BANKING DECENTRALIZED CURRENCY

BASED TOKEN

Recently, Banking Decentralized Currency (BDC) has emerged as a hot topic in the financial world. Several Central Banks are running analyses and studies investigating the technical and economic feasibility of the introduction of digital money and the impact it might have on monetary policy, liquidity, etc.

In a series of posts, we will cover various aspects of this topic, including economic significance, modeling approaches and properties, and what benefits distributed ledgers might bring for BDC. This first entry will answer questions like, What is BDC exactly? How does it differ from physical cash and the money on your bank account? Why is it such a big deal, and why would it impact financial institutions

What is BDC ?

BDC is a digital form of currency that is backed by a Central Bank and through that has legal tender status. This definition means it is recognized by law as a means to settle debts or meet financial obligations such as tax payments.

The BASED TOKEN token Protocol

Binance smart chain (bsc) Binance Smart Chain (BSC) is a blockchain network built for running smart contract-based applications. BSC runs in parallel with Binance's native Binance Chain (BC), which allows users to get the best of both worlds: the high transaction capacity of BC and the smart contract functionality of BSC.

How does BDC differ from physical cash?

BDC is indeed reasonably similar to the bills in your wallet. But storing and transacting with physical currency is very inefficient and tedious. A digital representation of that value would be much more convenient and efficient.

How does BDC differ from the money in your bank account?

It is actually significantly different. The money you have with the bank is typically not legal tender. A dollar in your bank account is not the same as a dollar bill in your hand. It is much more a promise of the bank to give you a physical dollar upon your request. It is a bank's liability to fulfill those requests. Usually, a bank has no issues in fulfilling that promise, hence the line between your money in the account and the physical cash gets blurred. But if the bank ceases to function and goes bankrupt, this distinction makes all the difference. Because you don't hold a legal tender in your checking account but only the "bank's promise", so to say, it means that if the bank doesn't exist anymore, you can't hold anyone to your claim, and are effectively losing your money. What is even worse is that if enough people *think* that their bank might run into solvency issues, they will withdraw their money to save it from loss. If too many customers of a bank do that called "a run on the bank" - the solvency of that bank is reduced additionally and can lead to the bank's collapse.

What are the benefits of BDC?

BDC has a couple of interesting favorable properties. The two most relevant ones are probably the following:

1. Since BDC would have legal tender status and would not be your bank's liability, you would not have to rely on the bank's solvency. Your money would be safe, no matter how well the bank does.
2. The Central Bank would have a much more direct way to exert its monetary policy in that it would have a more potent tool to fulfill one of its main tasks: ensuring financial stability.

What would be the future role of banks?

Since owning BDC would effectively mean that you have a relationship with - or an account at - the central bank, one could wonder what the banks would be doing?

Banks have a much better insight into the needs and wants of their customers than central banks. Hence, they can be much more innovative when it comes to services around the usage of money. A bank could distinguish itself through various financial services like a particularly useful mobile banking platform, new mobile payment methods, investment advice, or an excellent trading platform. But one must also acknowledge that the banks' essential role of a loan giver would indeed be at risk. To understand why this is the case, we need to know how banks can give loans nowadays.

How do loans currently work?

As discussed earlier, when people deposit money at a bank, they get a promise from the bank to pay out cash upon request. Now let us assume that a business wants to take up a loan to be able to expand. After a vetting process, the bank gives them money under certain conditions, most importantly, the repayment schedule and the interest rate. This interest covers the administrative effort, the bank's profit, the interest payments for the depositors, and the risk of the loan-taking business going bankrupt and not being able to repay the loan.

So far, so good, but from where does the money for the loan come? It comes, among other sources, from the funds deposited earlier by the bank's customers. That is precisely the reason why if all the customers want to withdraw their funds, the bank wouldn't be able to pay everyone back. Hence, in the current system, the bank's capability to give out loans relies to an extent on the fact that it cannot cover all accounts at once.

What would be the effect of BDC on the economy?

If a significant number of the bank's clients decide to hold BDC instead of having a bank account like today, the bank would have less capital to give out loans, which would, in turn, make loans more expensive and potentially even not viable.

The implication is that a thoughtless implementation of BDC without mitigating actions could have a drastic and adverse effect on the economy. It is probably one of the biggest reasons why central banks have not yet jumped at the opportunity to create a digital currency that would have legal tender status but are running analyses on how to solve the problem best.

What would be possible solutions?

There is not yet one final answer on how to mitigate the effect of BDC on loans and banks' balance sheets. There are quite a few approaches to tackling this problem, and the real answer might lie in a combination of them.

For example, banks could transparently offer their customers that they deposit their BDC so that they can use the capital for loans. The customers could choose to expose themselves to the risks we discussed above in exchange for interest, but they would do so well-informed and willingly.

Another approach would be for the banks to take out loans from the central banks to fund their customers' loans. Banks use such sources of capital already, and it would be primarily.

It is only a matter of time until the analyses provide the right combination of measures to implement.

Why should people prefer BDC over bank accounts?

The main reason people would prefer BDC over a bank account is that BDC is not at risk when banks fail. The removal of that risk would be beneficial to individuals and the economy alike.

Furthermore, the transfer of money across banks and country boundaries becomes much more straightforward. Various bank systems would not need to interact with each other to facilitate such payments. All that is required is an update of the record at the central bank. This simplicity makes the process faster and cheaper.

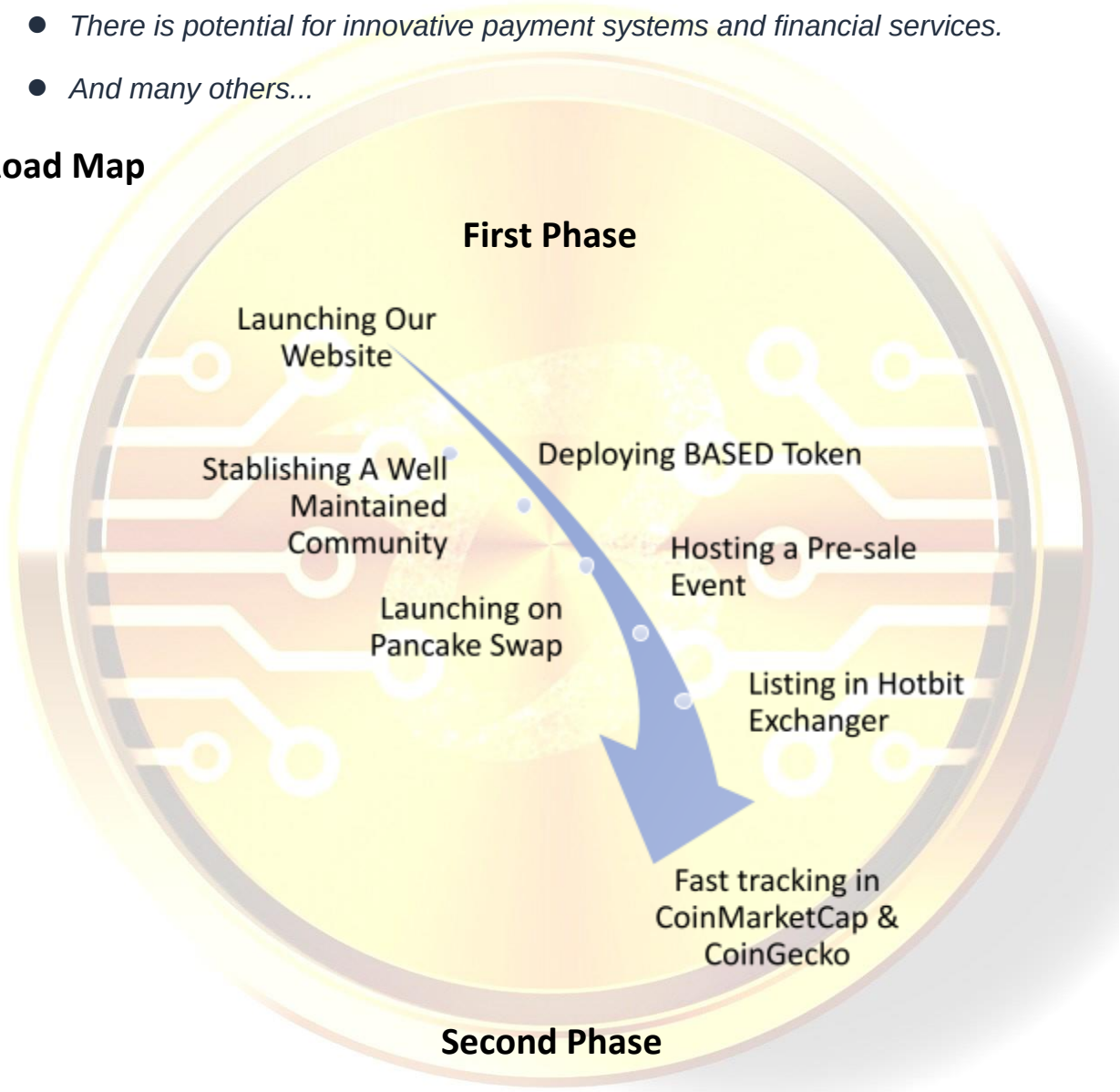
Main activity

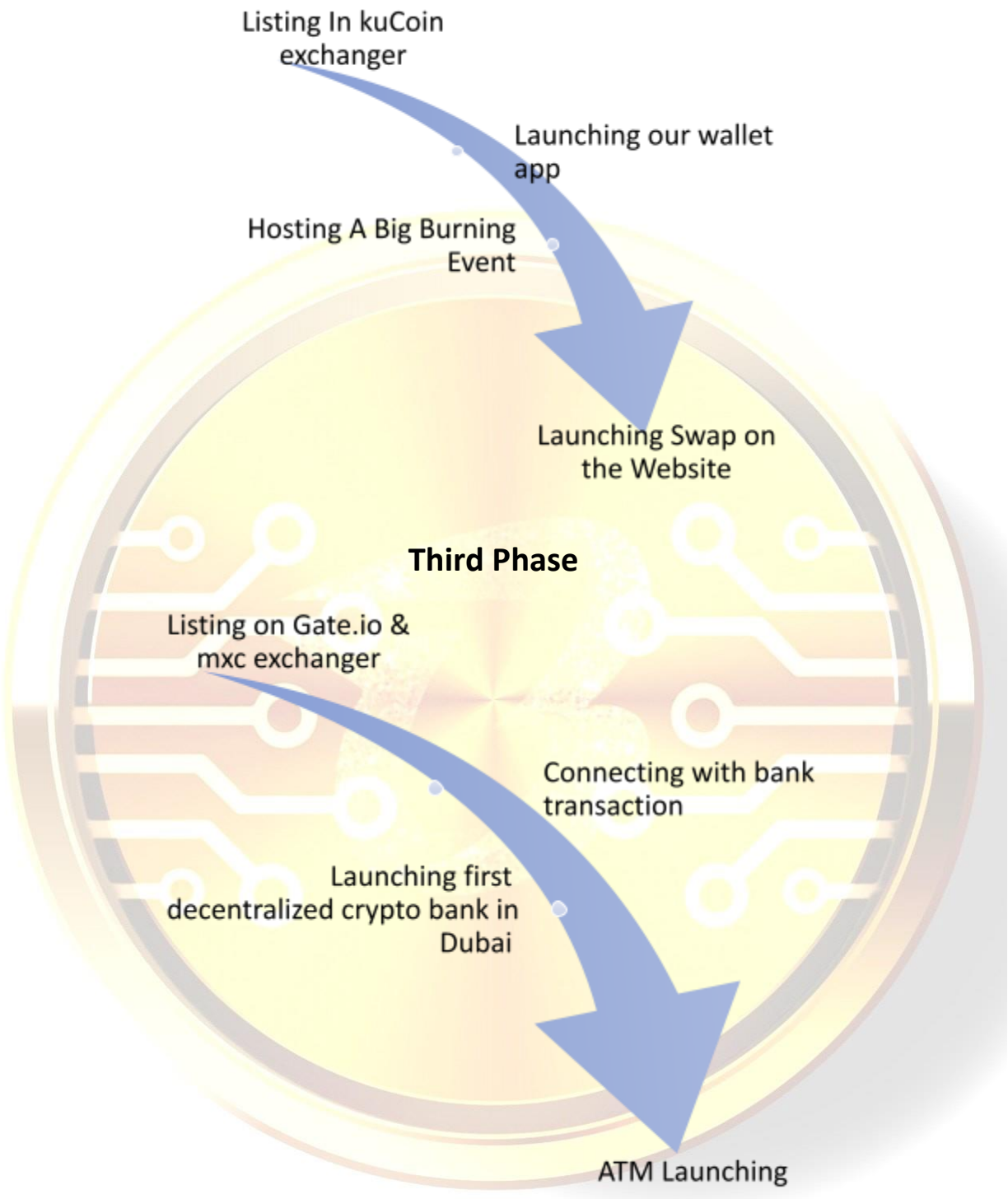
1. New era of digital transaction and cashless world
2. Data and information project
3. Artificial intelligence AI
4. Metaverse project

There are further benefits.

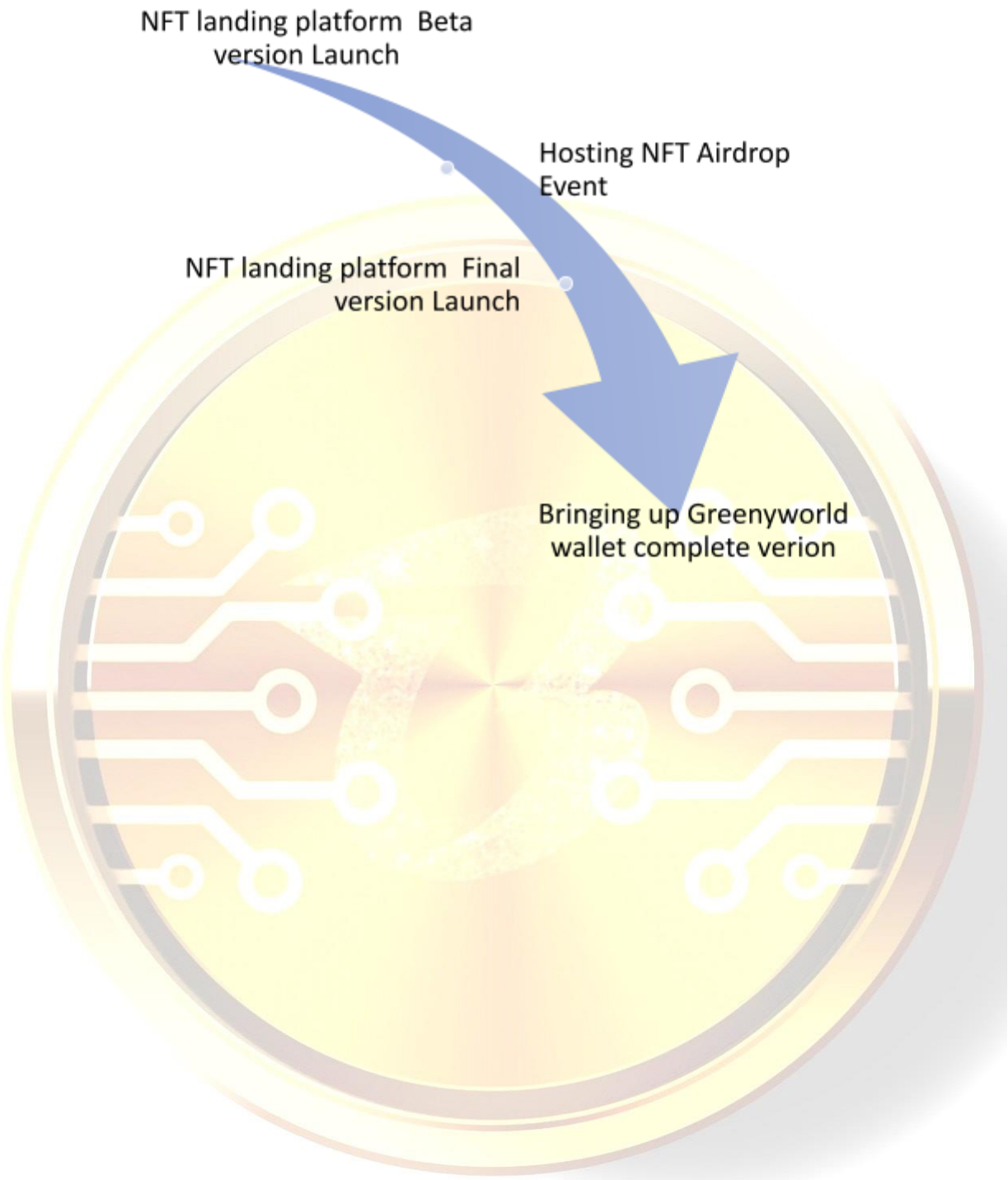
- *Money laundering could be easier to identify, ● There is a better chance for financial inclusion (i.e., people who can not afford a bank account, could have a BDC account).*
- *There is potential for innovative payment systems and financial services.*
- *And many others...*

Road Map





Fourth Phase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Hosting NFT Airdrop Event
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Bringing up Greenyworld wallet complete verion