



USDBE

Tokenizing stability and security  
on the Ethereum blockchain

Whitepaper

Version 1.0



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# Introduction

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## 1. Introduction

USDBE is a US dollar-backed stable coin on the Ethereum blockchain. The value of USDBE is anchored to US dollar on a one-to-one ratio. In other words, an equivalent amount of US dollar is held against the same quantity of USDBE in circulation. US dollars shall be held in a network of decentralized escrow accounts to reduce the risk of misappropriation and other counterparty risks. It is a utility token with the aim of combining the stability of US dollar with the security, efficiency and fluidity enabled by the blockchain technology.





# **Function and malfunction of money**

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## 2. Function and malfunction of money

Before the invention of money, there were limited exchanges beyond acquaintances. Such non-monetary societies were largely premised on the principles of gift, debt and barter. However, this could not satisfy the fast development pace of human civilization. It is now believed that the first commodity money emerged in about 3,000 BC in Mesopotamia. Other civilizations developed their own versions of community money since then: shell money, gold coin, silver coin, etc.

However, commodity money is bulky and hence it is not a convenient means of circulation. In addition, commodity money is not durable and there was concern over loss of value during circulation. To address this problem, a system of representative money (i.e., paper note) first emerged in ancient China. Until 17th to 19th century, Europe also adopted a representative money system where paper note convertible into a predetermined amount of gold replaced the commodity money. The lightness and portability of representative money gave fluidity to money and hence facilitated regional and even international trade. Nowadays, money is no longer convertible into gold or other valuable commodities. Indeed, it only represents a 'promise' given by a national government.

In the last two decades, banking regulations are tightened to address the risk of money laundering, terrorist financing, proliferation of mass destructive weapon, and other undesirable activities. While no reasonable and law-abiding man shall disagree with such noble intention, the financial regulations, albeit strict, unfortunately seem to miss the target in the way that side effects harmful to and hindering international trade and transaction are widely seen. This result is contrary to the original intention of inventing representative money, that is, fluidity. It is not uncommon to see that genuine cross-border trade and investment are deferred or even blocked.

In addition, there is a problem that even modern form of money has yet to solve, that is, security. Money is up till now a bearer instrument. In other words, its holder is entitled to the economic ownership and right thereto. As such, money is prone to theft and misappropriation. The economic loss caused by corporate white-collar crime is ever increasing. A related problem is money counterfeit where the most sophisticated law enforcement agencies can hardly tackle.

Against this background, USDBE is developed to tackle the malfunctioning of money with the aim of providing a secure, efficient and fluid form of economic ownership and means of transaction.



**Technology**

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### 3. Technology

USDBE is an ERC-20 compliant cryptocurrency. The advantage is for USDBE to be compatible with those existing third-party services and software in the market. In addition, ERC-20 standard is well proven for its stability and usability. USDBE can be readily transferable between wallets on the Ethereum network and stored in all Ethereum wallets.







# Processes

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## 4. Processes

The lifecycle of USDBE can be divided into three phases: minting, circulation and redemption.

### 4.1 Minting

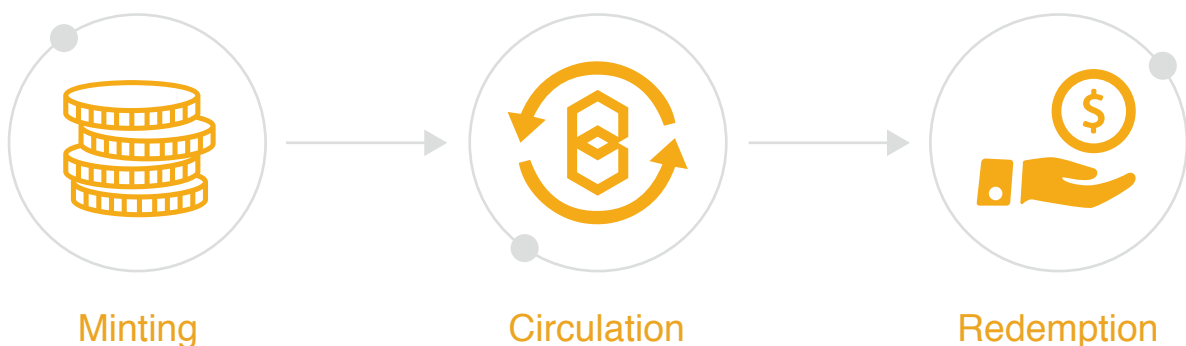
Buyer of USDBE first deposits US dollar to a designated bank account. After confirmation of the fund deposit, an equivalent amount of USDBE coins shall be created and transferred to the Ethereum wallet as designated by the buyer. Each USDBE is indeed a redeemable instrument for the same amount of US dollar held in custody for the USDBE holder.

### 4.2 Redemption

If a holder of USDBE coin wants to redeem his/her USDBE, the USDBE shall be sent back to us for removal in circulation. An equivalent quantity of US dollar or other currency (as designated by the USDBE holder) shall be credited to the bank account designated by him/her.

### 4.3 USD reserve

US dollars received from USDBE buyers shall be held in a network of decentralized escrow accounts to reduce the risk of misappropriation and other counterparty risks. This can also help spread country risk and systemic risks of the financial systems. The one-to-one parity of USDBE against US dollar shall be monitored on a real-time basis and disclosed periodically.





# Applications

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## 5. Applications

USDBE is pegged against US dollar and their transactions can conveniently and securely be made on the Ethereum blockchain-based distributed computing platform. This gives the two broad areas of USDBE application: a medium of exchange; and a store of value.

### 5.1 Private medium of exchange: peer to peer transactions

Individuals can send money to and from their friends and family members securely across national border and around the clock through USDBE. There is no more intermediary so that transaction cost is lowered.

### 5.2 Public medium of exchange: commercial transactions

Merchants can sell goods and services to downstream merchants or direct customers securely across national border and around the clock through USDBE at low transaction cost. Merchants can get paid long before physical delivery of goods and services.

### 5.3 Store of value: asset protection

USD is the primary reserve currency in most countries around the world. It is the paper currency with the highest degree of convertibility. It is also the world's standard currency for international transactions. USDBE is thus a perfect candidate for a store of value in jurisdictions where USD is not readily convertible. In other words, USDBE can serve as an asset protection tool.





# Advantages

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## 6. Advantages

It is believed that USDBE can bring a handful of advantages to consumers, investors and merchants in different ways.

### 6.1 Full collateral

Every USDBE in circulation is at all time fully backed by the equivalent quantity of US dollar (the world currency of stability) on a one-to-one ratio. This is ensured by the operating process in the way that USDBE is only issued for circulation after receipt of the equivalent amount of US dollar from buyers. Meanwhile, USDBE shall be burnt immediately after the relevant quantity of US dollar is transferred to USDBE sellers.

### 6.2 Secure

Unlike representative money, USDBE is not a bearer instrument. The high standard of security is enabled by the blockchain platform. Transactional detail and ownership are recorded in a distributed ledger over the peer-to-peer blockchain network.

### 6.3 Liquidity and borderless transactions

USDBE is a highly liquid form of money through which transactions can take place anytime and anywhere as long as your device is connected to the Internet. USDBE can also turn cross-border transaction into borderless transaction. While standard customer due diligence shall apply, it shall not be excessive to serve the noble aims.

### 6.4 Avoidance of the systemic risk of the financial system

Since USDBE is largely independent from the traditional financial system, the systemic risk of financial system which is still a nightmare to financial regulators is avoidable to USDBE holders.

### 6.5 Low transaction costs

Since USDBE is operationalized on Ethereum platform, USDBE holders can enjoy low transaction fee and hence maintain the purchasing power of their assets.



**USDBE**

[www.usdbe.io](http://www.usdbe.io)