



The Analysis of Eternal Coin's Potential and Comparative advantages

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Introduction

The start of Cryptocurrency as we know it was in 2008, when the anonymous cryptographer Satoshi Nakamoto announced the thesis “Bitcoin: A Peer-to-Peer Electronic Cash System” and the next year issued the first Bitcoins onto the market. From then 10 years have passed, and currently the cryptocurrency market has been valued at around 35,000,000,000 dollars. The pace of growth is staggering, but so is the number of cryptocurrencies being introduced, and there are now over 2,000 brands of cryptocurrencies on the market.

It is inevitable that with this high of a degree of evolution, the public overhears about the world of cryptocurrency and tries to gain entry. However, due to the numerous options when introduced, it is highly difficult for newcomers to make a decision on which cryptocurrency to invest in.

In this thesis, by looking through the valid points below, this paper aims to recommend the coin issued by our company, Eternal Coin (XEC).

In the first chapter, we would like to explain on how XEC as a method has superiority over other overseas remittance options. The issues overseas remittance face ranges from the costs involved with remittance, the time it takes to send amounts, and etc., but we would like to compare the traditional remittance options with using Eternal Coin as a remittance method.

In the second chapter, we would like to explain on how Eternal Coin will act as an investment in the long term. Looking at how buying and holding Eternal Coin will deliver returns, and how the value will adopt to the standards set, we aim to calculate and imagine the many outcomes and patterns that will affect the suitable price (theoretic price).

Chapter 1. Viewing Eternal Coin as an Overseas Remittance Method

Section 1. The traditional methods of overseas remittance

Overseas remittance is the act of sending funds from one country to another, and in a research conducted by World Bank economists, in 2017 there were 6250 billion dollars' worth in overseas remittance. In recent years the issue of immigrants and refugees has been placed in the global spotlight, and with this state of affairs in the background, it can be said that the overseas remittance marketplace will experience even more growth.

As we speak, the most traditional form of overseas remittance is by going through the banking system. First, as we look through the fees and cost, for overseas remittance through banking, we must look at remittance fees, lifting charges and receiving fees. In the case of the three most predominant banks in Japan, also called the three Mega-banks, the remittance fees cost from 3000 to 5000 yen, the lifting charges are 0.05% of the remittance amount (although, the minimum is set at 2500 yen) and the receiving fee is set at 1500 yen. Up until here, the total results in a cost of 7000 to 9000 yen.

Furthermore, if the sending party's bank does not have a partnership with the recipient party's bank, there arises the need to transact through an intermediary bank, of which the correspondent charges will amount to several thousand yen. For example, the largest-scale bank within Japan, Mitsubishi UFJ Bank (the total assets amount to 5th place worldwide) only has 2 branches in the Touhoku region's biggest city, Sendai of Miyagi prefecture. Even more, both of these branches have the same address, so it can be said that there is only one branch. Moreover, in the 47 prefectures that constitute Japan, there are 20 prefectures that do not have a branch of the said bank (April 2019, present). Not surprisingly, in these prefectures the use of local banks within the region will increase, but since the number of banks with an overseas partnership will be limited, in trying to make an overseas remittance, the occurrence of a correspondent charge will be unavoidable.

Also, a waiting period of several days will be necessary to complete the remittance, not including the potential of human error. SWIFT (Society for Worldwide Interbank Financial Telecommunication) has recorded the errors made at 6%.

On the other hand, in the case of overseas remittance using cryptocurrency, the service is more accessible to the average person in terms of costs compared to banks. For example, with Bitcoin, there are instances where with the transaction fees made for exchanges, there may be additional fees when trading a minor or less well-used cryptocurrency. However, even with this the fees only range from a few to a few-hundred

yen. Also, regarding the time needed, it will only take anywhere from a couple of seconds to several minutes, so it is comparatively lesser than traditional banking systems.

However, it should be warned that with Bitcoin and etc. there are scalability issues that may arise and users should be cautious. This is a problem that occurs with the increase in trading and data amounts, and results in slower executions in sending funds. In these cases, requesting a faster execution under these circumstances will incur larger fees.

Another inevitable problem with overseas remittance using banks and traditional cryptocurrencies is the burden of the underlying costs involved, such as the gap in the buy/sell rate, which will basically be inflicted upon the users. For example, using a Japanese bank, if the TTM rate is 1USD=100JPY, the TTB rate will be 1USD=99JPY, and the TTS rate will be 101JPY. Due to this spread, even if the exchange system has not differentiated in value, the sender will have to pay the cost of 2% of the sent fee. Furthermore, this price discrepancy exists even in traditional cryptocurrency, so the sender needs to be wary of the actual costs incurred being larger than expected in overseas remittance.

Section 2. The Overseas Remittance System of Eternal Coin

At our company, it is possible to send currencies from the sender to the recipient within the same wallet system through Eternal Coin, and users can send to the recipient wallet with one touch of a button.

In typical cryptocurrency, there is the hassle of the sender is required to purchase the cryptocurrency using the sender's native currency and top-up to his/her wallet and sending it to the recipient, who will then need to exchange it into recipient's native currency.

Compared to this, it can be said that the Eternal Coin ecosystem is simple and clear to use. Furthermore, for the exchange inside the sender's wallet of "sender's native currency → Eternal Coin → recipient's native currency", the TTM rate will be adopted for both the buying and selling times. This means that there will be no discrepancies between the buying and selling rate, and the underlying costs of exchange relying on solely the movement of the exchange rate during execution. The transaction times for this type of execution will be 0.5 seconds, minimizing the market risks involved.

Section 3. The Comparative Advantages of Eternal Coin

When using Eternal Coin during overseas remittance, compared to the couple of days it

would take for a typical banking system, it only takes 0.5 seconds which is revolutionary. It is also comparable to traditional cryptocurrencies.

Also, looking from a cost perspective, the costs that arise from overseas remittance using Eternal Coin are shown below (Fig1). One is the currency exchange fee. When exchanging the currency from the sender's wallet to the recipient's wallet via Eternal Coin, there is a currency exchange fee of 0.5% of the total sent amount. The other is the buying/selling · sending fees, which is 5 yen. As stated previously, there are no discrepancies in the buy/sell rate, which means that it is possible to view the underlying costs as zero. There are only two costs in total as mentioned above are involved in sending funds.

Compared to the cost of a few thousand yen, along with the buy/sell rate adding up to costs in excess of as seen in traditional overseas remittance methods, it can be seen that Eternal Coin is superior in terms of the overall cost.

Fig (1)

	Costs	Process Time
Banks	7,000 to 9,000 yen + corresponding charge + costs due to the discrepancies in buy/sell rate	Several days ※Mistakes possible due to human error
Traditional Cryptocurrencies	A few yen to several hundred yen + costs due to the discrepancies in buy/sell rate ※Increases possible due to scalability	A few seconds to several-ten minutes ※Time losses possible to scalability
Eternal Coin	0.5% of the total amount + 5 yen ※Adopt the same rate in buy/sell	0.5 seconds

The figure is compared and comprised of each aspect of overseas remittance by bank, traditional cryptocurrencies and Eternal Coin. It is clear to see that by both cost and process time; Eternal Coin is much superior out of the three.

Chapter 2. Eternal Coin as an Object of Investment

Section 1. Beneficiary Rights of Eternal Coin Holders

In the case of stock trading, the holders are entitled to receive dividends, which the amount of effects the yields and quality of the stock. This in turn can enable the public to make a prediction on the fair price (theoretical stock price).

Now, in the case of Eternal Coin, will holders be able to receive the equivalent of this dividends?

As stated in Chapter 1. Section 3. when conducting overseas remittance while using Eternal Coin, there are two fees incurred: currency exchange fees and buying/selling · sending fees. 50% of these fees will appropriately divided and distributed to Eternal Coin holders based on their holding rate (for the former, the holders who actually loaned out their Eternal Coin will be served on a first-come first-serve basis). This, exactly, is the equivalent of the dividends that holders of Eternal Coin will be entitled to receive.

In this chapter, as how by the fair price of stocks can be predicted by the dividend amount, we will explain how the fair price of Eternal Coin will be predicted by the dividends from holding it.

Section 2. Calculation Method of the Fair Price

In this thesis, we will utilize the DDM (Dividends Discount Model), the most popular method of analyzing the value of a stock. With a DDM, the stock value can be calculated as below:

$$\text{Stock Value} = \frac{D_1}{(1+k)} + \frac{D_2}{(1+k)^2} + \frac{D_3}{(1+k)^3} + \dots$$

D_t represents the t year of dividends, k represents the capital cost

The formula calculates the first year dividend's current value, second year dividend's current value, third year dividend's current value and so on. This means it represents sum of the future dividend's current value.

By inserting the eternal growth rate $g\%$ into the formula and adjusting it with the formula of a geometric sequence, it can be modified as shown below:

$$\text{Stock Value} = \frac{D_1}{(1 + k)} \quad : \textcircled{1}$$

(Only in the case of $k - g > 0$)

Using the stock value calculated from this formula, we can then divide it by the company's total number of issued stocks, in which the result will be the value (theoretical stock price) of one stock. Thus, we can draw out what we set out to do, which is to calculate the fair price. Of course, applying the dividend amount for one stock will have the same results.

To calculate the fair price of Eternal Coin, first we must analyze the numerator of formula $\textcircled{1}$ (D) by looking at the currency exchange fee and buying/selling · sending fee for 1 unit of Eternal Coin (1XEC). To calculate this, we use:

- The worldwide users of overseas remittance
- The average times an overseas remittance is completed annually
- The average sending amount per each overseas remittance
- The upper limit of Eternal Coins issued
- The rate of Eternal Coin (XEC/JPY)

Each factor will be used to calculate in the following ways (in the formulas there may be multiplications and divisions of the same nature, but these of course are possible to offset each other).

Annually received currency exchange fees of 1XEC

$$= \text{Overseas remittance users} \times \text{Average overseas remittances completed annually} \div \\ \text{Eternal Coin's rate} \div \text{Upper limit of Eternal Coins issued} \times \text{Eternal Coin's rate} \times \text{Fee} \\ \text{percentage (0.5)} \div 2$$

Annually received buying/selling · sending fee of 1XEC

$$= \text{Overseas remittance users} \times \text{Average overseas remittances completed annually} \div \\ \text{Upper limit of Eternal Coins issued} \times \text{Unit price of fee (5 yen)} \div 2$$

For each item, we will use the numbers below.

- The worldwide users of overseas remittance … With the predictions of the IFAD (International Fund for Agricultural Development) at 1 out of 7 persons sending or

receiving overseas remittance, by setting the worldwide population at 7 billion, and assuming that half of the people are using overseas remittance as senders, we divide 7 billion by 7, and then half the number, resulting in 500 million users

- The average times an overseas remittance is completed by a user ... 7 times
- The average sending amount per each overseas remittance ... 263,000 yen
- The maximum limit of Eternal Coins issued ... 2 billion XEC
- The exchange rate of Eternal Coin ... $XEC/JPY = 34.71$ (April 30th, 2019 present time)

Also, the “capital cost (k)” in the denominator of formula ① represents the size of the opportunity cost when making an investment, meaning it represents the size of the return on investment to be expected in a similar case where the risks of investments are involved. Thus, it can be said that it points to the level in which a fair return is requested in equivalence to the risks an investor takes on, meaning it can be described as “an investor’s requested return on investment” . Here, we apply 7%, which is the general expectation of between 6% to 8%.

Similarly, for the “eternal growth percentage (g)” in the denominator, this represents the g% of the constant growth the Eternal Coin will experience in the future. Of course, in the case of both stocks and cryptocurrencies, the actual growth percentage will differ each year, so this number can be seen as an estimation of the current average growth percentage. With the current state, we will adopt the global economic growth rate of 3.6% (2018) (announced by the IMF (International Monetary Fund)).

Thus, deducing from formula ①, the following three points are clear.

- As the dividend amount becomes larger, the fair price will also increase. In this case, as the “overseas remittance users”, “average times overseas remittance is completed” and “average amount of each overseas remittance” increases, the fair price will also grow.
- As the capital cost decreases, the fair price will increase
- As the “eternal growth percentage” increases, so will the fair price

Section 3. The Fair Price of Eternal Coin

Inserting the items mentioned in the previous section into the formula ①, and by predicting the various cases of adoption rates of Eternal Coin (the percentage of users out of the overall overseas remittance users, that use Eternal Coin), the calculation of the fair price is as below.

- Adoption rate = 1% ∙ 1XEC = 340 yen
- Adoption rate = 5% ∙ 1XEC = 1,699 yen
- Adoption rate = 10% ∙ 1XEC = 3,397 yen
- Adoption rate = 20% ∙ 1XEC = 6,794 yen
- Adoption rate = 30% ∙ 1XEC = 10,191 yen

As mentioned in the previous section, seeing that the rate of Eternal Coin at the time of the end of April, 2019 is 1XEC=34.71 yen, if by adopted by even just 1% of the overall overseas remittance users, the value is 10 times of the original price. And as the adoption rate increases by 5%, 10% ∙ it is clear to see how much the value of Eternal Coin will increase.

Also, in this estimate, there are more positive factors.

First, in our estimate we have used the global economic growth percentage numbers for the “eternal growth percentage”, but if Eternal Coin’s growth percentage outpaces the average growth percentage of the global economy, as mentioned in the previous section the fair price will increase further, it can be said.

Next, regarding the “capital cost” if the market’s acknowledgement to the level of risk of Eternal Coin decreases, this also will lead to the increase of the fair price.

Furthermore, there is the possibility that the worldwide number of overseas remittance users will increase in the future. As previously mentioned, the number of immigrants is increasing worldwide, and the globalization of the world’s economy is accelerating year by year. As more people look to education and employment across borders, the increased usage of overseas remittance is unavoidable, and the need for such services is bound to increase.

Thus, with the increasing demand of overseas remittance that is the general trend, as mentioned in the previous chapter, using Eternal Coin will bring a significant advantage to users. Regarding the cost applications, do traditional overseas remittance methods and the costs they carry, truly fulfill the needs of users? Particularly in the case of Japan, the level of remittance fees is the second highest out of the G20 member countries, and the highest out of the G8 member countries, as statistics have shown. There have been many criticisms regarding the added costs that come with overseas remittance. To those voices, and the ever-increasing number of overseas remittance users, by providing an advantage in cost, we believe we can say that Eternal Coin surely is good news for all.

Conclusion

In this thesis, we have analyzed and looked at the comparative advantages and potentials that Eternal Coin holds over other cryptocurrencies.

First, from a perspective view as an overseas remittance method, compared to banking systems and other cryptocurrencies, there are significant advantages in the time required, and above all, the costs and fees involved in making a remittance.

Next, from an investment perspective, even though the current rate of Eternal Coin is clearly small in value, it shows great promise for future growth.

Even more so, this advantages and potentials will lead to an increase in overseas remittance users, followed by increase in the value of Eternal Coin, raises greater awareness, which will then lead to even more users. It can be predicted that this will bring great synergy to the entire ecosystem.

In addition, this thesis only focuses on the analyzing of “Eternal Coin as a method of overseas remittance” . It is needless to say that the use will not be limited to only overseas remittance but will be extended to the buying and selling of Eternal Coin itself, as well as being traded for goods and services in actual stores. The fees accumulated from these transactions will also be distributed to holders of Eternal Coin. Clearly this will mean an increase in the dividend amount, and results in an even larger amount of the fair price as described in Chapter 2, Section 3.

Notably, to comment on Eternal Token, the exchange rate of Eternal Coin to Eternal Token is 10 to 1 respectively, so the fair price of Eternal Token will be 10 times the value of Eternal Coin as calculated from the formula in this thesis.

As mentioned in the introduction, the start of Bitcoin and its issuance was in 2009, but the first commercial transaction was completed in the next year, 2010. The tale about the 10,000 BTC being traded for two pizzas is all too famous. Calculated in dollars, the maximum exchange rate of Bitcoin until now was the peak of 20,089 dollars in 2017, so 10,000 BTC would mean over 200 hundred million dollars when calculated. Even more, the value of the two pizzas was 25 dollars at the time of 2010, meaning that 1 BTC was equal to 0.0025 dollars. The transaction was made with the rate not even reaching 1 cent. It is an unbelievable tale in current times, but it stands strictly true, and the 2 people who completed the trade have had their names written into the history books of Bitcoin, cryptocurrency and the global economy.

Today, if one were to show up uninvited to a Bitcoin exchange carrying two pizzas, they would be immediately dismissed. However, keeping the incident in mind, it is not impossible to discover an accessible yet attractive cryptocurrency in this world.

With this thesis, it would be our great pleasure to share Eternal Coin to help enrich the lives of all individual and to the future of our global economy.

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