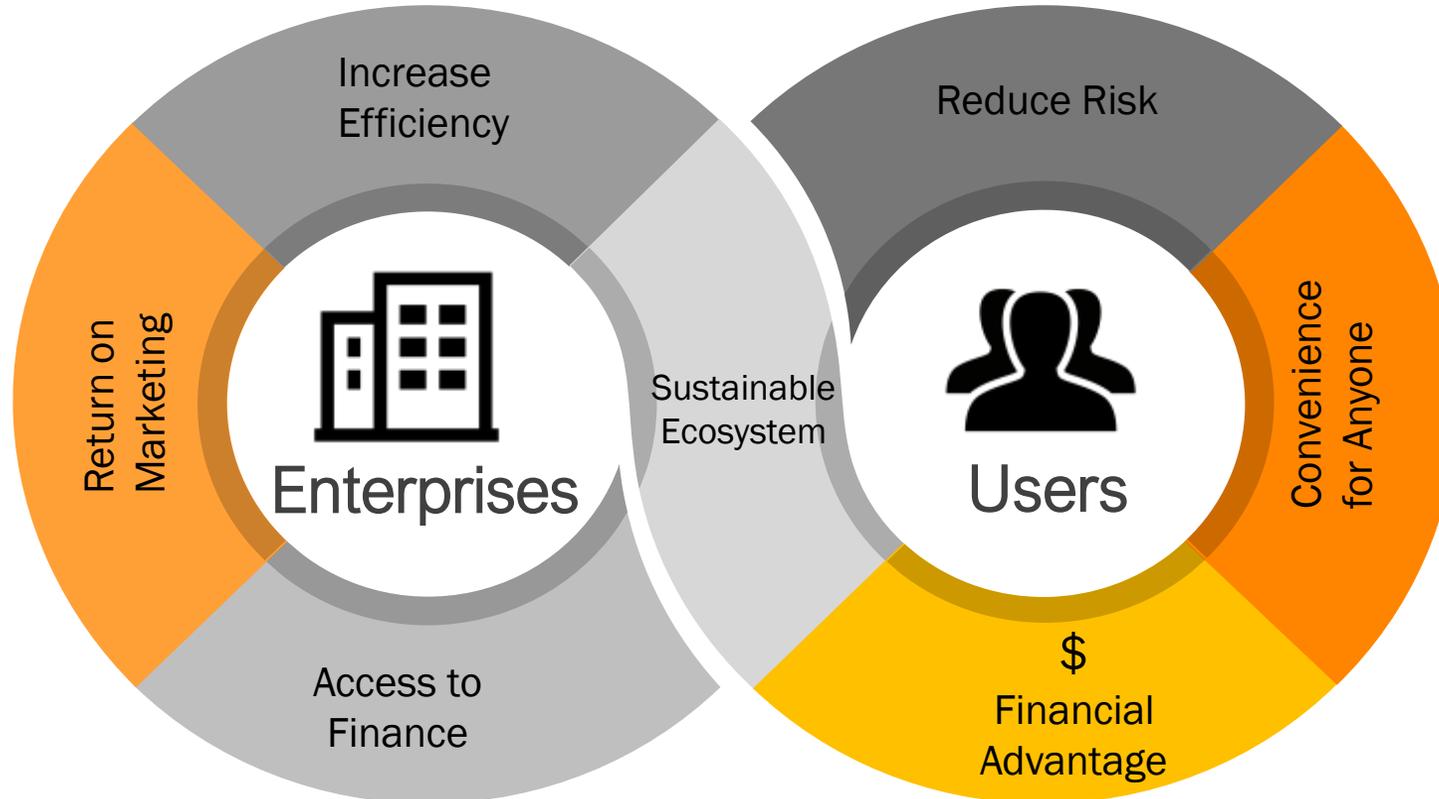
Thesis During Foundation  
of Leondrino Company in 2014

# Why?

- Save on transaction costs internally
- Increase automation via integration with CRM, e-commerce and ERP systems

- Possible to spread out risks amongst different branded currencies
- Price stability related to the basket of a brand (Leondrino specific)

- Generate transaction data to enable new smart products, which will improve customer retention
- A branded currency will be a must for a global enterprise to protect its leadership (winning the ID war will become crucial)



- Standard Wallet for free
- Easy to use various digital currencies beyond pure crypto wallets
- Leondrino specific: Exchange costs between different Leondrino will be neglectable

- 3<sup>rd</sup> way to secure funding (without losing control)
- Broader access to international investors

- Opportunity to participate in increase in value of the tokens.  
Return in exchange for:
- data sharing and brand support
  - individual pricing based on loyalty status

# Initiatives of Enterprises – Historically Starting With Single Utility Function Or Gift Cards



Hospitality



Sports



Retail & Logistics





Consumers become co-creators of brand value, expect a return and change their process of decision making

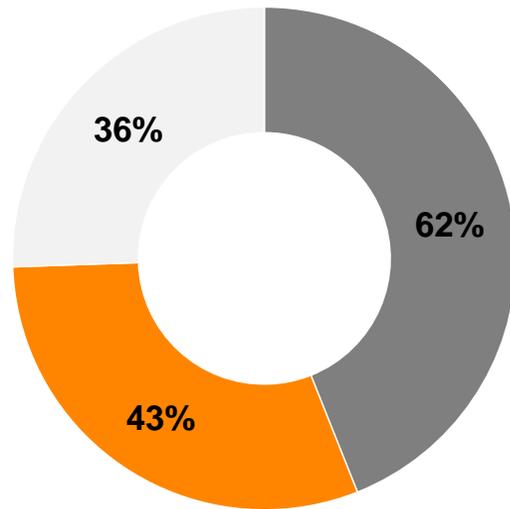
# Corporate Currency in a Customer Journey

- **Raise attention**
  - e.g. via content area of multi-currency wallets; important touch point in parallel to brand specific appown app
- **Influence purchasing decisions**
  - via predictive modelling and dynamic pricing based on transactions data in corporate currency
- **Increase customer retention**
  - via exclusive offers and dynamic pricing
- **Optimize and secure value chain**
  - Exclusive offers and better discounts in own currency
  - Attractive financing offerings in own currency for suppliers



Source: <http://www.it-finanzmagazin.de/>

# Trust in Corporates: Basis for a Digital Currency?



- trust „a person like yourself“
- trust CEOs
- trust government officials or regulators

45%

of 25-34 year-olds in the US are **comfortable with** independent or **branded currencies**

75%

**Business** is also **significantly more trusted** than government in 21 of 28 countries

Quelle: Edelman Trust Barometer

# Sources of Trust in Enterprise Currencies

**Blockchain  
Technology**

**Regulation &  
Government  
Efficiency**

**Monetary Policy  
and its Execution**

**Strength of  
Enterprise**

**Consumer Usage for  
Purchases of Goods  
and Services**

**Monetary Board**

**Independence &  
Size of Currency Area**

**Convertability**

# Trade or Payment?

**What will be the killer app in 5 years?**

# Tapscott´s Thesis About the World in 2030

„Corporate currencies are now a reality of life for billions. Facebook was the first to announce its plans but failed to launch Libra after a bruising fight in Washington, DC. Only after the Chinese Internet giants began aggressively exporting the crypto yuan did the US government decide to allow its corporate champions to do likewise with their own version of the US dollar. Amazon, Google, and Facebook are now effectively shadow central banks with trillions of dollars in reserves, banking billions of people, some of them within alternative economies along the Silk Road.“

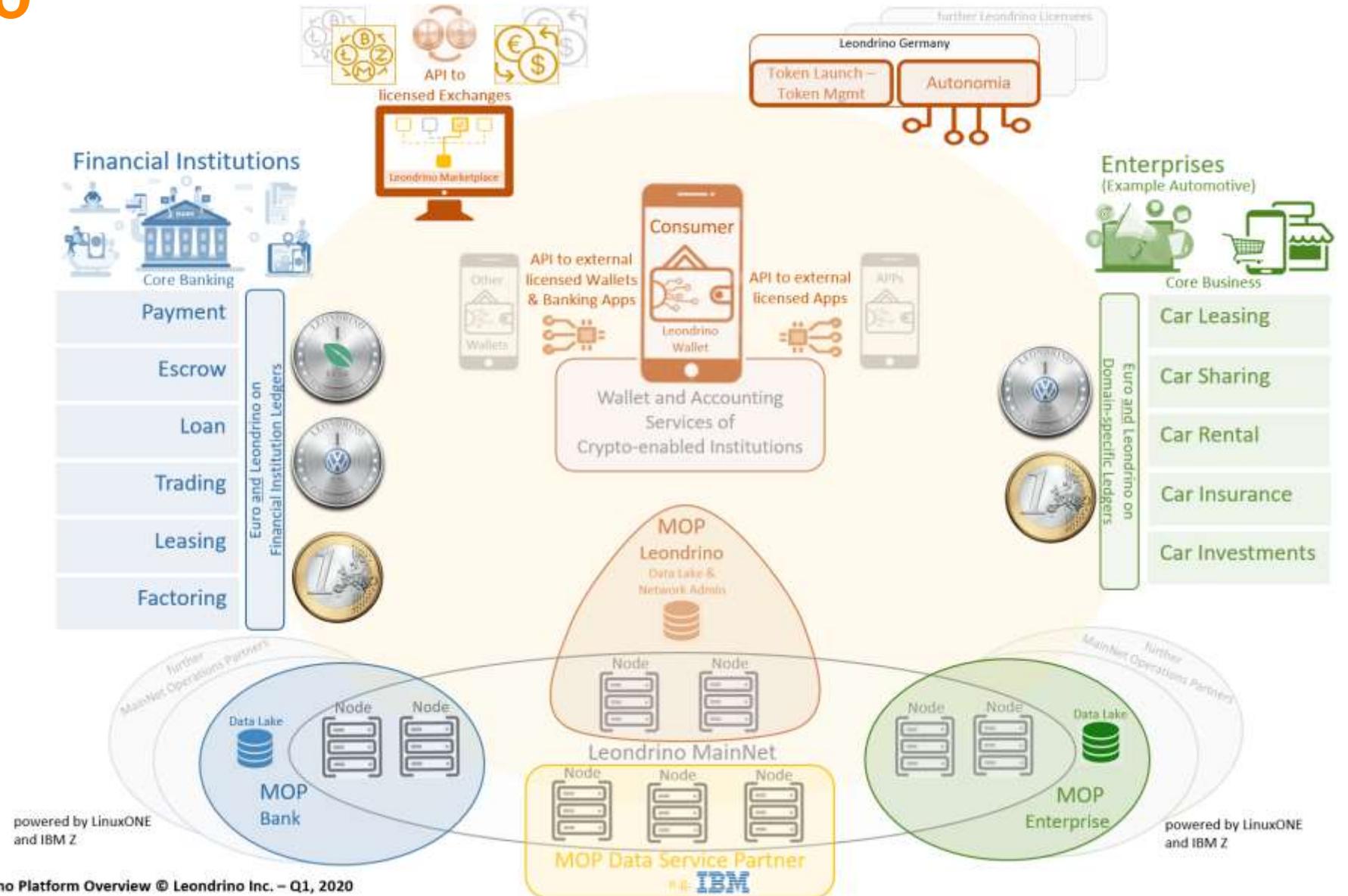
Source: Tapscott, Alex. Financial Services Revolution . Barlow Publishing. Kindle-Version. 2020.

# Infrastructure Aspects of Corporate Currencies

# Key Requirements

- Standard IT requirements: Scalability, reliability, security, throughput
- Rule-based functions and interfaces to secure AML, KYC and counter-terrorist financing
- Data protection
  - Informational self-determination
  - Corporate transaction data based on their policy
- Accessibility of competing currencies (for fiat and corporate money)
- Stable transaction fees in general (esp. for exchange transactions)
- Integration opportunities to existing infrastructures and new industry specific ledgers and their smart contracts in parallel to currency infrastructure

# Leondrino Platform Overview



Leondrino Platform Overview © Leondrino Inc. – Q1, 2020

# Outlook and Success Factors for Corporate Currencies

# CBDC and Corporate Currencies - Thesis

- Privately managed currencies (esp. corporate currencies) in addition to central bank managed currencies will become a reality for consumers over the next 10 years.
- Financial supervision will develop further and accept corporate currencies – after attempts to deter the innovation of corporate currencies. They will counter balance the risk of too big to fail attempts of some market participants and define a rule set for corporate currencies.
- The evolving mixture of publicly and privately managed currencies may contribute to the stability of the international financial markets via
  - exchange rate regimes of public and largest private currency areas, which are interconnected by flexible rates
  - corresponding multipolar key currencies

# Success Factors (1)

- Consumer:
  - Easy to use at Point of Sale
  - Personal benefit when sharing data
  - Trust in strength of brand company/currency stability
- Enterprises:
  - Standards for competing digital currencies at Point of Sale
  - Advantage in transaction costs for payment transactions
  - Negligible fees for exchanging enterprise currencies and manageable fees for exchanging for national currencies
  - Regulatory lucidity (including clarity on tax handling)

# Success Factors (2)

- Politics/Public Central Banks:
  - No threat to the highest possible financial market stability
  - Acceptance of the role of central banks in the innovation process; dialog to build trust
  - Successful fight against fraud and cooperation with the financial market authority

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# Leondrino

- Leondrino are digital currencies of enterprises following the Leondrino Standard.
- Leondrino are issued by enterprises, the actual administration including supply management is performed by the Leondrino licensee (Leondra GmbH for the German market) using the Leondrino Platform.
- Leondrino are secured by the acceptance obligation of the associated enterprise.
- The issuance of digital currencies according to the Leondrino Standard follows a Standard Lifecycle. Supply management follows a previously defined and mutually agreed token design, including a long-term monetary policy.
- The Leondrino Platform is being developed together with partners and is targeted towards the optimal support of consumer transactions.