

DIGITAL CURRENCY MODULE

Central banks are actively considering how retail CENTRAL BANK DIGITAL CURRENCIES (CBDCs) may fit with policy goals around financial inclusion.

MOST IMPORTANT BARRIER OF FINANCIAL INCLUSION CAN BE CATEGORIZED INTO SIX AREAS:

MARKET DEMAND CONTEXT

- Geographic barriers related to vast territories and remote locations.
- Institutional and regulatory factors, such as a lack of public goods like identity credentials, as well as informality and a lack of consumer protection.
- Economic and market structure issues, including limited competition, inefficiency in the financial sector and a lack of profitability of serving excluded groups.
- Characteristics of vulnerability, such as barriers by age, gender, income or disability status like visual and hearing impairments.
- Lack of education and financial literacy, and
- Low trust in existing financial services.

Some regulators are of the opinion that CBDCs is the key for innovation and economic development because even though access to payment services has grown in recent years, it is still far from universal. Low-income populations and those living in remote locations continue to face barriers to digital payments. Even in cases when there is access to Digital Payment, retail payment services through banks and e-money institutions can be expensive, and payments across borders – particularly for low-value transfers like remittances – face even larger challenges.

Through CBDCs, central banks are of the opinion that they can help to speed up digital payment adoption, particularly when market size and profit potential are insufficient to motivate private sector self-innovation, or when actual oligopolies prevent entry.

IN ORDER TO DO SO THE CENTRAL BANKS AGREE THAT IN ORDER TO ENHANCE FINANCIAL INCLUSION THERE ARE SEVERAL STEPS IN POLICY TO BE MADE SUCH AS:

- Promoting innovation in the two-tiered payment system. This can be achieved through architectures that involve private sector retail services (as in existing systems), including new (non-bank) actors, and by revisiting rules on authorised access.
- Be the public sector leader in order to bust innovations from the private sector.
- Function as facilitator for embracement of digital payments.
- Be the leader, the provider and supervisor in the process of Integrating CBDC with existing payment instruments like credit transfers, payment cards and e-money. It requires interoperability with other cross-border CBDC systems and with government payment and collection streams.

CBDC PRESENTATION AND ISSUING REQUIRES A SET OF GROUND RULES TO BE ESTABLISHED, OR AS WB CALL IT A SET OF FOUNDATIONAL ENABLERS, AMONG WHICH THE KEY ONES ARE:

CBDCS AS A UNIQUE TOOL FOR FINANCIAL INCLUSION.

- A CBDC as an instrument of a Monetary Regulatory Authority is accompanied by a strong public commitment because it requires its issuer to lead the design and implementation
- As an instrument of the CB such as the FIAT Money is not subject to credit risk and thus offers end-user safety.
- A CBDC can be made available to all licensed PSPs, thus increase competition in the Financial Sector
- CBDC could allow for a new type of intermediaries that offer payment services but do not handle customer funds – akin to payment initiation service providers (PISPs) under the Second Payment Services Directive (PSD2) in the EU, and similar frameworks in other jurisdictions. New players in the market offering lower risk.

ACCORDING TO THE RECENT STUDIES OF MANY CENTRAL BANKS, CBDCs CAN PLAY A MAJOR ROLE TO THE FINANCIAL INCLUSION FOR MANY REASONS AMONG THE MOST IMPORTANT TO MENTION:

- By enabling a new class of PSPs to enter the market, CBDCs could introduce innovation, leading to more tailored and compelling value propositions for both payers and payees.
- As an open-loop system the application of a CBDCs has the potential to activate deeper innovation.
- More access of each user to financial history and recent trends leading to a sophisticated economy and more educated traders and consumers as well.

THE EQ24 CBDC PAY WORKS IN TWO MODES:

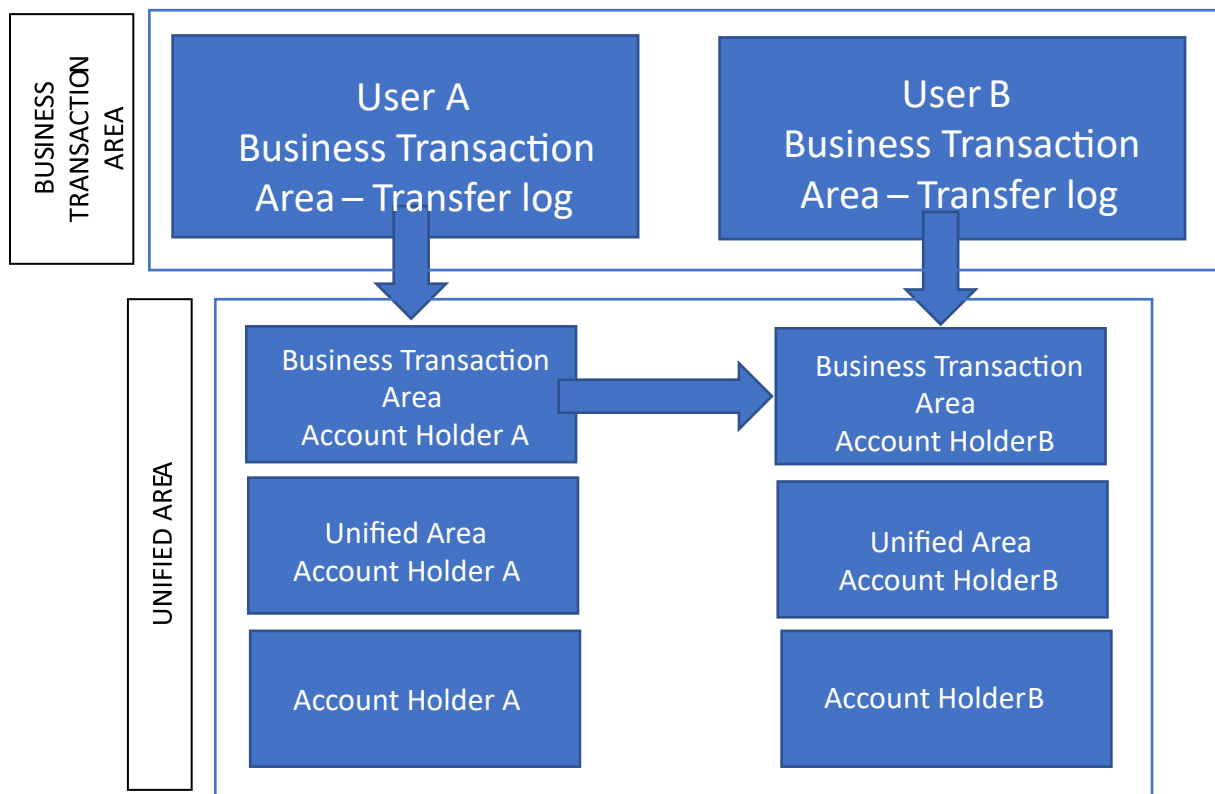
1. As a stand-alone Payment Module for actors that hold CBDCs accounts in EQ24Pay or banks.
2. As a trading module linked to the Payment Module and other integrated modules of the whole system.

As a stand-alone Payment Module for actors that hold CBDCs accounts in EQ24Pay or banks.

In order to open a Digital Currency account on EQ24PAY system the user needs to have an account with a commercial bank. Our system debits the deposit account on the commercial bank and credits the Digital Currency Account on EQ24 Pay. This transaction happens on what we call the UNIFIED

AREA OF THE MODULE. The second area of this Module we call “BUSINESS TRANSACTION AREA”.

While UNIFIED AREA registers the ledgers of the accounts, the BUSINESS TRANSACTION AREA is the individual area of executing payment contracts for goods and services between the Acc Holder and its peers. This area records the transactions of the payments as per each contract entered (Let Us Point Out That the Contracts are SMART CONTRACTS Entered in The System)



As a trading module linked to the Payment Module and other integrated modules of the whole system.

The EQ24PAY Digital Currency Trading Module is a distributed ledger technology (DLT) Ledgers are lists of records where transactions are recorded once and cannot be subsequently updated. In other words, every change of hands for the Digital Currencies listed in Trading Platform must be recorded as new transactions (book-keeping entries). Each record can be read many times but written only once.

EQ24PAY Digital Currency Trading Module is a Private Ledger, and as such it requires Governmental and Regulatory Authority regulations and supervision. Account Holder B Business Transaction Area Account Holder B Unified Area Account Holder B Account Holder A Unified Area Account Holder A

Business Transaction Area Account Holder A User A Business Transaction Area -Transfer log User B

Business Transaction Area -Transfer log If a process in either of the AREAs is not completed, the Digital Currency is not transferred UNIFIED AREA BUSINESS TRANSACTION AREA ADMINISTRATOR COMPANY X SECURITY IMPLEMENTATION AND ARCHITECTURE.

The platform is designed for CBDCs but it works even with known Cryptocurrencies such as Ethereum, Bitcoin etc.

SECURITY IMPLEMENTATION AND ARCHITECTURE

EQ24PAY Digital Currency Trading Module is a Platform that works on crypto-to-crypto exchange as well as crypto-to-fiat exchange, complying with EU regulations and AML requirements.

- It is designed to ensure maximum security of its users. It is programmed with advanced SSL protocols and provides Two-factor authentication. Integrated with the Communication Module, you as a user get an e-mail notification for every attempt to sign in from different IP. Funds are stored in Cold Wallet and Trading funds are being kept separate from user's deposit funds for controlling and managing the risk of trading.
- Full Compliance, Including KYC/AML- requires all users to go through full KYC / AML in order to use the platform and no one can enter a trade without first going through KYC / AML.
- It offers 24/7 support.