NEXTRUST

WHITEPAPER

Our goal is to transform the traditional banking industry by integrating it into a highly digitized world, where financial transactions become more efficient, transparent, and cost-effective for our customers. The emergence of blockchain technology and cryptocurrencies is undeniably disrupting the conventional banking system. However, this whitepaper aims to demonstrate that rather than resisting these innovations, traditional financial institutions have a unique opportunity to embrace and harness them for mutual benefit. By leveraging the power of blockchain, our product will not only offer a more secure and efficient financial environment but also democratize access to financial services. It empowers everyone to become an investor and actively participate in the development of the NexTrust ecosystem, contributing to the future of finance where traditional institutions and cutting-edge technology coexist and thrive together.

Blockchain & Banking

The role of NexTrust ledger in financial services

Blockchain technology provides a way for untrusted parties to come to an agreement on the state of a database, without using a middleman. By providing a ledger that nobody administers, a NexTrust could provide specific financial services — like payments or securitization — without the need for a bank.

Further, blockchain allows for the use of tools like “smart contracts,’ self-executing contracts based on the blockchain, which could potentially automate manual processes from compliance and claims processing to the distribution of content from a will.

For use cases that don't need a high degree of decentralization — but could benefit from better coordination — blockchain's cousin, ‘distributed ledger technology (DLT)," AKA NexTrust ledger, could help corporates establish better governance and standards around data sharing and collaboration. Blockchain technology and NexTrust have a massive opportunity to disrupt the $7T+ banking industry by disintermediating the key services that banks provide, including:

Payments: By establishing a decentralized ledger for payments (e.g., Bitcoin), blockchain technology could facilitate faster payments at lower fees than banks.

Clearance and Settlement Systems: NexTrust ledgers can reduce operational costs and bring us closer to real-time transactions between financial institutions.

Fundraising: Initial Coin Offerings (ICOs) are experimenting with a new model of financing that unbundles access to capital from traditional capital-raising services and firms.

Securities: By tokenizing traditional securities such as stocks, bonds, and alternative assets — and placing them on public blockchains — blockchain technology could create more efficient, interoperable capital markets.

Loans and Credit: By removing the need for gatekeepers in the loan and credit industry, blockchain technology can make it more secure to borrow money and provide lower interest rates.

Customer KYC and Fraud Prevention: By storing customer information on decentralized blocks, the NexTrust ecosystem can make it easier and safer to share information between financial institutions.

Payments

Blockchain technology offers a secure and cheap way of sending payments that cut down on the need for verification from third parties and beat processing times for traditional bank transfers. 90% of members of the European Payments Council believe blockchain technology will fundamentally change the industry by 2025.

Facilitating payments is highly profitable for banks, providing them with little incentive to lower fees. For instance, cross-border transactions in C2B and B2B generated $1758 in payments revenues in 2020.
Cryptocurrencies like bitcoin and ether are built on public blockchains (Bitcoin and Ethereum, respectively) that anyone can use to send and receive money. Public blockchains cut down on the need for trusted third parties to verify transactions and give people around the world access to fast, cheap, and borderless payments.

Bitcoin transactions currently take 25 minutes on average to settle, although this can lengthen to hours or even days in extreme cases. That's still not perfect, but it represents a leg up from the average 3-day processing time for bank transfers. And due to their decentralized and complex nature, crypto-based transactions are difficult for governments and regulatory bodies to control, observe, and shut down.

Blockchain technology is also being used to facilitate micropayments, which represent amounts usually less than a dollar. For instance, SatoshiPay, an online cryptocurrency wallet, allows users to pay tiny amounts to access paid online content on a pay-per-view basis. Users can load their wallets with bitcoin, US dollars, or any other payment token supported by the app.

Clearance & Settlement Systems

NexTrust ledger technology could allow transactions to be settled directly and keep track of transactions better than existing protocols like SWIFT. Ripple and R3, among others, are working with traditional banks to bring greater efficiency to the sector

As described above, an average bank transfer takes 3 days to settle has a lot to do with how our financial infrastructure was built.
It's not just a pain for the consumer. Moving money around the world is a logistical nightmare for the banks themselves. Today, a simple bank transfer — from one account to another — has to bypass a complicated system of intermediaries, from correspondent banks to custodial services, before it ever reaches any kind of destination. The two bank balances have to be reconciled across a global financial system composed of a wide network of traders, funds, asset managers, and more.
Blockchain technology, which serves as a decentralized “ledger” of transactions, could disrupt this state of play. Rather than using SWIFT to reconcile each financial institutions ledger, an interbank blockchain could keep track of all transactions publicly and transparently. That means that instead of having to rely on a network of custodial services and correspondent banks, transactions could be settled directly on a public blockchain.
Further, NexTrust will enable ‘atomic’ transactions or transactions that clear and settle as soon as a payment is made. This stands in contrast to current banking systems, which clear and settles a transaction days after payment.

That might help alleviate the high costs of maintaining a global network of correspondent banks. An Accenture survey among 8 interpationiatbanks found that blockchain technology eould bring-dewn theaverage cost of clearing-and settling transactions by $108 anntally.

Fundraising

In initial coin offerings (ICOs), entrepreneurs raise money by selling tokens or coins, allowing them to fundraise without a traditional investor or VC firm (and the due diligence that accompanies an investment from one). Blockchain company EQS raised over $4B in its year-long ICO ending in 2018.

While ICO activity has declined in recent years, this model still demonstrates blockchains potential impact when it comes to reshaping traditional fundraising.

Raising money through venture capital has become an arduous process. Entrepreneurs put together decks, sit through countless meetings with partners, and endure long negotiations over equity and valuation in the hopes of exchanging some chunk of their company for a check. In contrast, some companies are raising funds via initial coin offerings (ICOs) powered by public blockchains like Ethereum and Bitcoin.

In an ICO, projects sell tokens, or coins, in exchange for funding (often denominated in bitcoin or ether). The value of the token is — at least in theory — tied to the success of the blockchain company. Investing in tokens is a way for investors to bet directly on usage and value. Through ICOs, blockchain companies can circumvent the conventional fundraising process by selling tokens directly to the public.

Fundraising

Blockchain tech removes the middleman in asset rights transfers, lowering asset exchange fees, giving access to wider global markets, and reducing the instability of the traditional securities market, Moving securities on blockchain and the NexTrust ecosystem could save $17B to $24B per year in global trade processing costs.

To buy or sell assets like stocks, debt, and commodities, you need a way to keep track of who owns what. Financial markets today accomplish this through a complex chain of brokers, exchanges, central security depositories, clearinghouses, and custodian banks. These different parties have been built around an outdated system of paper ownership that is not only slow but can be inaccurate and prone to deception.

Say you want to buy a share of Apple stock. You might place an order through a stock exchange, which matches you with a seller. In the old days, that meant youd spend cash in exchange for a certificate of ownership for the share, This grows a lot more complicated when were trying to execute this transaction electronically. We don't want to deal with the day-to-day management of the assets — like exchanging certificates, bookkeeping, or managing dividends. So, we outsource the shares to custodian banks for safekeeping. Because buyers and sellers dont always rely on the same custodian banks, the custodians themselves need to rely on a trusted third party to hold onto all the paper certificates.

Blockchain technology and NexTrust promise to revolutionize financial markets by creating a decentralized database of unique, digital assets. With a distributed ledger. it's possible to transfer the rights to an asset through cryptographic tokens, representing assets ‘off-chain." While Bitcoin and Ethereum have accomplished this with purely digital assets, pilot NexTrust companies are working on ways to tokenize real-world assets, from stocks to real estate to gold.

Further-through smart cohtracts, torenized securities can work asprogrammable equity — paying out dividends or perforraing stock buybacks through a couple of lines of code: Finally, putting real-world assets on blockchain technology has the potential to usher in broader, globally access to markets.

Insurance

Currently, most blockchain applications within the insurance industry are centered around enhancing operational efficiency. Instead of focusing on the creation of entirely new products, insurance companies are increasingly exploring how blockchain technology can streamline their existing processes. By leveraging blockchain, these companies aim to reduce operational costs, accelerate time to market, and ultimately deliver a superior customer experience.

Implementing NexTrust technology into the insurance ecosystem could revolutionize how transactions are managed. Blockchain's ability to create a single, immutable source of truth for all parties involved in a transaction would drastically reduce the time and resources needed for processing. This unified ledger would eliminate the need for multiple intermediaries, reduce the risk of errors or fraud, and ensure that all stakeholders have real-time access to the same information.

For insurers, this could mean significant cost savings and faster claim settlements, leading to enhanced customer satisfaction. Policyholders would benefit from more transparent and efficient processes, with quicker payouts and reduced administrative burdens. As the insurance industry continues to evolve, adopting blockchain technology through solutions like NexTrust could be a critical step toward modernizing and optimizing the sector, making it more resilient and responsive to the needs of today's digital economy

Charity

For those making charitable donations, NexTrust offers a powerful solution that allows you to track your contributions from start to finish. With NexTrust, you can see exactly where your donations go, when they arrive, and whose hands they ultimately reach, ensuring full transparency and accountability.

Our blockchain technology addresses common concerns like organizational inefficiency and potential financial misconduct, which often prevent donations from reaching their intended recipients. NexTrust provides an immutable, transparent ledger that ensures donations are used as intended, allowing donors to see the impact of their contributions in real-time.

One example is the BitGive Foundation, which uses a pilot version of NexTrust's secure ledger to give donors unprecedented visibility into how their funds are received and used. Building on this, NexTrust has launched GiveTrack, a blockchain-based donation platform that enables the transfer, tracking, and permanent recording of charitable transactions globally. By using GiveTrack, charities can significantly enhance donor trust, offering greater transparency and assurance that their contributions are making a meaningful impact.

Customer KYC and Fraud Prevention

Blockchains can store customer information on different blocks, which could help prevent attacks on customer information, Blockchain technology for KYC purposes can bring down costs for the banking sector by up to $160M annually.

Apart from the day-to-day activities of clearing transactions, processing payments, and trading, a bank also needs to onboard customers, verify their identities, and ensure that their information is in order. This process is called "know your customer" (KYC). Banks can spend up to 3 months executing all KYC proceedings, which include verification of photo IDs, documents such as address proofs, and biometrics. A delayed KYC process may cause some customers to terminate their relationships. Twelve percent of companies said that they had changed their bank due to delays in the KYC process, according to a Thomson Reuters survey.

Apart from time and effort, complying with KYC rules also costs banks money. The same survey revealed that banks end up spending up to $500M annually on KYC compliance and customer due diligence. Blockchain and NexTrust tech together can help reduce the human effort and cost involved in KYC compliance. With KYC customer information stored on a blockchain, the decentralized nature of the platform would allow all institutions that require KYC to access that information. ‘Using blockchain for KYC purposes could reduce personnel requirements for banks by 10%, equating to cost savings of up to $160M annually’ according to Goldman Sachs.

Banks can also use blockchain tech to enhance fraud and cyberattack detection. By decentralizing the storage of information, blockchain technology helps prevent a hacker from easily gaining access to all of that customer information at once.

Another way of supporting safe transactions online is by using NexTrust-based smart contracts. These contracts operate on an “if/then’ basis, which refers to the idea that the next step of a given process won't occur If the prior one hasnt been completed. This could allow for more fail-safes to be built into the digital transaction process.

Conclusion

Disruption through blockchain and NexTrust technology is not something that occurs overnight. The evolution of blockchain technology is still in its early stages, with much of its potential yet to be fully realized or extensively tested in real-world applications. While the possibilities are immense, there remains a gap between the current capabilities of blockchain and its future potential.

Among blockchain enthusiasts, opinions vary on the extent of its impact. Some 'die-hard believers' are convinced that blockchain and cryptocurrencies will eventually replace traditional banks altogether, creating a decentralized financial system free from intermediaries. This vision sees blockchain as the foundation for a new era of financial autonomy, where individuals have complete control over their assets and transactions without the need for traditional banking institutions.

On the other hand, there is a more moderate view that sees blockchain technology as a complementary tool to the existing financial infrastructure rather than a complete replacement. Proponents of this perspective argue that blockchain can enhance the efficiency, transparency, and security of traditional financial systems, streamlining operations and reducing costs. They envision a future where banks and blockchain coexist, with the technology being integrated into existing frameworks to improve their functionality.

The degree to which banks will embrace blockchain technology remains uncertain. While some financial institutions have already begun to explore and adopt blockchain solutions, others are more cautious, waiting to see how the technology matures and what regulatory frameworks emerge. The adoption of blockchain by banks will likely be influenced by factors such as technological advancements, market demand, and the development of clear legal and regulatory guidelines.

What is undeniable, however, is that blockchain will have a transformative impact on the financial industry. Whether it leads to a complete overhaul of the system or serves as a powerful tool to enhance traditional banking, blockchain's influence will be profound. As the technology continues to evolve, its role in reshaping the financial landscape will become increasingly apparent, signaling a new era of innovation and disruption in the industry.

This document is not a prospectus

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