FHM (PTY) Ltd t/a SAFCOIN | Registration NO: 2017/516322/07
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SAFCOIN

Africa's very own cryptocurrency, digital wallet, and exchange – created by South Africans, for Africans

Executive summary

Blockchain and cryptocurrency have rocked the global financial services industry. The hype is over, the dust is settling, and people are beginning to realise and accept that these technologies are driving significant and necessary change in financial technology (fintech).

When we created SAFCOIN in 2018, we had a vision to disrupt the market with a digital currency, wallet, and exchange platform that was developed by Africans, for Africans. Why? Because even though Africa experiences similar challenges to those experienced by developed markets, it feels the impacts of these a lot more. Challenges like financial instability, economic downturns, and the fact that a large portion of the population remains excluded from formal financial systems.

Africans are adept at designing solutions to African problems. Blockchain and cryptocurrency in general, and SAFCOIN in particular, could be one solution to many Africa-specific problems.

Our business

First, some context

Africa was left behind while the rest of the world was swept up in the Bitcoin rush. A lack of education on the benefits and uses of cryptocurrency, coupled with a lack of technological know-how and infrastructure, meant interest and investment in cryptocurrency remained low on the continent.

More than 17% of the world's unbanked population are in Africa. This unserved and under-served market has been let down by complex commercial banking systems, high transaction fees, and little effort to improve their financial literacy or simplify financial systems. As a result, most Africans – especially the poor – choose not to use existing financial services. This keeps them locked in a perpetual cycle of poverty and exclusion, since they cannot participate in economies outside of their immediate communities.

Cryptocurrency could drastically change this, by providing financial inclusion to everyone, facilitating trade across borders, and breaking down complex transactional processes and fee structures.

Introducing FHM (Pty) LTD

SAFCOIN was created by FHM (Pty) Ltd, a South African blockchain company. Established in 2017, FHM currently manages over 500 e-commerce systems for a large client base.

With extensive experience in e-commerce development, online payment processing, hosting and domain registrations, and knowledge of online regulations, the team decided to expand into the blockchain and cryptocurrency market with a mission to reduce financial bottlenecks for Africa's citizens.

FHM launched the initial coin offering (ICO) phase of SAFCOIN between July and October 2018. The ICO was made available exclusively to South Africans, to give them an opportunity to invest in the cryptocurrency before the rest of the world. For once, Africa was first to access a potentially revolutionary technology and, on 13 December 2018, the SAFCOIN cryptocurrency was officially and successfully launched in South Africa.

Plans are now underway to expand into Botswana, Zimbabwe, Zambia, Mozambique, and Malawi.

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SAFCOIN Africa Limited

SAFCOIN Africa was registered in the Seychelles and exists to run the African exchange as well as the Fiat bank accounts that have been set up in Botswana, Zimbabwe, Zambia, Mozambique, and Malawi. Having bank accounts in each country enables direct Fiat deposits and withdrawals in those countries, to and from any bank.

SAFCOIN Exchange

The SAFCOIN Exchange was created as a central platform for all African countries to trade on. Having a single exchange allows for easy money transfer and remittances between countries. The exchange has API integration which can be used on other African exchanges to trade with Safcoin.

The problem with remittances – and a solution

A remittance is the act of sending money to another person or entity as payment or as a gift. Many Africans migrate to the economic hubs of South Africa, Nigeria, and Kenya, to find work and escape conflict zones. Often, these people send money home to support their families. Since there's little infrastructure or services that make it easy for them to move money across borders, remittances are often their only option.

It's little wonder, then, that Africa has the highest number of remittances in the world. According to the World Bank, remittances to sub-Saharan Africa grew to $37.8 billion in 2017, and are forecast to exceed $39 billion in 2019. But Africa also has the highest remittance costs in the world. Africans pay $9.10 in remittance fees to send $200, compared to the global average of $7.20.

Money makes the world go around. And sending money around the world contributes to economic growth. In Liberia, Comoros, and The Gambia, remittances make up over 20% of GDP. And in Nigeria, Africa's largest economy, remittances were worth 5.6% of GDP in 2017.

These numbers present an untapped opportunity for money transfer firms and, indeed, cryptocurrency firms. Our goal for SAFCOIN, as an African-focused digital currency, is for it to become a widely accepted form of payment across Africa, especially at a time when disruptive technologies are re-shaping the online trading industry and remittance processes.

With SAFCOIN, we hope to increase trade in cryptocurrency on the continent and to simplify the cross-border remittance payment processes between countries, by eliminating red tape and reducing – or doing away with – bulky transaction processes and fees.

Is the world's largest crypto marketing still emerging?

Africa usually attracts attention for the wrong reasons. But one thing it doesn't get enough – or any – credit for, is that it is among the largest cryptocurrency markets in the world. Ironically, the countries with the highest inflation rates also rank among the main cryptocurrency economies.

Ghana, Nigeria, and Zimbabwe have all recorded double-digit inflation and all three are listed among the main crypto markets on the continent by gobitcoin.io. The cryptocurrency monitoring website also lists Botswana, Kenya, and South Africa among the top markets in Africa, while Uganda gets a special mention from the BBC for its growing adoption of cryptocurrency.

We wouldn't be surprised if other countries with double-digit inflation, like Sudan, Egypt, Malawi, Mozambique, and Zambia, also appear on that list one day soon.

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SAFCOIN

Clearly, cryptocurrency is growing in Africa and SAFCOIN, as the first exclusively African digital currency, is at the forefront. By 2020, the GSM Association predicts that Africa will have 725 million mobile subscribers, literally putting the tools needed to access the cryptocurrency ecosystem at people's fingertips.

Our vision for Africa is to:

- Develop an **inter-continental money-sending platform**, with instant transaction facilitation and low transaction fees;
- Develop the continent's **cryptocurrency economy** by helping new and emerging cryptocurrency traders succeed in an uneducated and untapped market; and
- **Revolutionise trade** on the continent by making it possible for citizens to transact with anyone, anywhere, any time – without a middleman.

Africa stands to reap endless benefits from cryptocurrency, not least of which are financial stability, equal access to financial systems and services, and economic prosperity. It's an exciting time to lead the industry into the next growth phase.

SAFCOIN to contribute to Africa's crypto regulation framework

Financial markets need regulations to protect consumers and investors; cryptocurrency is no different. Until now, the industry has been largely unregulated, which creates risk for all stakeholders.

FHM (Pty) Ltd is excited to have been invited by the Western Cape Government, in South Africa, to collaborate on a regulatory framework for cryptocurrency and exchanges in the country.

We have since created a Sandbox project, in close consultation with economist JP Fabri (MA (Econ); B.Com (Hons) Econ), who leads the Economic and Management Advisory Unit and the Digital Economy Unit in Malta. JP is a leader in cryptocurrency services, including regulatory issues, company incorporation, pre- and post-ICO strategy, whitepaper reviews, blockchain strategy, taxation issues, and AML and compliance.

In 2018, the government of Malta introduced landmark legislation that defines a new regulatory framework for cryptocurrencies and addresses AML/CFT concerns. Together with Malta, SAFCOIN will help to establish a similar framework for Africa, with the aim of building trust in this misunderstood technology.

> "SAFCOIN is at the forefront in South Africa; its concept is impressive. I believe that it has a very good use case, and is growing a loyal, organic customer base."
>
> *- JP Fabri, Economist, Malta*

Our partner ecosystem

Founded by three South African entrepreneurs – Neil, Michela, and Tony Ferreira – the SAFCOIN team has extensive expertise and experience in blockchain, security, marketing, printing, software development, and auditing.

Our partners include:

Development partner: CIS

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With a team of over 650 skilled resources and 13 years' experience serving global businesses, CIS's flexible development and project management infrastructure meets SAFCOIN's complex needs. The company is CMMI Level 3 and ISO 9001:2015 certified; is a Microsoft, SAP, and Google partner; and has offices in South Africa, India, the US, the UK, and Singapore.

Financial auditor: **DLR Southern Cape**

Established in 1914, DLR is an international advisory firm offering accounting, wealth, and fiduciary services across Botswana, Cyprus, Mauritius, Namibia, and South Africa.

Legal partner: Cilliers & Associates

Cilliers & Associates has over 19 years' experience across 22 different areas.

Progress and proof-points

SAFCOIN has made impressive progress in the short time it has been operational. These include:

SAFCOIN ICO

The SAFCOIN initial coin offering ran from July to October 2018 and was made exclusively available to South Africans. We developed our non-transferable Smart Contracts on the Ethereum blockchain and only accepted Fiat ZAR for token purchases. This ensured that only South Africans could participate in the ICO.

After the ICO, investors were migrated to the SAFCOIN Blockchain, where pre-mined crypto coins were transferred to their SAFCOIN wallets and recorded on the blockchain, and tokens were burnt on Ethereum.

SAFCOIN Blockchain

Launched in December 2018, 10 million proof of work (PoW) coins were made available on the SAFCOIN Blockchain. Of these, five million were pre-mined. The remaining five million will be mined over the next six years.

SAFCOIN cryptocurrency

With SAFCOIN cryptocurrency now available, we can focus on our vision of becoming the digital currency of choice that connects countries and facilitates easier, cheaper remittances across borders. We have already demonstrated use cases in the retail, transport, education, industrial, agricultural, and e-commerce sectors. For more information, visit our website: www.SAFCOIN.co.za.

SAFCOIN Exchange

We developed the SAFCOIN Exchange with the intention to create liquidity for, and to facilitate trade in, SAFCOIN cryptocurrency.

We have built a number of security mechanisms into the platform. Most importantly, the Exchange is centralised, giving us control over security. We have also enforced trading limits, i.e. sellers cannot list their coins for less than 5% or more than 15% of the current trading price, which is determined over a 48-hour timeframe. This allows us to stabilise the market around the current price and avoid price manipulation by whales and miners.

The SAFCOIN Exchange has been built to accommodate the rest of Africa and to facilitate cross-border remittances. As a centralised exchange, users can only withdraw within Africa using Fiat bank accounts. This improves security and guards against money laundering, illegal activities, and anonymous users.

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SAFCOIN iOS and Android app

Most people in under-served markets do not have access to a computer but do have smartphones. SAFCOIN has a strong mobile strategy, to ensure that all functions can be easily performed on a phone. This is a key pillar in our market penetration strategy.

Download the app:

- For Android: https://play.google.com/store/apps/details?id=com.fhm.SAFCOIN&hl=en_US
- For iOS: *Awaiting Apple approval*

SAFCOIN core and Bitcoin wallets

The miner and investor wallet allows for cold storage of SAFCOIN on users' PCs or laptops.

Our Bitcoin wallet lets international cryptocurrency investors buy SAFCOIN with Bitcoin, using our marketplace. The SAFCOIN Exchange also supports P2P Bitcoin trading.

SAFCOIN mining and mining pools

We have deployed a Scrypt mining algorithm to validate transactions on the SAFCOIN Blockchain. There are currently five million coins available to mine, with a block time of 2.4 minutes.

We have also developed mining pools, to allow under-served and emerging miners to mine SAFCOIN using their normal PCs and laptops. This ensures everyone has an equal opportunity to earn rewards from mining SAFCOIN and also takes pressure off the power grid.

SAFCOIN Blockexplorer

The SAFCOIN Blockexplorer website records blocks and transactions and makes them available for public viewing.

SAFCOIN HIPAA compliant server architecture

We use US health data compliant servers to ensure the safety of the SAFCOIN Exchange, wallets, and personal data.

SAFCOIN crypto payment gateway and card payment integration

The exclusive SAFCOIN crypto gateway eliminates intermediaries like PayPal, PayFast, and U-Pay. Merchants and micro traders can use our gateway for free, which lowers their development set-up and merchant registration costs.

Our card payment integration system is designed to assist those who don't have internet banking, allowing them to make Fiat deposits via card payments.

SAFCOIN support centres

We have opened two customer support centres – one in the Western Cape and one in the Eastern Cape – to help people set up their cryptocurrency wallets and learn about how cryptocurrency works. Knowledgeable staff at the support centres are able to offer assistance in person or telephonically, in English, isiZulu, isiXhosa, and Afrikaans.

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More support centres are planned for rural areas across Africa, to educate local residents on how to use the SAFCOIN platform and on the benefits of cryptocurrency.

SAFCOIN online support ticket system

Simplifies support and services offered to consumers and merchants.

SAFCOIN gateway merchant

We use a Fiat merchant bank account for online and card payments.

SAFCOIN automated withdrawal system

Supports Fiat withdrawals into any bank in South Africa. Withdrawal into Botswana, Zambia, Zimbabwe, Mozambique and Malawi will soon be available.

SAFCOIN ethical hacking, bug bounty, and security auditing

Our systems are managed by Hacken.io, a leading bug bounty and hacking service provider partially owned by McAfee.

SAFCOIN referral commission system

The SAFCOIN referral programme plays an important role in building our community, allowing those who can't afford to buy cryptocurrency to earn it via our referral system.

SAFCOIN digital presence

Follow SAFCOIN on Facebook | Subscribe to our blog for the latest SAFCOIN news

In the pipeline

There are a number of exciting SAFCOIN developments underway, including:

- **SAFCOIN Micro Jobs Marketplace –** Users will be able to offer micro jobs and services globally without the need for an e-commerce set-up, payment gateway, merchant bank account, domain, hosting, or any other unnecessary middleman costs. Those completing jobs will be paid in SAFCOIN via their SAFCOIN wallets. All payments will be facilitated through the SAFCOIN gateway and Exchange – no bank account necessary. The SAFCOIN EasyJobs Marketplace has over 2,500 categories with the potential to connect millions of services across Africa.

- **SAFCOIN Retail Marketplace** – This marketplace allows small traders to sell their goods to anyone in Africa, without incurring start-up costs and third-party fees. It will work similarly to the Micro Jobs Marketplace.

- **SAFCOIN rewards system** – The rewards system lets SMMEs reward their customers in SAFCOIN. The goal of the rewards system is to help small business become part of a wider business network.

- **SAFCOIN Africa Exchange** – To connect traders all over Africa, using integrated APIs. The Exchange will also support SAFCOIN liquidity.

- **SAFCOIN ATM application** – To help unbanked markets make SAFCOIN Fiat deposits at ATMs.