



# XENTAVO

***The Big Future of Small Nations***

**XENTAVO is a blockchain based platform for Small Countries.**

## WHITEPAPER

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# 1 Digital Currencies for Small States

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Small States are ordinarily defined as nations with a population of 1.5 million citizens or less. More than a quarter of all World Bank members are such type of nations. Globally, banking institutions have tightened controls by imposing dramatic limitations boxing in Small States financially.

Impelled by financial meltdowns and regulatory abuses almost all Small Countries are being shut off from global financing. In simple terms, if a local bank in a Small State doesn't have millions in assets, very few banks are willing to conduct business with them. The Caribbean region for example, is continually losing correspondent banking in the US. A research paper from the IMF ("Macroeconomic Issues in Small States and Implications for Fund Engagement" Feb 2013) looks at why many Small States have done so poorly for decades. Small Countries have long faced problems easy to understand. Two stand out:

First, Small Nations struggle to become economies of scale. It is hard to imagine trying to provide public services in the Federated States of Micronesia for instance, where over 600 islands are spread across one million square miles of ocean. The nation's inadequate economy results in expensive, sub-standard public services.

Second, trade is very challenging for Small Countries. Take almost all of the Caribbean countries which have to import fuel to generate electricity; reason why electricity is so expensive there. These types of problems have unfortunate mounting consequences for these countries and their people.

Compared to big countries, high fixed costs in the public sector mean elevated spending-to-GDP ratios for Small States. Also, professional resources are significantly limited. Large countries benefit from giant knowledge pools their governments can always tap into to develop reliable solutions. Small Countries do not have a large quantity of educated professionals with niche expertise they can rely on.



With the emergence of digital blockchain solutions and cryptocurrencies, Small Countries are now able establish their own digital monetary sovereignty. The mechanics and the tools are currently available from XENTAVO.

Today, there are over 1,200 cryptocurrencies. The first one, Bitcoin, was launched in 2009. Although it is very unlikely that Bitcoin, or any other of the existing cryptocurrencies can be adopted as a government controlled monetary currency. These platforms have opened the door to distributed ledger technology, which makes it possible for Small Nations to start thinking about digital Sovereign currency solutions. Russia and the City of Dubai recently announced that they are creating state-regulated digital currencies and many others are following suit by trialing these new global monetary instruments.

So, what attracts Small States to start implementing a Sovereign digital currency? On one hand it is the virtues of the blockchain technology:

- Immutable (once recorded it will be almost impossible to change a record)
- Security (this technology has a much higher security (in the nine years of existence of Bitcoin the technology has not been hacked once))
- Faster settlement
- Increased capacity
- Reduced costs
- Increased operational flexibility

This presents new opportunities for governments. Today, public servants in most lower-developed countries often use outdated systems and protocols. Their own currency is regularly pegged to the US Dollar limiting their governments to survive and adapt to these restrictive changes in monetary policies.



**The benefits of a White Label digital framework for these countries are:**

**Reduced cost of operations** • Simplified, a cryptocurrency is controlled through variables in a software program. No creation, storage and transport of paper money is required. Controlling the money supply is done through variables in a program.

**High flexibility** • Recently two hurricanes devastated several countries in the Caribbean. Most of these countries are not rich and have serious financial problems. As one would expect, quick recovery and reconstruction is not an option for them today. With a Sovereign cryptocurrency in place they could increase the money supply for a short period of time and boost the reconstruction and recovery efforts more effectively and help stabilize their economy faster. Changes can be implemented with immediate effects.

**Transparency** • With paper money Small Nations have several issues: The available money supply is totally unknown. Fraud and corruption is difficult to trace. Counterfeit money is only possible with cash. With a cryptocurrency a government always knows the exact volume circulating and where exactly it is located. Cryptocurrencies cannot be forged as they are incorporated in the blockchain. Fraud and corruption becomes problematic because transactions using these monetary instruments are transparent. Everybody knows where the money went.

**Greater financial inclusion** • In many small countries a large percentage of the population do not have bank accounts. Greater financial inclusion of people who are currently on the fringes of the financial systems is one of the many benefits of cryptocurrencies. In many countries certain individuals are not allowed or able to open a bank account nor obtain a credit card. To acquire things, people either have to barter or use cash. With cryptocurrencies opening an "account" and using it is easier.

**New fiscal instruments** • Small Nations can expand their fiscal policies through blockchain platforms and software applications to shape new and solid economic opportunities for their growth. Housing development and lending programs, funding



of state and private projects, land registry, as well a quick disaster recovery funds access and allocation, are just some of the countless economic segments that can benefit.

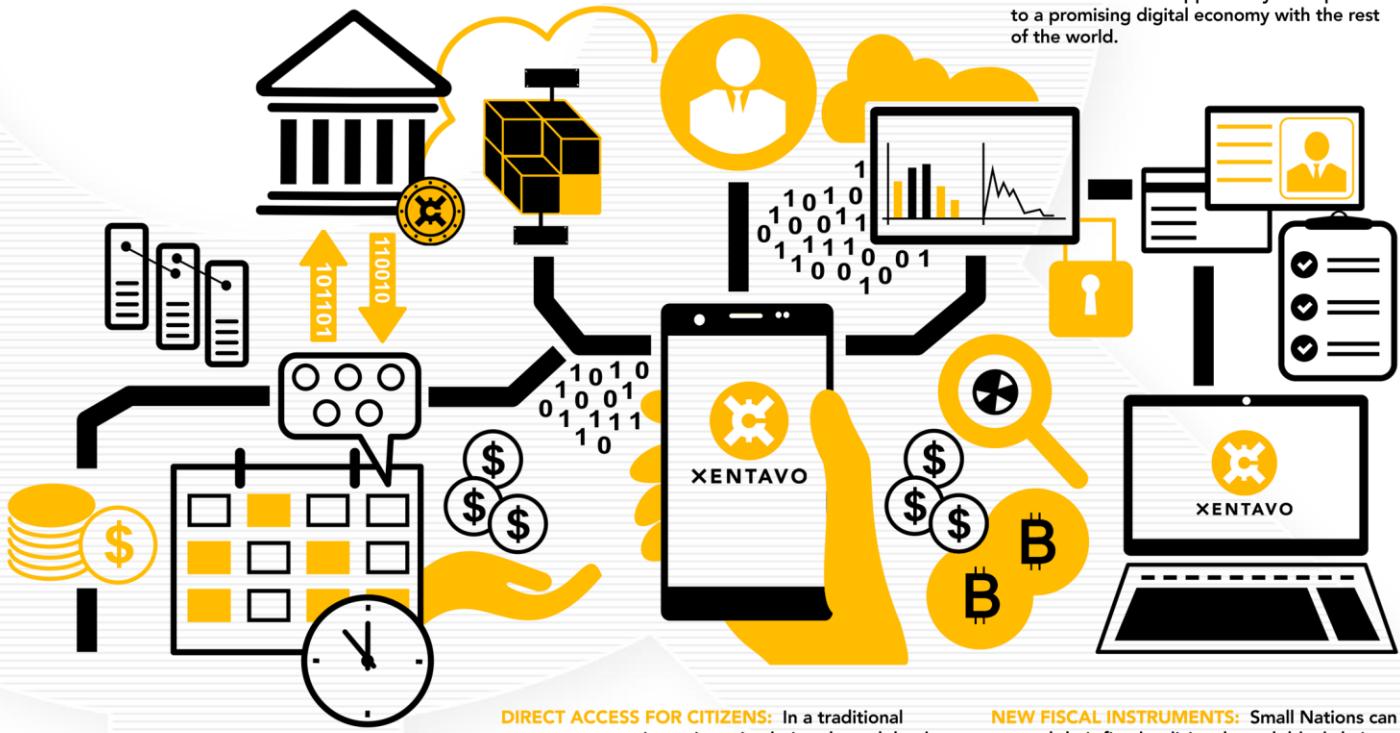
When the internet was created, it removed barriers that came to benefit many of these Small Countries. A noteworthy example is the travel industry. With a click of a button everyone everywhere can instantaneously book a hotel room in the Turks and Caicos for example. That wasn't possible 20 years ago.

Cryptocurrencies have become the next big leap for world economies, large or small, making them stronger, more independent (so "when the US sneezes many countries don't catch a cold"), enabling them to really support and service their citizens.

**INDEPENDENCY:** The implementation of a White Label digital platform solution is the first step for Small States to establish a proprietary Sovereign digital currency.

**TRANSPARENCY:** Digital currencies cannot be forged as they are securely incorporated in a blockchain system. Therefore, fraud and corruption is minimized. The trail of every transaction is recorded and totally transparent.

**REDUCED OPERATING COST:** Sovereign digital currency variables are monitored and controlled through localized software programs. Small Countries have the opportunity to leap to a promising digital economy with the rest of the world.



**GREATER FINANCIAL INCLUSION:** People who are currently on the fringes of the financial system will have greater financial inclusion opportunities. In many countries they are not allowed to open a bank account nor obtain a credit card. With a Sovereign digital currency opening an account and using it is easier.

**DIRECT ACCESS FOR CITIZENS:** In a traditional economy money is put into circulation through banks. With a Sovereign digital currency the government can grant access to their people without a "middleman."

**NEW FISCAL INSTRUMENTS:** Small Nations can expand their fiscal policies through blockchain platforms and software applications to shape solid economic possibilities for their growth. Housing development and lending programs, funding of state and private projects, land registry, as well as quick disaster recovery funds access and allocation are just some that need immediate attention.



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## 1.1 How much does it cost to issue paper currency?

In the USA the Federal Reserve Board places a money printing order each year with the Department of the Treasury's Bureau of Engraving and Printing, which produces U.S. currency and charges the Board for the cost of production. The print order in the budget for 2017 was \$6.6 billion. The currency budget was \$726.6 million (including transport and other related costs). That is a cost equivalent to around 11% of the total money being issued. The production of lower denomination bills In smaller countries exacerbates this percentage of cost for the printed money.

| Denomination | Cost of Production  |
|--------------|---------------------|
| \$1 and \$2  | 5.4 cents per note  |
| \$5          | 11.5 cents per note |
| \$10         | 10.9 cents per note |
| \$20         | 12.2 cents per note |
| \$50         | 19.4 cents per note |
| \$100        | 15.5 cents per note |

| Denomination | Estimated Lifespan |
|--------------|--------------------|
| \$1          | 5.8 years          |
| \$5          | 5.5 years          |
| \$10         | 4.5 years          |
| \$20         | 7.9 years          |
| \$50         | 8.5 years          |
| \$100        | 15.0 years         |

\*Costs of production and average lifespan of USD paper currency.

On the other side of the spectrum Venezuela is experiencing a different situation. Inflation there is around 2,300% forcing the government to constantly print larger value notes. Assuming the costs of printing money in Venezuela is similar to the costs of issuing money in the USA (while estimating that cost to be even higher due to the lower volume of notes printed, in addition to having to print it outside of the country). Today a 100 Bolivar note is worth around 3 US cents, falling below its costs of production. In simple terms, if a monetary note is worth less than 10 US cents, the local treasury, and consequently the country, is losing money. In reality the value is even lower, since the lifespan of paper money averages 6 years, without taking into consideration inflation which plays a very important role in their currency value.

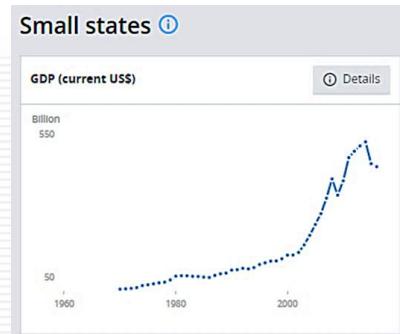


## 1.2 Distributed Ledger Technology for Small Countries

Small States are characterized by a small population, limited professional human capital, and confined land areas. Small countries become more and more dependent on the economic support from larger countries or international organizations, where big local issues can only be resolved with external support.

Many of these economies rely on tourism. Before the internet, booking flights and hotels was challenging. Tourists had to physically go to a travel agency and review paper-based catalogs featuring these “exotic” destinations before moving forward to a long reservation protocol via telephone. Planning a trip to a Small Country like Belize for example was not something for everybody. That has drastically changed.

In 1998, statistics showed that Belize registered only 177 thousand tourist arrivals. That number has quintupled since then. Searching for “Travel Belize” on Google leads to approximately 80,500,000 results. The development and growth of other industries in Belize has been very substantial as well, supported by very impressive numbers. As illustrated by the World Bank, the GDP of Small States has grown remarkably since the year 2000:



The internet has made many Small Countries significantly less dependent on external support.

According to the World Bank, Small States share the following challenges today:

1. Large demand for expenditures (governments play a large role).
2. Provision of public services to small scattered populations can be costly.
3. Small Island States are highly exposed to climate changes and natural disasters.
4. Recurrent financial, climate, and disaster shocks reduce the fiscal space.
5. Small States rely mostly on international finance to supplement their fiscal envelopes.
6. Small States do not easily fit the standard development model.

7. Typical policy regimes: Common currencies (often pegged to the USD); currency boards; fixed or heavily managed exchange rate regimes. Imported domestic monetary policy from abroad.
8. Lose the nominal exchange rate as a flexible adjustment mechanism; must rely on flexible wages and prices to absorb shocks.

Many of these issues are finance related, therefore the next step to reduce them is to focus on Sovereign cryptocurrencies and their associated digital financial solutions. This is now possible with the introduction of the Distributed Ledger Technology (DLT). DLT is sometimes referred to as the "fourth revolution": the printing press closed the knowledge gap, automatization closed the power gap, the internet closed the distance gap, and now, DLT closed the trust gap.

Small Countries need to implement their own Sovereign digital currency using this technology; with a cryptocurrency that is controlled by the government and not by a third party, with a cryptocurrency that is easily and quickly exchanged to other internationally accepted currencies in order to foster trade, and with confidence that the cryptocurrency is secure.

The following analysis addresses the main issues discussed at the World Bank Small States Forum 2017:

- 1) **De-risking:** When financial institutions seek to "de-risk," they cause the withdrawal of correspondent banking relationships with Small States. The resulting financial exclusion is a matter of great concern for the international community. Reduced remittances, impediments to economic growth and the impossibility of conducting business are some of the main consequences of this withdrawal. These problems can be solved almost immediately with the implementation of a Sovereign cryptocurrency backed and managed by the government in Small States.
- 2) **Vulnerability:** Recent natural disasters in the Caribbean demonstrated that Small States are often highly vulnerable to external shocks. In Dominica for example, the 2017 hurricane damages exceeded 200% of the nation's GDP. Responding to such



natural disasters and other external shocks requires not only vast amounts of capital, but also rapid responses. Having a cryptocurrency in place could have helped. After a natural disaster the government could increase the digital monetary supply for a short period of time to address these temporary problems to then—if applicable—seek for IDA support (a process that takes time) to recover that investment.

### 1.3 XENTAVO's White Label FIAT Solutions:

Contracted by Small States, XENTAVO will design and implement a customized distributed-ledger-technology (DLT) platform destined to be controlled by the Central Bank of that particular Small Country. Depending on the specific characteristics and requirements of each country, XENTAVO's modular digital systems can be easily expanded over time. It could include a subsidy module for example, to support a solar lighting project in remote areas, etc. Each Sovereign system will include the creation of a bespoke token (which will not be traded on public cryptocurrency exchanges) with practical features like: deposit, withdraw, transfer and exchange. The main characteristics of the XENTAVO White Label digital solutions system are usability, simplicity and security.



The screenshot shows the 'Country Finance Portal' interface. On the left, there's a sidebar with a dark blue header labeled 'Country'. The main area displays 'Your Accounts' with three entries: 'SCC Country Currency' (10,322.55 \$), 'USD US Dollar' (0.00 \$), and 'Xentavo' (0.00 XEN). Each entry has 'Send' and 'Deposit' buttons. Below this is an 'Exchange' section with dropdown menus for 'Amount' (set to SCC) and 'You will receive' (set to USD), and an 'Exchange' button. At the bottom of the sidebar are 'Home' and 'Legal & Privacy' links.

A vertical sidebar on the right is titled 'Send Funds' and includes fields for 'Recipient', 'Amount' (0.00), and a 'Note' section with a placeholder 'Write an op...'. A yellow 'Send' button is at the bottom of this sidebar.

A modal window titled 'Add token' is open in the center. It contains fields for 'TOKEN CONTRACT ADDRESS' (containing the value '0xe4bbf615abd993009ddedffad70835e26ff68f1'), 'TOKEN NAME' ('Country Currencny'), 'TOKEN SYMBOL' ('SCC'), 'DECIMALS PLACES OF SMALLEST UNIT' ('2'), and a 'PREVIEW' section showing a card with the name, symbol, amount (0.00 CD\$), and contract address. There are 'CANCEL' and 'OK' buttons at the bottom of the modal.

## 2 Research

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The internet has significantly changed the world. With peer-to-peer transactions everything has become more decentralized. No more “middlemen” are required to handle transactions. Distributed Ledger Technologies (DLT) adds a significant layer to this change.

The implementation of digital currencies in Small Countries is something new and very much needed. Many of the world's Small States have currency board agreements where these nations can no longer set monetary policies to address their national banking necessities. These agreements and fixed rates also define their terms and conditions for trade. In the past, currency boards incentivized small and open economies which later realized that their set monetary policies are unsustainable.

Is there still a need for currency boards when a DLT based currency is implemented? Will there still be the necessity of correspondent banks for international transactions? With a DLT based digital currency Small Nations will be able to do transactions peer-to-peer and without a correspondent bank.

XENTAVO will also customize Sovereign digital solutions for Small Nations to address interest rates, exchange rates, inflation, trade, taxation, the prevention of money laundering, etc.

XENTAVO plans to work together with local universities and global economic education centers to consciously research, address and define the most suitable course of action for each Small State.

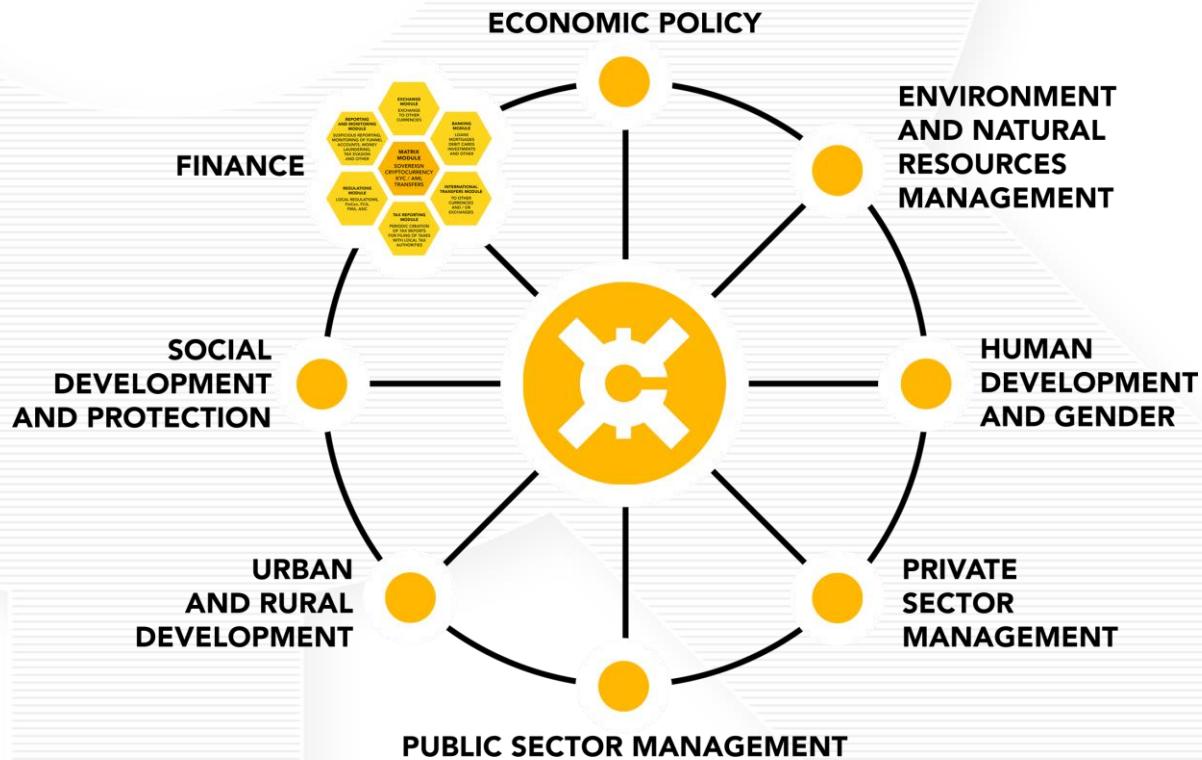


### 3 System Implementation

The XENTAVO digital solution is easy to integrate into new or existing government-controlled systems of Small States. The XEN infrastructure is configured according to the local banking rules, regulations and requirements. XENTAVO does not try to implement a decentralized unregulated digital currency. The currency solution is decentralized but controlled by the country's Central Bank.

#### XENTAVO offers these benefits:

- Reduced cost of operation
- Reduced risk of fraud
- Greater financial inclusion
- Exchange to other currencies
- Independency
- New fiscal instruments
- Transparency



### 3.1 XENTAVO Value Proposition:

The main objective is to implement a Sovereign digital cash system that enables a Small Country to digitally run the nation's monetary policy, provide and maintain an efficient and sustainable payments system, and supervise and regulate financial operations.

- 1) Sovereign: Controlled directly by the government / Central Bank.
- 2) Tradable: Balances are internationally tradable 24 hours a day.
- 3) Availability: The system will be available 24 hours a day.
- 4) Secure: The platform is built with cryptographic security, protecting balances even in economic meltdowns.
- 5) Scalable: Digital frameworks offer great opportunities to scale up access to local and global financial services.
- 6) Inclusive: Digitizing reduces both costs and physical barriers expanding financial inclusion initiatives.
- 7) Modular: The XENTAVO platform has been designed to implement existing and new fiscal policy and management applications.

### 3.2 Main Components of the XENTAVO Digital Platform:

The XEN framework consists of four essential layers:

**Authorization** – only authorized users will be able to use the platform. The extent will be linked to local and international regulations (if required).

**Modules** – layers in the platform are customized to create and/or trade custom digital assets and currencies. They are software layers built on top of a blockchain. The utility of each module is integrated to all the other components depending on their purpose in the system. This platform layer will also contain a wallet function.

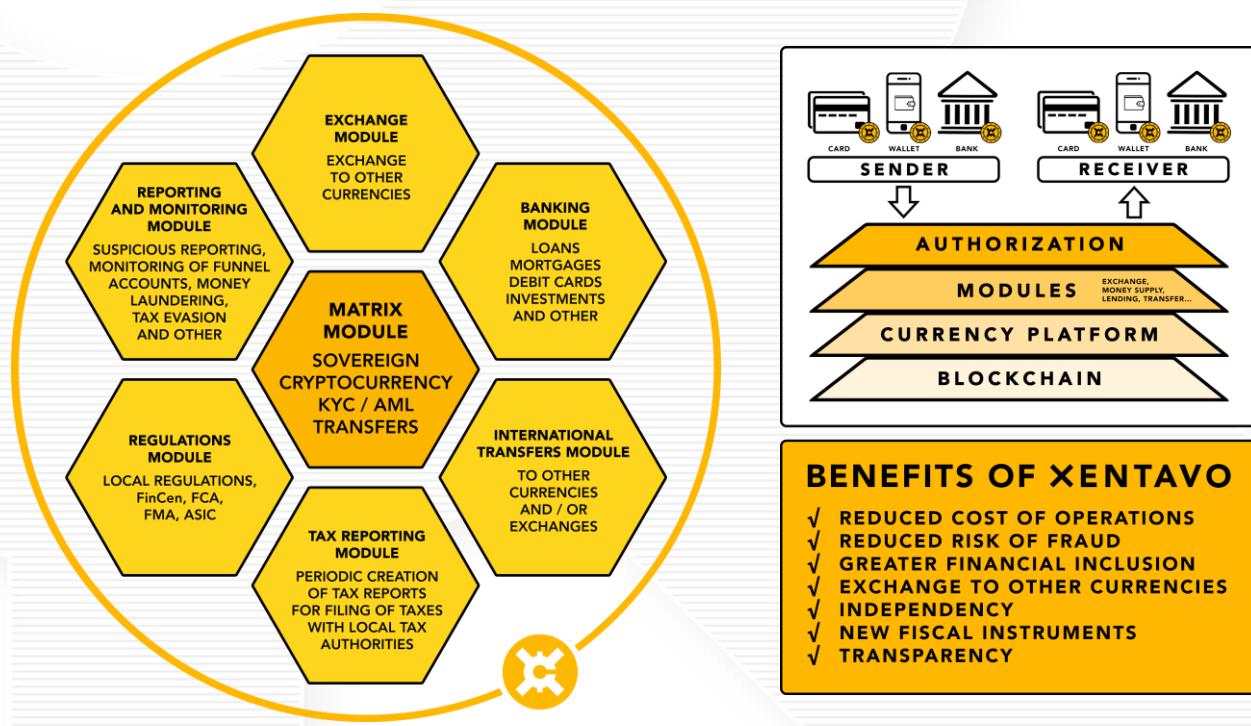
**Currency Platform** – a layer that enables exchange between currencies.



**Blockchain** - The main advantages of using a blockchain as a digital platform is its durability, reliability and longevity. For data integrity and distribution, the system will use a cryptocurrency which has no scaling limitations on transactions. Through this technology the infrastructure will transmit and secure data in a tamper-proof environment. The entire end-to-end verifiable audit trail and management of all the information occurs in real time, ensuring full transparency of provenance and meta data. Having a complete data audit trail, with cryptographically ensured integrity, will be vital for the success of all XENTAVO applications adopted by any Small State. Additional modules developed in the future will address specific objectives and goals.

### 3.3 Finance Platform:

The XENTAVO platform will be adapted to the needs of each country. The matrix module of the XENTAVO digital platform includes the creation of the Sovereign digital currency on a blockchain, with national and international Know Your Customer (KYC) and Anti-Money Laundering (AML) procedures. The matrix module also offers the possibility to transfer of money between users easily.



The concept of cryptocurrencies is very new for many Small Countries. The implementation of a XENTAVO digital infrastructure will work together with local authorities, lawyers, tax authorities, accountants, and universities to optimize the use of cryptocurrencies.

## XENTAVO Prospect Target Markets:



**WORLD BANK List of 50 Small States:** (More than a quarter of all WORLD BANK members are countries with a population below 1.5 million)

- |                        |                       |                           |                         |                                  |
|------------------------|-----------------------|---------------------------|-------------------------|----------------------------------|
| 1. Antigua and Barbuda | 11. Cyprus            | 21. Guyana                | 31. Montenegro          | 41. St. Kitts and Nevis          |
| 2. Bahamas, The        | 12. Djibouti          | 22. Iceland               | 32. Namibia             | 42. St. Lucia                    |
| 3. Bahrain             | 13. Dominica          | 23. Jamaica               | 33. Nauru               | 43. St. Vincent & The Grenadines |
| 4. Barbados            | 14. Equatorial Guinea | 24. Kiribati              | 34. Palau               | 44. Suriname                     |
| 5. Belize              | 15. Estonia           | 25. Lesotho               | 35. Qatar               | 45. Swaziland                    |
| 6. Bhutan              | 16. Fiji              | 26. Maldives              | 36. Samoa               | 46. Timor-Leste                  |
| 7. Botswana            | 17. Gabon             | 27. Malta                 | 37. San Marino          | 47. Tonga                        |
| 8. Brunei Darussalam   | 18. Gambia, The       | 28. Marshall Islands      | 38. Sao Tome and Princi | 48. Trinidad & Tobago            |
| 9. Cabo Verde          | 19. Grenada           | 29. Mauritius             | 39. Seychelles          | 49. Tuvalu                       |
| 10. Comoros            | 20. Guinea-Bissau     | 30. Micronesia, Fed. Sts. | 40. Solomon Islands     | 50. Vanuatu                      |

## 4 Security / Development of Platform

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Cyberspace, and its underlying infrastructure, is vulnerable to a range of risks, cyber threats, and hazards. Cyber professionals exploit vulnerabilities to steal information and money, and are constantly developing capabilities to disrupt, destroy, or threaten the delivery of essential services. In addition, a variety of traditional crimes are being perpetrated through cyberspace, including banking and financial fraud.

IT security of the XENTAVO platform will therefore have the highest priority as the system will be handling currencies that are legal tender.

XENTAVO therefore will only employ IT specialists / developers that have been thoroughly screened. The platform will be created, developed and maintained by an organization that has a proven track record, is already operating in the finance industry, and has many years of experience in the industry.



## 5 Roadmap

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- 2017/01 Research on the impact of blockchain technologies and cryptocurrencies on economies of Small Countries
- 2017/06 Development of technical proof of concept
- 2017/11 Development of whitepaper
- 2018/11 XENTAVO 1.0 (finance portal including wallet, exchange, transfer, and FIAT token)
- 2019/06 First roll-out
- 2019/11 XENTAVO 2.0 (migrate the XEN token to its own chain; FIAT tokens will be migrated to be part of the new XEN ledger)

The XENTAVO platform will undergo exhaustive research, development, testing and auditing over the next year, to reach important milestones benefiting the XEN clients, users, developers, and the XEN digital ecosystem overall. The following process will apply before every module is implemented:

- 1. Research and Development** - Gathering of all requirements and government regulations important for planning, designing and implementing a scalable, robust, decentralized digital currency.
- 2. Test and Audit** – The XEN system is only as good as the software is secure. Testing and auditing will be taken very seriously.
- 3. Implementation and Expansion** - XENTAVO will create and release a beta version of every system, including the mobile application, API, and, if applicable, its web application. The rollout will start with only a selected number of known users, like a field test. Once this phase has been successfully completed, XENTAVO will continue adding users to the system.

This ground-breaking XENTAVO framework concept and its token can revolutionize the world of Sovereign currencies for Small Nations.



## 6 The XEN Token

Security is the most important deliverable of the XENTAVO endeavor. A two-phased approach is needed to guarantee safety for two main reasons: First, few experienced developers are available to work on a DLT protocol and starting with second-tier developers is not an option when dealing with Sovereign or national currencies. Second, successful, stable, and widely used DLT technologies are already available, ready to be customized. XENTAVO will start with these proven protocols by building a non-crypto layer on top of such a protocol.

### 6.1 Phase 1: XEN Fees

The XEN token is the backbone of the XENTAVO system. All fees will be paid across all client platforms with XEN.

XEN is built on the premise that charges are only incurred when a customer "does something" with his or her money, thus there is no charge for depositing funds. Rather, charges are incurred for sending and receiving funds.

The following fees will be available to select from

- Monthly Fee/Initial Registration
- Cash-in, Cash-out
- Transfer
- Balance Inquiry
- Bill Payment
- API calls

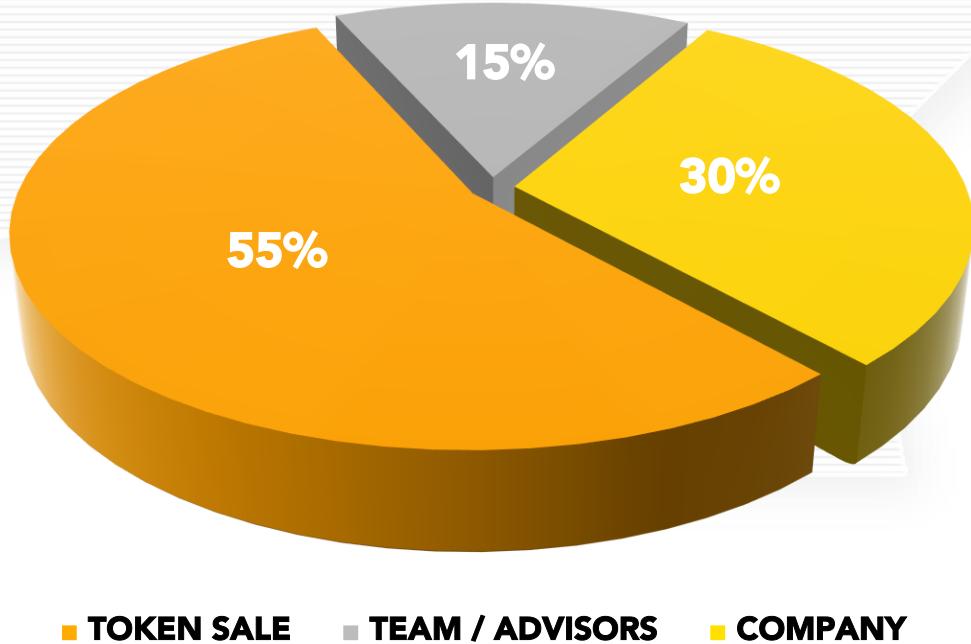
They can be linked to transaction volume (absolute or percentage) and / or limits.

### 6.2 Phase 2: XEN DLT Protocol

Once phase 1 has been successfully implemented, XENTAVO will expand the platform to become the protocol of the solution. Most likely, this stage will be done through forking one of the existing protocols.



## TOKEN ALLOCATION



The XEN Tokens allocated for the company will be vested for 12 months. The XEN Tokens for investors and advisors will be vested for 6 months. Unsold tokens will be vested for 6 months.



## 7 XENTAVO Founding Team and Advisors Group

### TEAM



**ROBERT KOENIG • FOUNDER**  
CEO: Business Startups Specialist,  
Leadership in New Technology  
Development and Applications.



**ROBERTO ALVAREZ VELA • CFO:**  
Business Development, Corporate  
Strategy and General Business  
Management.

### ADVISORS



**HON. ERWIN CONTRERAS • Belize**  
Minister of Trade Investment,  
Private Sector Development and  
Consumer Protection, Economist at  
Government of Belize.



**ANTONIO LOPEZ • Dominican**  
Republic Ministry of Agriculture,  
Executive Director INAZUCAR,  
Executive Director FEDA.



**KENDRICK MEEK • US House of**  
Representatives Member, US Florida  
Senate Member, Representative to  
the General Assembly of the United  
States. Appointed to the NATO  
Parliamentary Assembly.



**STOCKHOLM BLOCKCHAIN •**  
Technical design of the XENTAVO  
Platform.



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