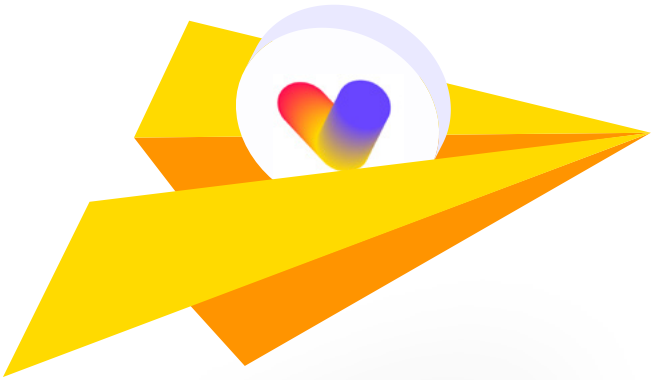
vow



WHITEPAPER

The future of money is promising

Version 2.3 January 2022 - Vowcurrency.com

Vow Limited has obtained a specific consent from the Jersey Company Registry, part of the Jersey Financial Services Commission (the "JFSC") to issue the Vow token and country specific tokens. Whilst the JFSC's consent does not give the Vow token or Vow Limited a 'regulated' status (and the JFSC does not classify these tokens as "securities"), it mandates a set of conditions designed to ensure that Vow Limited meets specific standards in terms of governance, investor disclosure and AML/CFT compliance.

Vowcurrency.com (Vow Limited)

This White Paper is issued by Vow Limited which exists as an independent entity whose primary roles are to mint and distribute an initial supply of Vow, educate Merchant Acceptors and loyalty program operators on the benefits of using these tokens to build Vow ecosystems, kick off open source development of the Vow technology and ecosystem, as well as promote the Vow economy. Vow Limited does not have any influence on the ecosystem itself, nor does it have the power to change any of the rules which apply to the system.

Important legal notice

It is important that you understand all aspects of the Vow project. In order to gain an accurate understanding this White paper must be read in conjunction with the Vow Token Sale document and the Vow Information Memorandum.

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Vow

/ vaʊ /

verb

Solemnly promise to do a specified thing.

synonyms: swear, state under oath, pledge, promise, affirm, undertake, give an undertaking, engage, commit, commit oneself, make a commitment, give one's word, give one's word of honour, give an assurance.

Vow® to accept it.

The name Vow and its colourful V heart logo hint at the possibility of a better world for all.

Vow is a registered trademark in the United Kingdom in class 36, “Issuance of tokens of value.” Priority applications are underway to extend the trademark into other geographies.

ᵛcurrencies are exchange tokens and, like all exchange tokens, gain their value when people and businesses promise (or Vow) to accept them. Whilst fiat currency is backed by the centralised promise of a government to accept it, ᵛcurrencies are backed by a rapidly growing, decentralized coalition of businesses and consumers who promise to accept them 1:1 with their local fiat currency.

Branding an exchange token is very different than branding a product or service. During the design process we quickly discovered that it only becomes tangible when a person is shown accepting it. It only gains reality as we visually demonstrate its potential to be widely accepted.

It is important to understand that this does not mean showing people using a mobile wallet like most crypto projects tend to do. After all, that would simply be branding a mobile wallet.

In order to brand Vow we use images of people who are demonstrating the “Vow of acceptance” symbol with their hand. Through the association with this symbol of acceptance ᵛcurrencies are positioned as a positive, viable, and usable currency in the public consciousness.

1 Introduction

This White Paper introduces the concept of fixed value, ᵛcurrency and the free floating ERC777 token “Vow”, around which they circulate.

Multiple types of ᵛcurrency exist, each a mirror of a local fiat currency.
Each ᵛcurrency is preceded by a superscript “v” next to its fiat symbol, or simply the words for the local currency preceded by the word “Vow”.

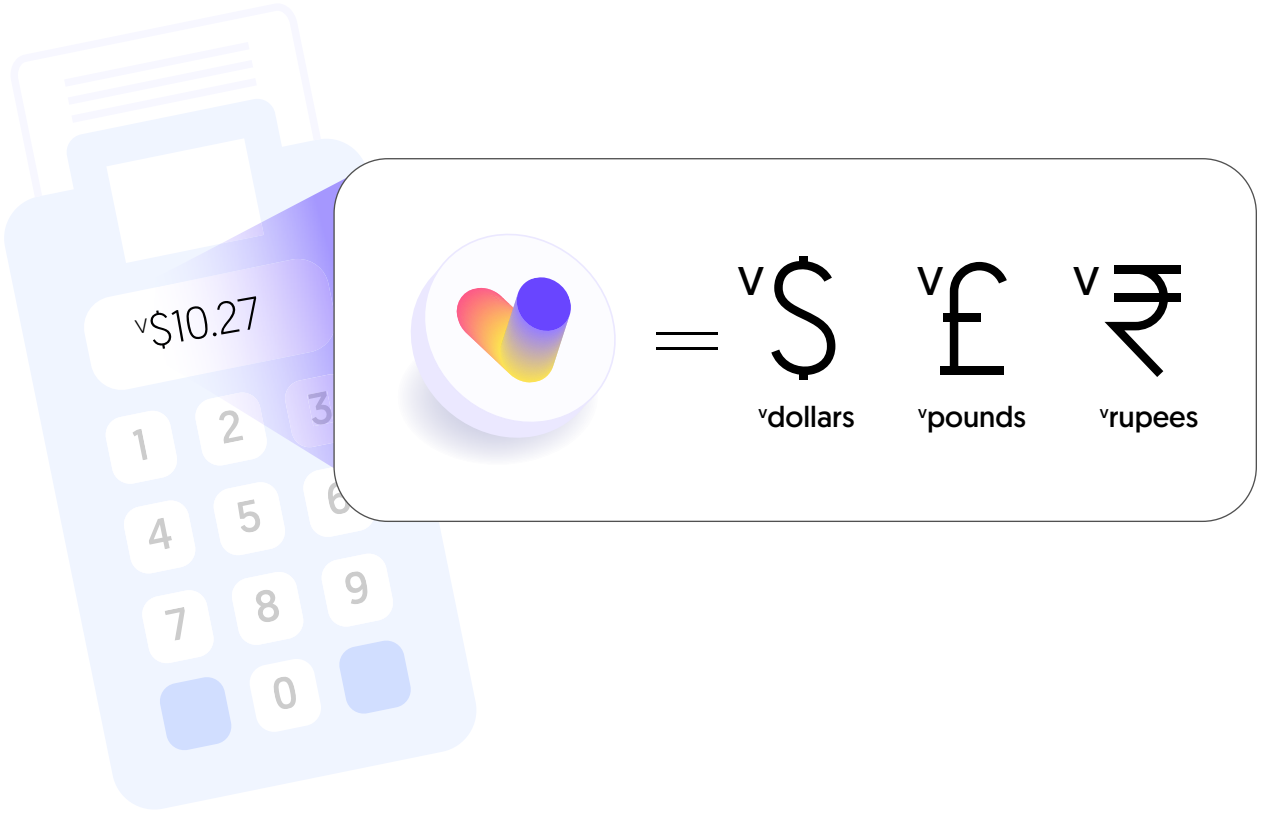
E.g. Vow dollars or **ᵛdollars (ᵛ$)** and **Vow Kroners** or **ᵛkroners (ᵛkr).**

The generic term we used to describe all types collectively is **ᵛcurrency.**
ᵛcurrencies are given value when Merchant Acceptors issue them as a reward, and Vow to accept them back.

1.1 Equivalent utility

ᵛcurrencies mirror their local fiat equivalent in all respects when a consumer is conducting electronic commercial transactions at coalition Merchants.

If a consumer wishes to purchase an item that normally costs $10.27, they simply open their Vow wallet, select the Merchant they wish to send ᵛcurrency too, and instantly send ᵛ$10.27 to them.



1.2 ᵛcurrency

The uniqueness of ᵛcurrencies is that in contrast to fiat currencies, the majority of stable coins and complementary currencies, there is no central company, government, private party or asset which is required to make the promise of providing a backstop value to them at any time.

Additionally, there is no company, government or individual which holds an investment asset stated to provide ᵛcurrencies with underlying value, as would be the case with all stable coins, and Facebook's Libra.

Each ᵛcurrency is also not "almost" linked to a fiat currency, as is the case in the Maker Dao's stable coin Dai. Although certainly ingenious, Dai constantly fluctuates within certain bounds due to market demand. As such, Dai can never be an exact match of a fiat value.

In contrast to every known stable coin and every known complementary currency, each ᵛcurrency remains precisely stable in price with a definitive backstop value equal 1:1 with local fiat currency in all ecosystem merchants at all times. They differ from all known stable coins, or attempts to create stable coins, in that:

1. **They will be widely accepted at thousands of merchants, both instore and online**
2. **There is no asset, commodity, or cryptographic collateral that provides them with a value**
3. **There is no promise made by a central party which maintains ᵛcurrency's value**
4. **They are decentralized in terms of their 1:1 acceptance backstop**
5. **They are decentralized and algorithmic in terms of minting, distribution, acceptance, and governance**
6. **The solution is not only technical, but rather commercial and strategic in its implementation**

Of all notable cryptocurrency economic models, the Vow / ᵛcurrency two token economic model is most reminiscent of the GNO/OWL relationship. ᵛcurrency's utility as currency however, across an ultra-wide-spread geographic real world and online Merchant Acceptor network, differs significantly from OWL's main use case of paying network fees. As per etherscan, in May 19th, 2020 there were 3,796,356 OWL in circulation held by a total of 77 addresses.

In contrast, the Vow ecosystem is the culmination of a multi-dimensional plan to implement real-world commercial interactions, at massive scale, on par with a real world currency.

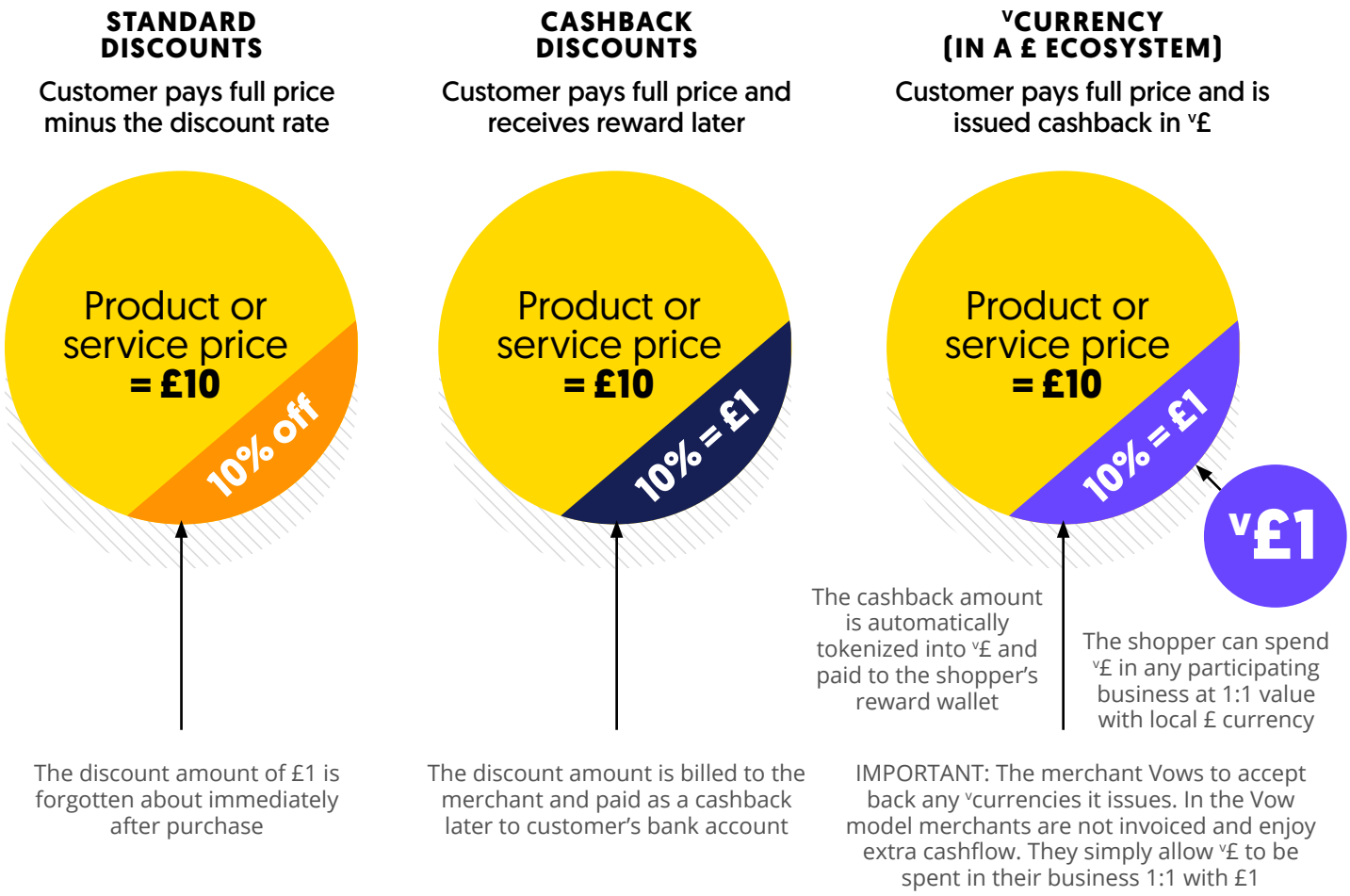
Take the Vow.

1.3 ᵛcurrency distributed as cashback

All businesses, in all sectors, in any part of the world which wish to attract new customers, keep existing customers coming back and engage with the Vow community can “Take the Vow,” to start minting and distributing ᵛcurrencies.

A growing number of businesses “Take the Vow” every day and, in doing so, join thousands of others in distributing a new currency into the market; a currency that we believe, in time, has the potential to change the world.

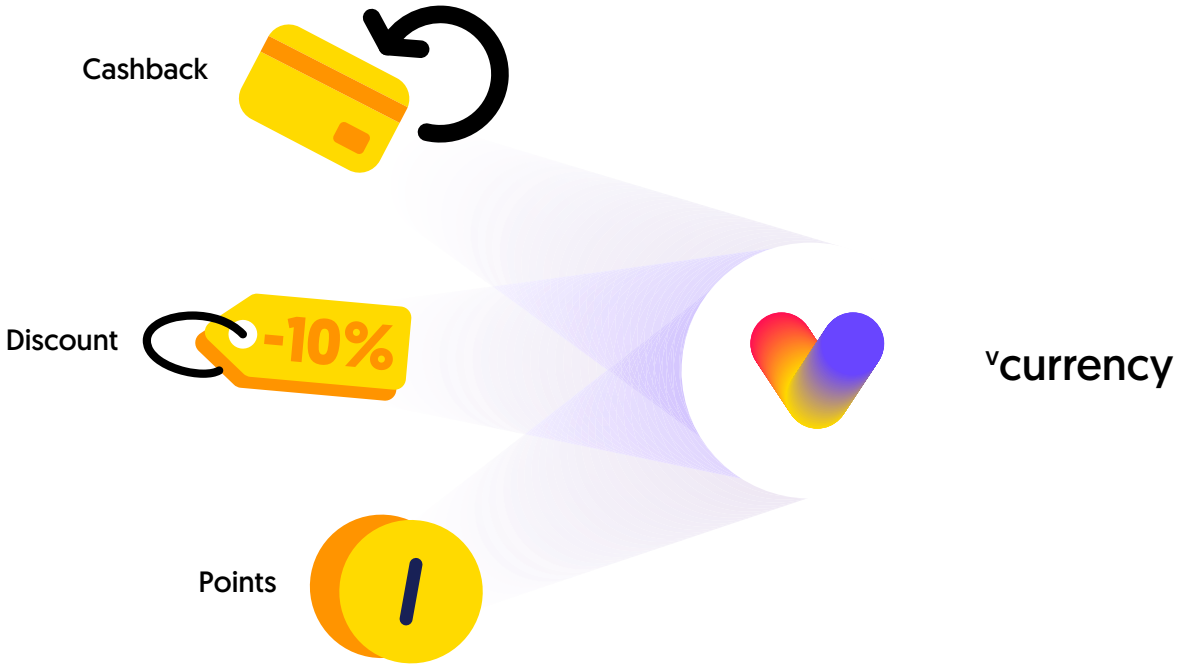
Coalition businesses are able to mint ᵛcurrencies, automatically distributing them as decentralised cashback rewards to their customers.



1.4 Tokenized cashback

Merchants who issue cashback, discounts, points or voucher based rewards and free passes can easily restructure their offerings and participate in the Vow and ᵛcurrency ecosystem.

Tokenizing their existing reward incentives into ᵛ$ for example, will allow customers to earn and redeem rewards using ᵛcurrency whilst simultaneously, merchants can de-risk any current rewards programs and achieve significant cashflow benefits.



Tokenizing the reward commitments of participating Merchants creates liquid, easy-to-use, digitally secured representations of discount or reward value. That stated, each tokenized reward must have an equivalent, fungible, value and be redeemable at 1:1 with local fiat money.

NEW TERMINOLOGY

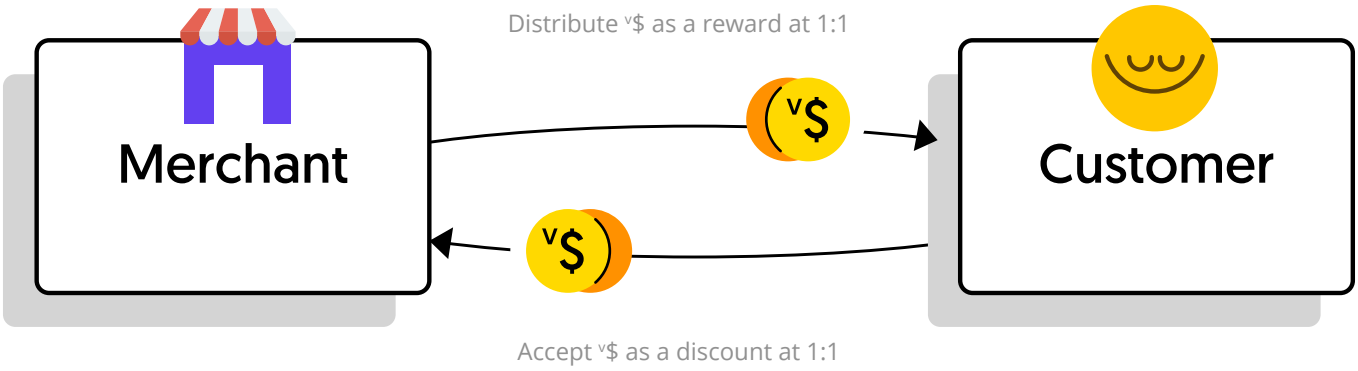
ᵛcurrency

ᵛcurrency - Merchants can issue their customers ᵛcurrency as a form of cashback, based on their 3rd party validated digital spend. Once in circulation ᵛcurrency can be used, and reused, to claim a discount on products and services from any participating merchant, at equivalent value to one unit of local, domestic, fiat currency.

1.5 Merchants trust what they control

Because they are distributing tokenized cashback as a reward, in a manner they trust, at a value they agree to, acceptance of ᵛcurrencies are addressed from day one.

In order for merchants to act as a backstop to ᵛcurrencies; or in other words to accept them at a given fixed value, they must believe in its integrity.



1.6 Accepted as a discount

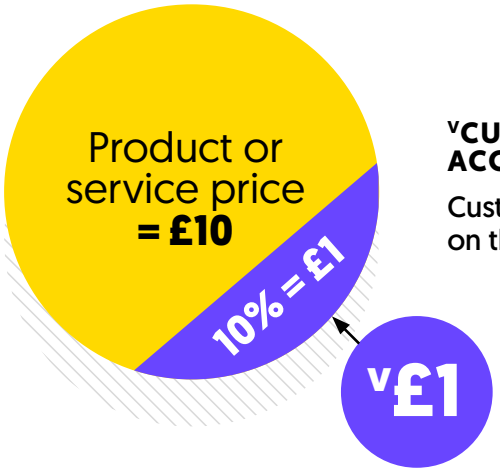
Once Merchants have distributed their ᵛcurrencies, they simply Vow to accept back at least the same value of ᵛcurrencies they initially distributed.

By way of example, in a $ ecosystem, Merchants Vow to accept each ᵛcurrency as a $1 discount against their own products and services, at any time in the future, from any customer who wants to use it.

To clarify, Merchants distribute ᵛcurrencies as an agreed $ cashback reward value, and accept it back as a discount on their goods and services.

EXAMPLE: Business may advertise a 10% ᵛcurrency reward to its customers. Should a customer, as a result of seeing the businesses' advertisement, spend $100 in their store, the business would immediately distribute ᵛ$10 to their customer's wallet. It is important to note that the business takes in the full $100, and pays no discount or fiat money cashback. It has had 100% of the sale value. Giving away 10% in ᵛcurrency, essentially costs nothing until it is accepted back. This is akin to giving the customer 10 x $1 vouchers to use on future purchases. These ᵛ$1 ᵛcurrency are then useable and re-usable as a $1 discount within any coalition business.

As this network of issuing and accepting Merchants grows, a new form of decentralised currency is born. A currency, backed by nothing more than a de-centralized discount. A currency where no central party issues it, or guarantees to "cash it in" for some asset or other. Any consumer who has been rewarded with a unit of ᵛcurrency from a coalition merchant can spend that ᵛcurrency at any other coalition merchant in the same currency region, and of course Merchant Acceptors can do the same.



ᵛCURRENCY ACCEPTANCE MODEL

Customer receives a discount of up to 100% on the product they are purchasing using ᵛ£

NEW TERMINOLOGY

Merchant Acceptor

The term "Merchant" does not sufficiently explain the role of a business in the ᵛcurrency ecosystem. For that reason the term "Merchant Acceptor " is used. It means any business which agrees to reward its customers in, and accept back, ᵛcurrencies at 1:1 with local fiat currency.

1.7 Merchant Acceptor benefits of ᵛcurrency

It is easy to understand the motivation of merchants when it comes to honouring their own promotional offers and discounts. However, the motivation for Merchant Acceptors to accept each other's ᵛcurrencies requires some further clarification. Businesses in all industries and of all sizes need money to grow, and thrive.

One of the core problems with the current global economy is that money is consistently abstracted away from real world use. It is being yanked out of local economies to feed the financial markets, which makes running any kind of local business more difficult.

We all want our local high streets to be full of amazing local businesses, but a gradual financialization of traditionally non-finance based industries and a scarcity of credit, despite virtually permanent intervention from monetary authorities, has resulted in a reduction of money available in local circulation.

This lack of money makes it harder to pay rents and taxes. A quick look around our towns and cities show that whatever politicians are in power, whatever policies they promote, the core problems with our lives does not lie in politics, but simply in the availability of money.

To provide an overly simple example the **total value of all coins and bank notes** in the world is **roughly $7.6 trillion**,

but the **total value of all financial derivatives contracts** in the world **is over $1 quadrillion (1,000 trillion).**

The truth is that there are few problems more money in a local economy could not help alleviate.

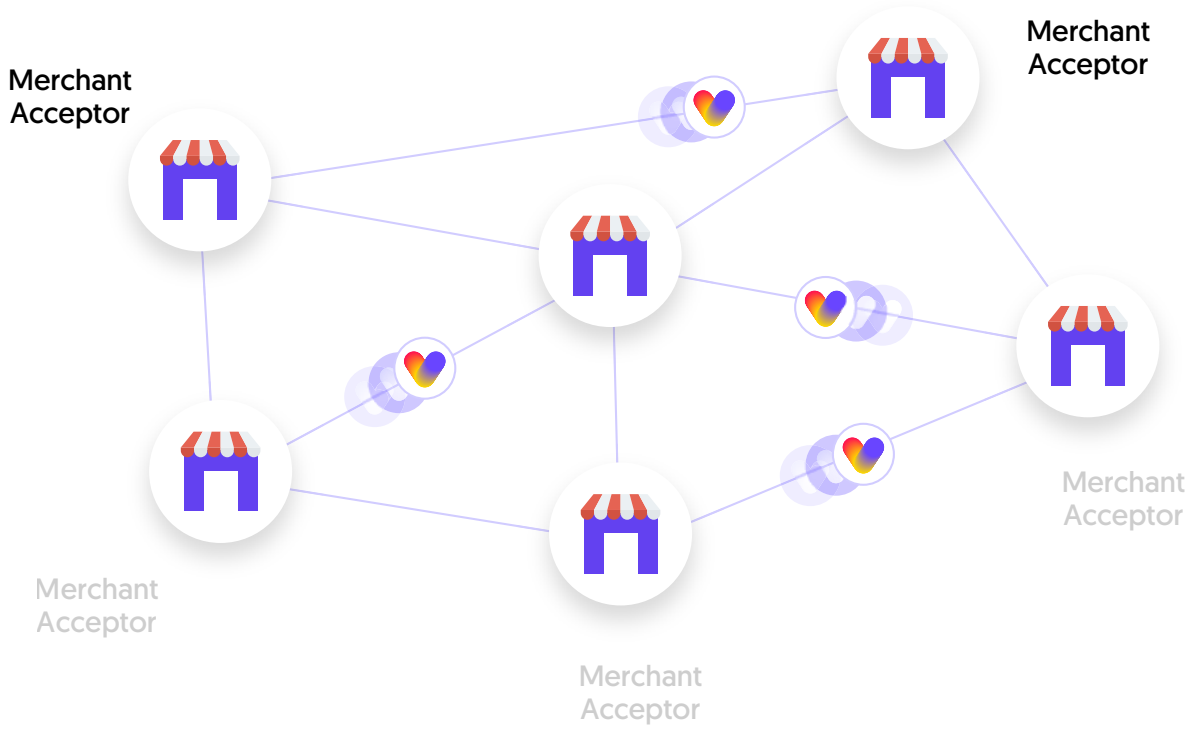
Merchants who wish to help invigorate their local communities should opt to issue and accept ᵛcurrency and participate in the Vow economy for the following reasons:

- **The Vow ecosystem gives businesses the ability to increase the availability of local money.** This additional availability enables more prosperous local communities for us all by putting more money in people's pocket to spend at participating businesses.
- **ᵛcurrency is easy for consumers to understand**, as one ᵛcurrency always equals one local currency unit and therefore it is a more natural form of reward. What people value they appreciate and will use.
- **ᵛcurrency is truly decentralized**, and operates to well defined series of rules that can't change, and which anyone can independently verify. Given these factors Merchant Acceptors can be fully confident in the integrity of the ecosystem.
- **Merchant Acceptors will experience substantial financial benefits.** The issuance of ᵛcurrency as opposed to incurring immediate fiat expenses will result in better cashflow and a reduction in the cost of customer acquisition.

1.8 Decentralized backstops

The value of ᵛcurrencies in coalition Merchant Acceptors is not derived, or underpinned by any form of asset, but by Vow holders, as well as the simple Vow of all participating Merchant Acceptors to accept their own, and each other's ᵛcurrencies, at 1:1 with local fiat currency and against their own goods and services.

The more Merchant Acceptors which join the network and issue their ᵛcurrencies, the more decentralized it becomes, and the more utility ᵛcurrencies acquire.



The utility of ᵛcurrencies will increase as the portfolio of Merchant Acceptors accepting them increases. The aim is to minimize the requirement of participants to leave the ecosystem. No participant should have to leave the ecosystem to acquire goods and services that are unavailable within the Merchant Acceptor network.

The additional ability of participants to sell their ᵛcurrency balances in a P2P manner for fiat will be described in sections below.

1.9 Trading ᵛcurrencies

Where a consumer doesn't need to spend his ᵛcurrency at 1:1 against local fiat value in a coalition merchant, but instead wants to purchase from a non-coalition merchant they are free to do so. Their ᵛcurrency can be sold to anyone, at a mutually agreed price.

The buyer is eager to purchase the ᵛcurrency at a discount from the seller, in order to shop within a coalition merchant who will accept that ᵛcurrency at 1:1 with local fiat currency.
If purchased at a discount the buyer will enjoy the upside and the seller will be penalized for leaving the system for a business outside the ecosystem.

Buyers and seller will determine the secondary market value of ᵛcurrencies according to their need and awareness of the ability to spend it at a fixed rate within the ecosystem.

The process of buying and selling ᵛcurrencies can occur:

1. P2P
2. P2B
3. B2B

Buyers are eager to purchase ᵛcurrencies at a discount because they can spend them within any coalition Merchant Acceptor at 1:1 with local fiat currency

Take the Vow.

1.10 Merchant Validators (MVDs)

Merchant Validator is the term used to describe a company which operates existing cashback, rewards or loyalty programmes, and has decided to join the Vow economy after understanding the commercial benefits of doing so.

Many MVDs are already integrating and preparing to replace their current reward currencies with ᵛcurrencies. Collectively these companies serve many millions of consumers and many thousands of businesses. With their participation ᵛcurrencies are predicted to scale rapidly into a dominant transaction currency across multiple global markets. Any similar company can apply to join the ecosystem. There are various incentives and good commercial reasons from them to do so.

As these companies join the ecosystem their customers are required to open ᵛcurrency wallets. They also convert their already contracted businesses into Merchant Acceptors.

Once a business has agreed to become a Merchant Acceptor, the MVD's role in the ecosystem is to distribute that Merchant Acceptor's ᵛcurrencies according to their reward criteria, using verifiable fiat purchase data.

MVDs receive copies of Merchant Acceptor fiat purchase transactions from Transaction Validators whom the Merchant Acceptor has also contracted with in the normal course of their business; companies such as credit and debit card processors. Armed with this data MVDs have the ability to automatically, in real time, confirm fiat spend has occurred at Merchant's POS devices, and transparently distribute the Merchant Acceptor's ᵛcurrency supply as a form of promotional cashback.

Importantly, Merchant Acceptors are able to verify the MVD's distribution of their ᵛcurrency is correct at any time, and MVDs are limited in their capacity to distribute ᵛcurrencies by the amount of ᵛcurrencies that their contracted Merchant Acceptor has available to distribute. In addition because multiple Merchant Acceptors can exist for every ᵛcurrency, ᵛcurrency itself is decentralised and no one Merchant Acceptor or MVD has any significant control.

2 Widespread Distribution through Cashback

The application of blockchain technology to distribute loyalty rewards is not new. However, with its unique two token, demand backed approach, it is clear that Vow is implementing the first and only viable solution for rapid, sustained and un-interrupted crypto adoption internationally.

All companies we have observed operating in the blockchain loyalty space have implemented a token-economic policy of using fiat commissions to automatically make purchases of a central token, or reward customers with existing coins or tokens such as BTC or ETH. Both of these models are sub-optimal in terms of their long-term planning, operation and success.
In its unique two token demand backed approach, Vow has established what we believe is the first viable solution for rapid, sustained and un-interrupted adoption internationally.

It is important to note that Vow leverages the loyalty and reward space, but It is not a loyalty system in and of itself.

MVDs and Merchant Acceptors may operate loyalty systems using Vow and ᵛcurrencies but Vow and ᵛcurrencies are created with a single vision, and that vision is to become a decentralised worldwide currency ecosystem.

2.1 Payment Linked Distribution

Merchant Acceptors must select an MVD they trust to hold and distribute their ᵛcurrencies according to their reward criteria using customers' validated fiat spend data.
Merchant Acceptors can independently monitor distribution of their ᵛcurrencies as they receive copies of all validated transactions directly from their acquiring bank.

MVDs usually are Reward Publishers or programmes and provide a secondary level of oversight across the network by ensuring that Merchant Acceptor's ᵛcurrency distribution only occurs in line with genuine fiat transactions at the point of sale of participating businesses in the Vow ecosystem.

MVDs utilize payment-linked technology to track and reward financial transactions at Merchant Acceptors within their portfolio. Each fiat transaction made at a Merchant Acceptor's Point of Sale (PoS) by a consumer using a bank card or payment app is automatically verified by one, or more, Transaction Validators connected to the MVD. The MVD then distributes the Merchant Acceptor's ᵛcurrencies to their connected consumers in the form of ᵛcurrency cashback rewards. They do this in lieu of the outdated discounts, points or cashback models they may currently be operating.

POS devices monitored by +27 banks and financial institutions are ready and waiting to be turned into ᵛcurrency distribution points by any Merchant Acceptor who chooses to enrol. Through MVDs, the Vow ecosystem begins with over 10 million ᵛcurrency wallets and a pipeline of +500 million additional users.

Up to 90% of the World's POS can be monitored and ᵛcurrencies distributed automatically thanks to multiple MVD contracted Transaction Validators

NEW TERMINOLOGY

Transaction Validators

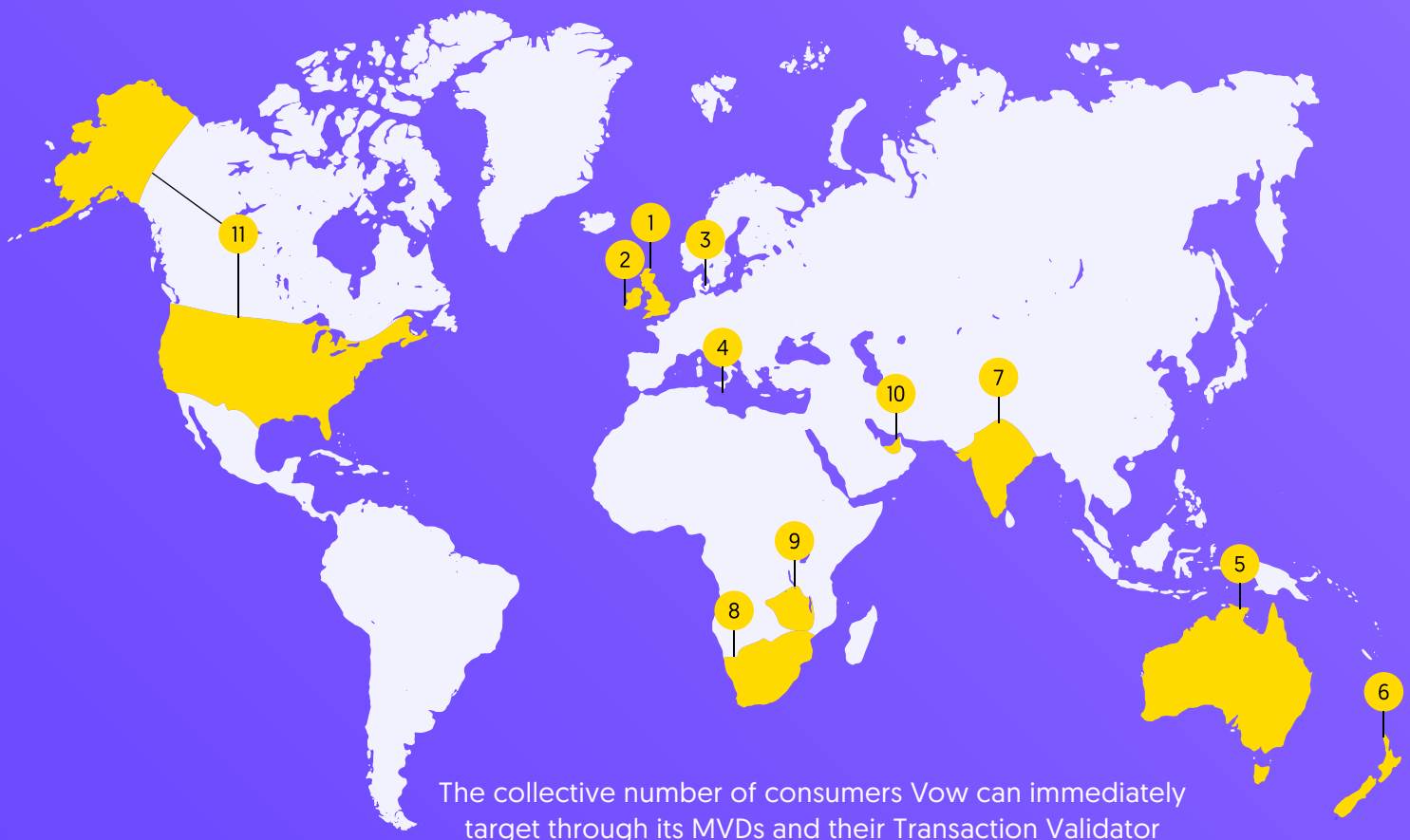
Transaction Validators are any party which has the ability to match a financial transaction between a buyer and a seller. These include the buyer and seller themselves as well as witnesses of the transaction. It includes lawyers, credit control, factors and accountants. It also includes payment card schemes, payment gateways, payment service providers, card issuers, card acquirers, terminal managers, receipt and invoice processors, affiliate networks, MNOs and more. It can be also be applied to blockchains and decentralized networks.

3 Set for Global Adoption

Vow has already attracted the support of a number of rapidly growing MVDs who have committed to engage as the first and primary adopters of the Vow ecosystem.

Many more MVDs are anticipated to join the network over time, however it already has confirmation from MVD's that they will launch across the following jurisdictions, subject to legal sign off, funding, and Government Pandemic Regulation.

1 United Kingdom
2 Ireland
3 Denmark
4 Malta
5 Australia
6 New Zealand
7 India
8 South Africa
9 Zimbabwe
10 UAE
11 USA



The collective number of consumers Vow can immediately target through its MVDs and their Transaction Validator partnerships is in excess of 500 million people.

THE YELLOW CIRCLES REPRESENT THOSE GOING LIVE IN Q1 2022

VOW

3.1 MVD Example Market:

Zimbabwe and South Africa

STRATEGY: Total market domination

- MVD Partner MNO enjoys 95% market share of all retail mobile transactions in Zimbabwe
- 100% of its users (9M) have been enrolled by the MVD as at end 2020 and are ready to be systematically onboarded post pandemic
- Cross pollination across all the MNO's group businesses from media to TV and money transfer
- Three main Zimbabwe banks also contracted to provide transactions and enroll their users
- Strong network of local and national brands participating
- Discussions underway with Governments, Development bank, aids agencies
- Largest voucher providers and payment networks already engaged
- LOIs with 150 million users in pipeline with other regional MNOs

3.2 MVD Example Market: India (then Asia)

India (then Asia)

STRATEGY: Partner with the best

- MVD's first Indian Transaction Validator processes around 45% of all US credit and debit card transactions and has more than 25% of Indian market
- This Transaction Verifier has an exclusive relationship in India with our local MVD and will integrate all future processing partners across the country
- The deepest technology process every developed in the card linking space is in place
- This solution allows tracking, settlement interruption and terminal enrolment
- Our MVD partner's 800 strong sales force will recruit its merchants from Q1 2020
- A well known Taxi App has over 100,000,000 registered riders and has an LOI with our MVD allowing it to enrol its entire user base in rewards
- The biggest gateway (3m merchants) is already integrated

- Two huge wallet providers (both 100m userbases) are also in the pipeline
- Payments team with over 25 years local experience in place

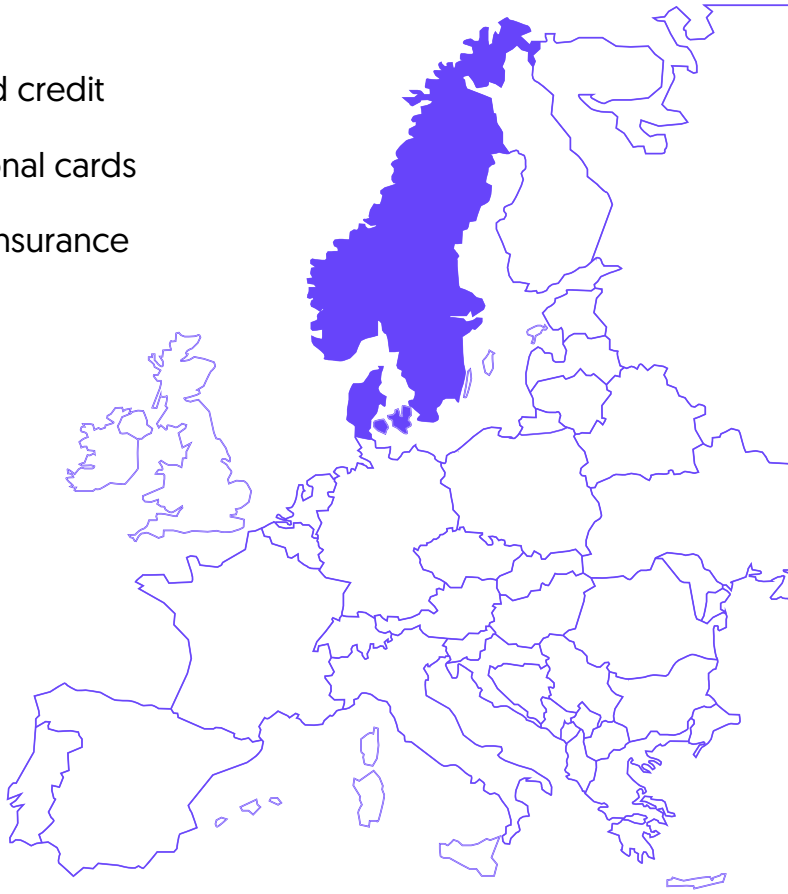
*In India [v]INR may initially operate as centralised database of points

3.3 MVD Example Market:

Scandinavia (Northern Europe)

STRATEGY: Lockdown top partnerships

- MVD can monitor 100% of local debit and credit
- cards It can monitor 100% of all international cards
- Most respected newspaper, banks and Insurance groups are the MVD's loyalty partners
- 2000 locations live with MVD
- 100,000 cards already linked and generating rewards

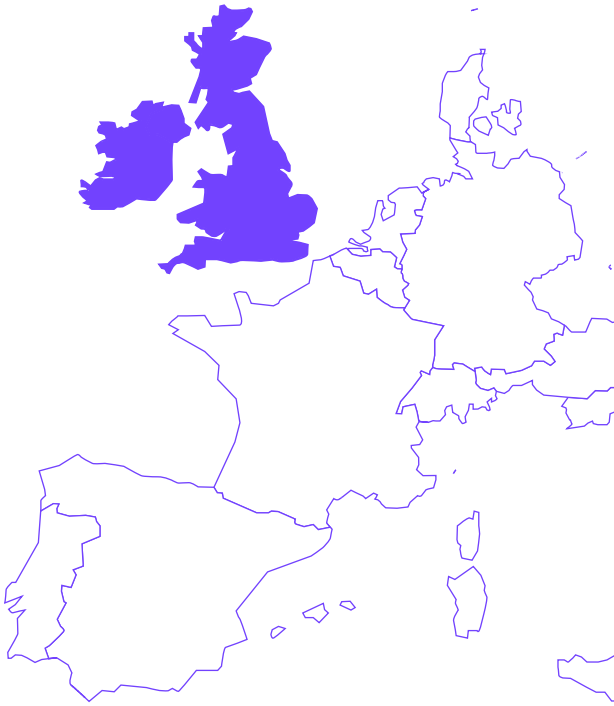


3.4 MVD Example Market:

United Kingdom (and Ireland)

STRATEGY: More offers than anyone else

- MVD has direct, and indirect, integrations with major card schemes.
- Ability to monitor 100% of all registered debit cards
- 40,000+ merchant locations available for offers through existing stored value MVD partnerships
- 150,000 bank cards linked
- 24 affiliate networks integrated
- Nationwide nightlife industry representative body is our MVD's partners



3.5 MVD Example Market:

Australia (and New Zealand)

STRATEGY: Local Partnerships

- 80% of cards in New Zealand can be monitored
- All large banks in Australia in discussions
- New Zealand's largest top-up and POS providers partnered with MVD for merchant recruitment
- Partnership with Australian domestic card scheme on track for **Q1 2022**

3.6 MVD Example Market:

Malta (then Southern Europe)

STRATEGY: Rewarding employees

- Partnered with popular VIP Employee Rewards programme
- 15,000 registered users
- Relationships with 400 local shops on board including 130 restaurants, 93 Spas, 22 bars
- 40 corporate clients including public companies, telecoms companies, banks and gambling operators
- Tourism market penetrated with ferries, national airline, tourist busses and tourist agencies relationships in place

3.7 MVD Example Market:

UAE (then Middle East)

STRATEGY: Getting Started

- Reward redemption at 200 brands in place through local gift card provider
- Currently seeking Transaction Validator partnerships for rollout

ROLL OUT CURRENTLY PAUSED

3.8 MVD Example Market:

North America (then South)

STRATEGY: Simplification

- 100% transaction data available
- Redemption mechanic available at over 300 national brands
- Plan for Q4 2021 launch
- Key partnerships with major retail aggregators
- All affiliate networks integrated

Take the Vow.

4 Controls on Distribution

Given that Merchant Acceptors are able to freely issue ᵛcurrencies to their customers, there must be some controls on the network to ensure transparency, security and fairness to all participants.

If any Merchant Acceptors defaults on their Vow or goes bankrupt, then the system must automatically protect all the other Merchant Acceptors' Vows by ensuring the value of all ᵛcurrency in circulation.

For this reason, the ᵛcurrency ecosystem, other than enforcing ᵛcurrency distribution through approved MVDs, has two more controls baked into its DNA. These are

Vow

VSR

4.1 Vow

Vow is a free floating digital asset which supports the entire global basket of ᵛcurrencies.

Vow is a free floating, ERC777 settlement token issued on the Ethereum blockchain. It has a initial supply of 1,142,857,142 tokens and is issued by Vow Limited, a Jersey Company formed in 2020.

It may be of value for any individual interested in Vow to understand the distinction between currency and money. The difference is that money operates as a store of value, whilst currency does not. The fiat system is a currency system. As supply of fiat currency is consistently inflated by central banks its purchasing power is reduced. This being the case, fiat cannot be considered as a long term store of value.

4.2 Vow volatility

Vow is a free-floating currency which is intended to be listed and traded on public exchanges and as a result its price will exhibit daily changes that potentially exceed the tolerance of commercial requirements for daily use.

This is precisely why Vow cannot, like all other free floating cryptos, facilitate commercial transaction at businesses who rely on a stable priced medium of exchange at all times.

In spite of this attribute Vow serves an essential purpose as it protects all global ᵛcurrency ecosystems against defaulting or bankrupt Merchant Acceptors with a unique system of minting and destroying ᵛcurrencies.

It also enables Merchant Acceptors to confidently accept back more ᵛcurrencies than they have distributed by maintaining all ᵛcurrencies' value.

4.3 Locking up Vow

To remedy the issue of price volatility inherent in all crypto currencies, Vow has a unique feature which allows it to be redenominated into a fixed value ᵛ$, ᵛ£, ᵛ€ (or any other supported domestic currency) at the prevailing market rate of Vow by Merchant Acceptors.

This means that if the price of Vow was $1 per token, a Merchant Acceptor may choose to lock up that $1 worth of Vow as a deposit and gain the right to mint up to ᵛ$5.

Vow can therefore exist in two states. Firstly, as Vow tokens with a free floating price according to supply and demand, or secondly they can be locked up as a deposit by Merchant Acceptors and used to mint ᵛcurrencies. When a Merchant Acceptor locks up Vow at its spot price, it can mint five times that value as ᵛcurrencies.

Merchant Acceptors must accept back as much ᵛcurrencies as they have minted in order to unlock their Vow deposit. In the event of a Vow price appreciation the Merchant Acceptor may enjoy any upside.

In addition, any Vow holder (non-merchant) may send Vow to a special address called a burn address. This burn address will literally destroy their Vow from existence, contracting the Vow supply, whilst immediately sending back to their nominated ᵛcurrency wallet, ᵛcurrencies of their chosen currency.

NEW TERMINOLOGY

Locking Up

Locking Up is the act of depositing a certain amount of Vow by a Merchant Acceptor in their wallet in order to enable that Merchant Acceptor to participate in the Vow ecosystem and distribute ᵛcurrencies to their customers. Locking up Vow means the freezing of its price at the current market rate, by releasing ᵛcurrencies in proportion to the deposited value.

4.4 Minting and distribution of Vow

The manner by which ᵛ$ are minted and distributed to the market is unique. As described previously, Vow tokens are intended to be free-floating tokens on public and private exchanges. Any time a Merchant Acceptor elects to participate in the Vow ecosystem to tokenize their offers the following steps take place:

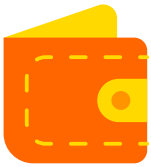
1

Merchant Acceptor purchases Vow

First, each Merchant Acceptor must purchase an amount of Vow on the open market that is equivalent to 20% of the budget they would have spent on their traditional method of reward issuance, such as discounts or cashback offers.

If we assume that the market price of Vow, at a specific point in time was to be $1 per Vow, and a Merchant Acceptors' intended budget for rewards is $1,000 across the year, that Merchant Acceptor should purchase $200 worth of Vow.

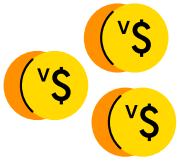
2



MVD selection

Once the Merchant Acceptor has Vow in their wallet, it is required to select an MVD. This MVD is instructed by the Merchant Acceptor to manage all its ᵛcurrency distributions. Once contracted with an MVD, the Merchant Acceptor will send its Vow to its MVD's specified address. At the exact moment of Vow lockup, the current market value of deposited Vow ($200) is determined. The Vow is immediately locked up and instantly used to mint 5 x the market value of Vow. In this example when $200 of Vow was locked up, ᵛ$1,000 are minted and ready for distribution by the Merchant Acceptors' MVD. Each unit of ᵛ$ carries the same purchasing power as fiat USD within all coalition Merchant Acceptors.

3



MVDs distribute Merchant Acceptor's ᵛ$ to their customers

Merchant Acceptors are not able to immediately access their freshly minted supply of ᵛ$, but rather they must distribute their ᵛ$ to their customers according to the same conditions as their previous offers or programs. In the event the merchant runs out of ᵛ$ to reward customers, they can purchase additional Vow tokens at the prevailing rate to lock up. It is important to note that the system does not allow Merchant Acceptors to distribute their own tokens. All released tokens are MVD verified.

4

Validation process

Each distribution of ᵛ$ is verified by regulated Transaction Validators contracted with MVD's as well as the Merchant Acceptor themselves. The transfer of value to the customer is always in proportion to the fiat value of the monetized merchant offer associated with that specific transaction. e.g. $100 is spent at a Merchant Acceptor offering a 10% reward, then the MVD will issue ᵛ$10 of the Merchant Acceptors' supply to its customer.

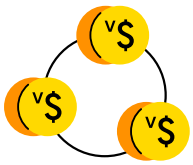
5

Unlocking Vow

At the expiry of the 12 month lock up period*, Merchant Acceptors can unlock their Vow irrespective of the price it exhibits at that time. The condition for unlocking Vow is (a) 1 year has expired since lock up, and (b) the Merchant Acceptor has accepted back the same amount of ᵛcurrencies they originally issued at a 1:1 ratio with the local fiat currency against their products and services.

If the Merchant Acceptor has not accepted back sufficient ᵛcurrencies and wishes to exit the system, they must purchase the difference between ᵛcurrency issued and ᵛcurrencies accepted on the open market. They then, and only then, may unlock their locked up Vow. If they refuse to do this and stop accepting ᵛcurrencies against their goods and services at 1:1, they are considered to have 'defaulted' on their Vow to the network. As a result they are kicked off the network as a registered Merchant Acceptor, their customers informed that their Vow has been broken and the Merchant Acceptor's Vow is burned. In theory burning the Merchant Acceptors' Vow should increase the overall Vow price. Regardless of whether or not Vow price appreciates, VSR will then try to balance out any of that Merchant Acceptor's excess ᵛcurrency remaining in circulation within the next 3 months. In the unlikely event that VSR cannot do this, then new Vow is issued to buy up any addition ᵛcurrency.

6



Merchant Acceptors distribute ᵛ$ to customers

Merchant Acceptors will be minting, distributing, and simultaneously accepting ᵛ$ as customers wish to spend their accumulated balances. It is possible to accept more ᵛ$ than they issued. Any ᵛ$ accepted can be spent within the ecosystem or sold for fiat to other participants as described below.

*This 12 month timescale is not obligatory, or required, by the Vow ecosystem. It may, however, be imposed, reduced or extended, by individual MVDs dependent on their risk profile and standard Merchant Acceptor agreements.

4.5 Variable Stabilisation Rate (VSR)

VSR is one of the most important elements within the Vow two token model. It is important to understand the manner in which Vow and ᵛcurrency interact and how VSR helps keep them aligned.

As consumers shop in participating Merchant Acceptors using fiat, MVDs spot their spending has occurred and distribute ᵛcurrencies to them in line with the Merchant Acceptors reward rate. Merchant Acceptors always Vow to accept back any ᵛcurrencies they have issued at 1:1 with fiat currency.

By way of example, in a ᵛ$ ecosystem the amount of ᵛ$ in circulation should always match the totality of rewards live Merchant Acceptors have agreed to honour by distributing ᵛcurrencies.

If one or more Merchant Acceptors were to go out of business, which they will from time to time, then there will no longer be a perfect balance between the totality of Merchant Acceptors' distributed ᵛcurrencies and the totality of ᵛcurrencies live Merchant Acceptors have agreed to honour as discounts.

Although there is no asset backing ᵛcurrencies, technically it could be said that ᵛcurrency was under-collateralised in its capacity to operate as a discount.

For this reason, every time consumers shop at participating Merchant Acceptors and spend their ᵛcurrencies, the Vow smart contract burns a small amount of the ᵛcurrency.

The amount that is burned, as the Merchant Acceptor receives the ᵛcurrency is referred to as the Variable Stabilisation Rate (VSR).

Burning a small amount of ᵛcurrency on every transaction means that a small amount (1.6% of the ᵛcurrency amount spent) is destroyed and no longer exists.

This continual contraction of ᵛcurrency supply with every spend of ᵛcurrency allows each ecosystem to adjust to the impact of potential Merchant Acceptor defaults.

4.6 An off balance sheet rewards solution

Companies have been in the business of issuing their own type of corporate money for a long time. This issuance is distributed to the public in the form of IOUs called points, discounts, coupons or other alternative methods of value transfer from business to customer.

The success of reward schemes on the corporate side is primarily down to the fact that Merchants feel they are in control of their own reward issuance.

They decide the magnitude of supply, method of distribution and value per unit. This ability to fully control a parallel issuance within the limited economy of their own store allows them to trust it and accept their issued rewards back as payment.

The success of such systems on the consumer side is driven by the degree to which the merchant's issuance can match the benefits of the prevailing domestic fiat currency. The more the merchant issued offers can mirror the benefits of fiat, the more seamless the interaction users will experience. This however is seldom the case due to the widely understood restrictions such corporate issuances face.

The potential liability all businesses face with centralised reward issuance is something which cannot be mitigated simply by moving rewards to a blockchain. A much more comprehensive solution needs deployed, and that is exactly what the Vow and [v]currency minting, distribution and acceptance process provides.

Vow ecosystem stands ready to support transactions from over **10 million participants** on day one and continue to scale at speed internationally.

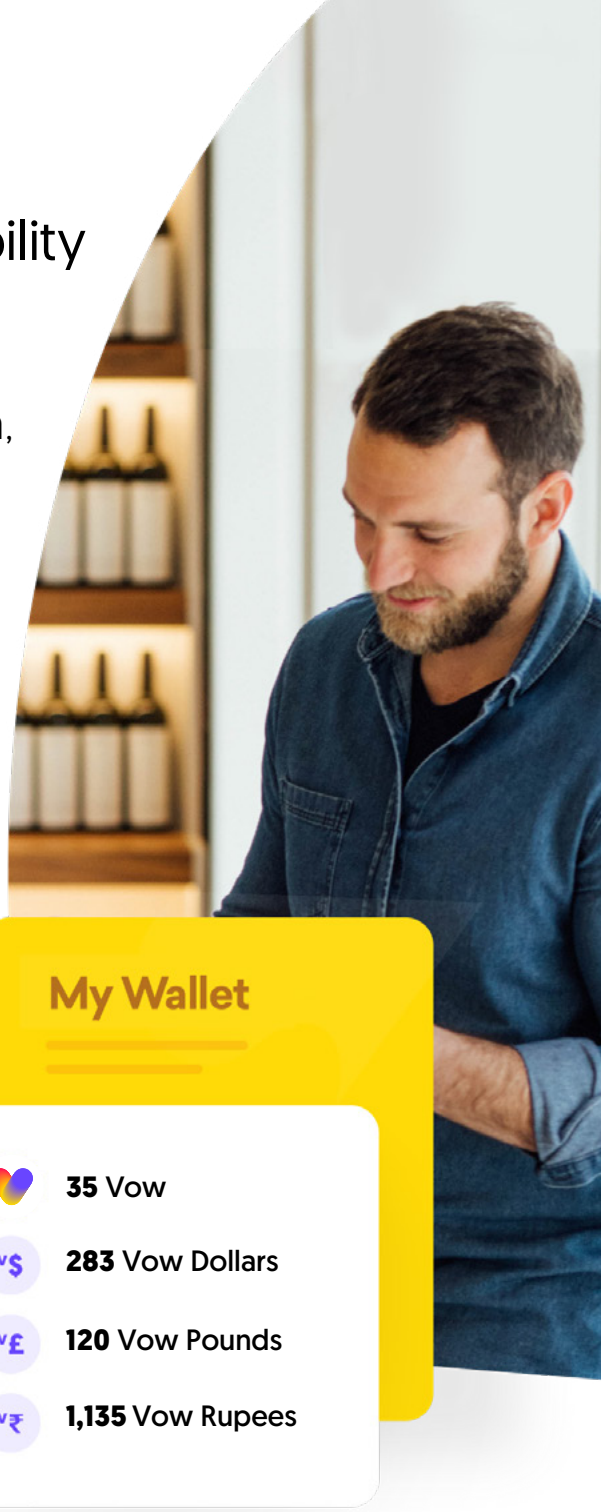
4.7 $100 bn in merchant reward liability

Credit card companies, banks, airlines, international, national and local Merchant Acceptors, whether online or offline, or both, seemingly without exception all operate some sort of reward program. They either do so directly or through service providers, and there are hundreds of independent cashback, voucher and offer websites, which all do the same.

Collectively all of these programs have issued billions in their currencies and over time it is estimated that more than USD $100 bn is sitting, unredeemed, in customer accounts, and that is just from the most well-known programs.

This corporate supply of rewards, discounts, their associated potential liability and inherent problems is what Vow and ᵛcurrency, working together, leverage to solve.

They do so, by providing a more cost effective way for Merchant Acceptors to issue and accept rewards and eliminate risk from their balance sheets.



4.8 Current reward method examples

POINTS

Loyalty points are universally acknowledged as a driver of repeat custom in Merchants around the world. They do however come under fire as having many problems.

Issuing parties may go out of business or discontinue schemes leaving consumers feeling angry and frustrated. Points expire. Their use can be complicated and abstract rules can be imposed which restrict their usefulness to consumers at any time. Each point's value in independent schemes is thus entirely dependent on the needs of issuing Merchant Acceptors. Whilst consumers do use these loyalty programs, faith in them has been diminished. Consumers are demonstrably using them less each year. Worldpay state, "8m UK consumers will use rewards cards less than they did last year."

Coalition programs tend to fare better, yet problems naturally arise when parties fail to agree independent valuation of each other's reward points; a lack of transparency and overall governance being equally problematic. Whether in closed loop form, issued and redeemable within one merchant's boundaries, or through a coalition arrangement, redeemable at a group of Merchant Acceptors, a growing apathy with confusing rules means billions of dollars' worth of points are left unredeemed in schemes across the planet.

> 8m UK consumers will use rewards cards less than they did last year.
>
> Worldpay

The entire industry is aware of all these flaws, and more with existing programs, yet it is only slowly coming to consensus on how it needs to change.

In many ways blockchain technology seems like a silver bullet that can be used to fix the broken reward currency market. Many Merchant Acceptors and MVDs have been experimenting with it, and a number of independent companies have arisen which promise superior loyalty management systems.

Yet blockchain technology in itself is not a solution to point schemes. It serves as merely a transparent accounting system which can be applied to this use case.

CASHBACK

Worldwide, the cashback industry is estimated to be worth at least $100 billion per annum. The industry has grown hugely over the past 6 years and consumers have flocked to it.

Being rewarded in “cash” or “cash equivalent” makes intuitive sense to consumers who find it easier to understand the value of their reward than they do a point’s equivalent. Bond Loyalty, an industry leading loyalty research company, reported that “81% of consumers prefer cashback over points.”

> 81% of consumers prefer cashback over points.
>
> Bond Loyalty

We see cashback promotions driving sales every day for retailers all across the world, whether through a cashback website or through a car showroom offering $100 cashback for buying a car. A survey conducted by Retailmenot states:

“One-third of consumers will consider shopping at a new store if provided with a cashback offer. 20% said they purchased or spent more than intended due to a cashback offer within the past 12 months. Retailers experienced a 3.4 times increase in conversions with cashback offers and their average order value increased 46%.” Evidently it is the ability for a customer to get their hands-on cash and spend it again is a huge, and growing driver for retailers. However, “cashback” is not without its problems. Whilst points are instant, cashback is not instant. Consumers need to spend money, wait for the cashback to be tracked, paid, and delivered. Some Merchant Acceptors can pay 60 to 90 days later.

In the cashback model, a centralised party always needs to hold their customers’ promised cashback, acting as custodian of consumers’ funds. This approach means that the cashback industry, and the constantly growing liability associated with it has the potential to become a regulated industry in and of itself. Some of the largest cashback operations in the world are trading at a loss. The danger this situation presents of millions of consumers losing tens of millions of dollars’ worth of cash rewards warrants close attention. In contrast under the Vow model consumer’s [v]currency is held in consumers own wallets; wallets inaccessible to any other party bar the consumer themselves.

CASHBACK

In addition to the above, retailers worry about cannibalization of their market; that promoting a cashback reward openly will mean giving customers cashback who would have shopped with them already. To date retailers are very happy to participate in the “closed loop” promotion of cashback rewards, but there has been some resistance to “open loop” promotion of the same reward mechanic.

Online cashback schemes operate by re-allocating and repackaging a merchant’s marketing budget from a digital agency commission into a consumer incentive. This process has not yet matured into wide instore acceptance yet, largely due to inaccurate attribution of online to offline spend. Once it does, it will be far more beneficial for retailers to operate in the Vow ecosystem than suffer the outflow of cash based rewards.

Retailers prefer that the rewards they offer are only redeemable in their business. Cashback means paying money out to consumers which may not be spent back in their store. This is immediately solved for retailers using Vow as their reward currency.

Cashback means paying money out to consumers which may not be spent back in their store.

This is immediately solved for retailers using Vcurrency as their reward currency.

Online cashback is generally tracked using cookies. Inaccuracies results in a failure rate of around 5% across the board, frustrating consumers and Merchant Acceptors alike.

Many more examples exist, such as discounts or stamps or giveaways. These promotions all can be translated into equivalent fiat values and compared in terms of magnitude.

4.9 Merchant issuance and distribution

The inherent benefit of tokenizing discounts through Vow is that the merchant itself is involved in the minting and distribution of the tokens.

The manner in which value is attached to each unit of account is clear and transparent, therefore it ensures trust.

Merchants need this trust to accept back ᵛcurrency without hesitation, ensuring merchant participation from the onset. Currently there is no major crypto currency whose strategy involves the incorporation of corporate entities for this purpose.

From the perspective of Merchants, the primary difference is that the value they offer in discounts to consumers is simply redenominated in ᵛcurrency, allowing redemption in a more efficient manner.

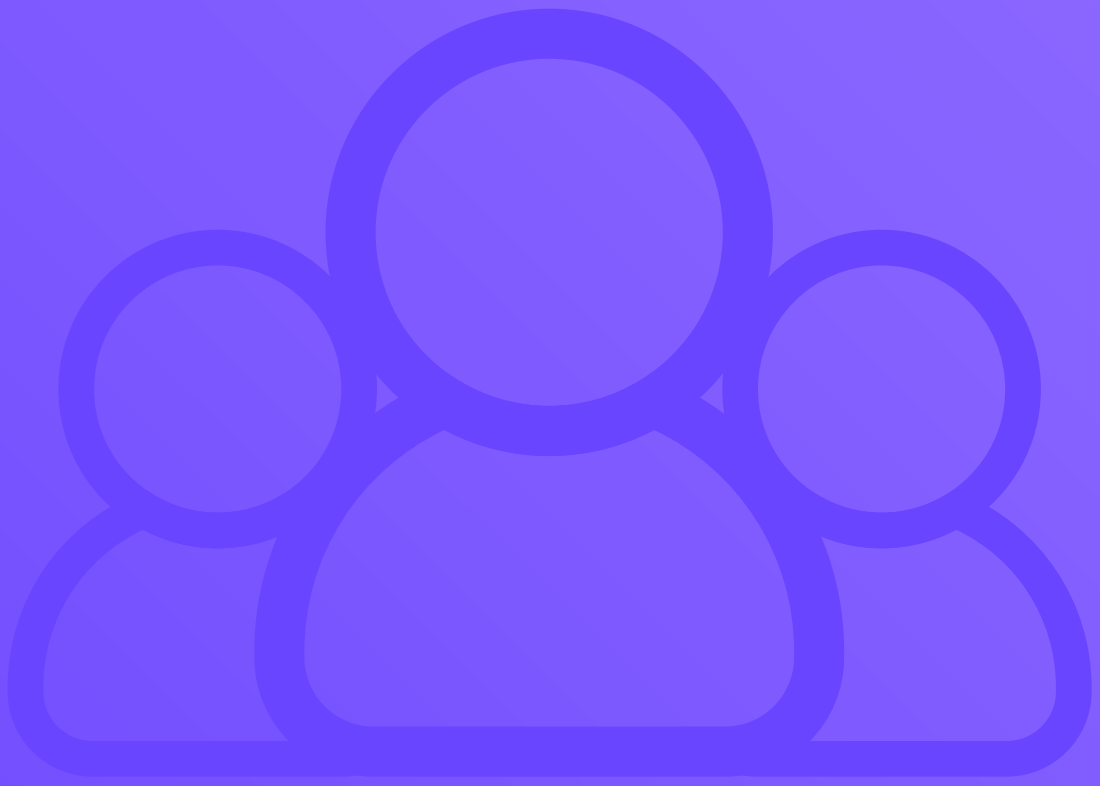
The secondary difference is that there is no direct debt to consumers which they guarantee, as they would with points or cashback, and no cost until a consumer re-purchases at their store using ᵛcurrency. This is usually partially offset by the consumer spending more fiat money with them alongside their ᵛcurrency.

Take the Vow.

5 Team

The team behind Vow is confident in its approach as a large portfolio of partners have subscribed to this strategy.

It comprises a diverse group of professionals committed to the Vow project, and its success.



Bish Smeir, Chairman

Bish is founder of the Vow project, inventor of the ᵛcurrency concept, and a member of Vow Limited board of directors. He founded Enigmatic Smile in 2014, bringing together a core team of entrepreneurs around the world leading it to become a pioneer in the payment linked offers industry across 11 countries. He is a recognized expert and thought leader in payments, loyalty, blockchain and sales with multiple patents under his belt. He has been focused from day one on perfecting the process of onboarding hundreds of millions of consumers and hundreds of thousands of merchants into a worldwide rewards economy, and then introducing a unique, and powerful, decentralized currency to them all. By doing so, he is confident that Vow can, and will, change the world.

Paul Teleky, Markets and Liquidity

Paul is head of markets and liquidity of Vow, and ardent student of economics. After he completed his MBA, he began his career as a derivatives broker in London and New York after which he worked at RBS where he was a member of a specialized structured risk solutions group. After several successful years in banking, Paul ran the UK and Canadian arm of a multinational “cashback” customer loyalty program. As Managing Director, Paul was responsible for building a network of UK corporate partners, designing the marketing strategy, overseeing the sales teams and developing the company’s proprietary payment technology.

Barry Helfrich, Head of Technology

Barry Helfrich is a head of the Technology arm of the Vow Council, as well as CIO for Enigmatic Smile Limited. He is a key member of the Vow team and has been a critical part of the project since inception. Barry oversees all aspects of information technology, information security, data and analytics. He’s responsible for developing and maintaining our network, server and infrastructure solutions as well as for building various aspects of our technology stacks. With a background in IT security and compliance Barry spent a considerable part of his career as an IT consultant focusing on aligning his client’s technology with their organizational objectives.

James Cunningham Davis, Director

James is a qualified solicitor in England and Wales, with extensive experience in fintech and digital enterprise. He is a founder in an online gaming company which develops next generation gaming, gambling platforms, and blockchain platforms. Recently, James has expanded his interest to include blockchain crypto enterprises, including a Layer One Protocol. James holds Board/ Company Secretarial positions on various companies from start-up through to public, and acts as a Trustee on a number of private trusts.

Lindsay Bracegirdle, Director

Lindsay's career starting out in audit with Ernst & Young & qualifying as a Chartered Accountant prior to moving into Risk Management and Compliance. For the past 13 years, Lindsay has been a Director of Cavendish Fiduciary (Jersey) Limited and is a qualified Compliance Officer and Money Laundering Reporting Officer. She retains a strong interest in regulatory compliance assisting many clients with their regulatory requirements from client money rules to Anti-Money Laundering Regulations. Alongside her experience in regulatory compliance, Lindsay has extensive experience in cryptocurrencies and crypto connected businesses, including ICOs, exchanges and through to proprietary crypto derivative trading.

Kim Hodgson, Strategic Partnerships

Kim Hodgson is head of the Commercial Arm of the Vow council and has been involved with the project since inception. With a background in law and finance, Kim is well known as a leader in business, strategy design, and implementations. He is an owner of one of the largest loyalty businesses in Africa and has worked with a range of payment providers, banks and mobile operators to develop loyalty and digital solutions and to implement them. Kim is recognized as an expert in deal structuring, key account management and strategic partnership development and brings significant experience and expertise to the team.

Darren Findlay, Vow Council

Darren has 10 years web and application development experience. He was involved with the Vow project from inception. With extensive experience in artificial intelligence, Darren had oversight on the integration of machine learning algorithms which have been developed in partnership with Aarhus University and the Alexandra Institute. Previously Darren worked with Enigmatic Smile in charge of all mobile development. Darren holds a Bachelors degree in Computer Science from Glasgow University.

Shawn Frazer, Finance

As head of finance for Enigmatic Smile, Shawn is responsible for the financial Interactions of Vow within the growing network of MVDs including accounting, audit, reporting, tax, treasury, compliance, funding and investments with a focus on aligning financial and business metrics to support business strategy and high-growth. His career spans more than 20-year in banking with varied experience in corporate finance, structuring, tax, derivatives and equity and debt financings. He has a strong track record of building teams with high- calibre talent and then leading those teams to be successful in revenue generation and risk management. Shawn earned an MBA from the Schulich School of Business at York University.

John Cohen, UK Business

As Chief Operating Officer of the UK MVD, and Director within Enigmatic Smile, John has oversight over all business strategy in the UK, international growth and ensuring operational excellence company-wide. Prior to this John served in key leadership positions with Drager, a German medical device company, with responsibilities in finance, sales, manufacturing and distribution. Upon leaving Drager, John founded two companies, TLS and Leads 2 Trade, two of the top UK companies for lead generation within the home improvement sector. John holds a Mechanical Engineering degree from the University of Salford.

Stefan Srećković, Head of Design and Branding

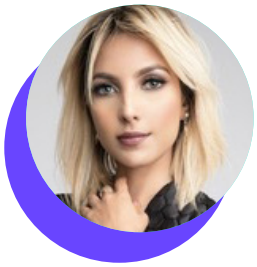
Stefan is the head of design and branding at Vow, and head of product in Enigmatic Smile. He designs and oversees all visual and branding aspects of Vow, ensuring that the look and feel is uniform throughout platforms, and presented in a clear and conscise manner. He's also in charge of the UI/UX design of Vow App.

David Irvine, Economic Advisor

David is a behavioural economist who has over 20 years experience of advising law firms, UK and international banks and professional service firms regarding strategy, M & A, technology/fintech and client acquisition. David has been on the management teams and boards at a number of high profile City firms including latterly DWF who he helped float on the main London Stock Exchange.

Roland Ham Riche, Payment Cards and MVNO Advisor

Roland has over nineteen years of experience in the Card & Payments industry working at a Senior level in a wide range of Financial Services organisations. During the last nine years he has specialised in Prepaid and Mobile, which has cultivated a thorough understanding of how to develop programmes and build the infrastructure and processes to grow them successfully. As a result, he has been engaged by organisations such as Vodafone and Lloyds TSB to lead the build of their prepaid & NFC programmes.



Moon Jérin, VP Operations / Marketing

Ms. Jérin, with a background in civil engineering, starter her career in large technology implementation projects in H.J.Heinz, Shell Oil Company and Amazon. She has worked on numerous digital transformation and innovation projects for brands including but not limited to Tiffany & Co, Altria, Cablevision, Mitsubishi, Pfizer and many more. In 2018 Ms. Jerin founded Doctrina, a platform to provide and promote blockchain and digital transformation advisory to financial and insurance companies. She is also an industry associate at the UCL Center for Blockchain Technology since 2019.

Ms. Jerin holds an MBA in Global strategy, marketing and entrepreneurship. She is a regular speaker and contributor at global conferences including Horasis and other Fintech Forums, CBC Radio, CBC news etc.

Sandra Tobón, Data Analyst

Sandra Tobn is our Data Analyst. She has a degree in Law with a masters in Constitutional and Public law. She also has a degree in Computer Science, with a particular focus on fuzzy logic and artificial intelligence within operational risk inside financial institutions. She has gained experience as a data analyst working for Bancolombia, one of the biggest banks in Latin America. More recently, she has been specialising in data analysis and she has developed a keen interest in machine learning techniques. She is passionate about people's right to freedom, to take their own decisions using honest arguments and create new opportunities for themselves. This is the reason that she believes in the power of the crypto-economy and blockchains, as these are new and exciting ways for people to take control and create a more equal and inclusive world.

Andrzej Bogacz, Developer

Andrzej is an mobile developer, responsible for the Android development of all publisher apps within Enigmatic Smile. In year of 2017, he graduated from University of Information Technology in Rzeszow and holds a Bachelors degree in Computer Science.

Olayinka David Adebayo, Developer

Olayinka David Adebayo is a full stack software developer with over 8 years of experience in web and mobile development and design. Over the years, he has provided IT solutions as a software developer and an IT consultant with various organizations. David works on various aspects of our partner MVD systems.

Kannan Hariharan, Payment Advisor

Kannan is an entrepreneur, business operator and a seed investor with over 20+ years of experience working for global payment companies like e-Funds, FIS, HP and fintech start-ups alike. Previously, he has developed a payment infrastructure company from scratch and grown it into multi-million-dollar business and subsequently led the Series A investments. Kannan also offer's advisory and consulting services to local and global fintech start-ups, VC firms for APAC exapansion or fintech investment strategy. Kannan is also a seed investor in a boutique investment firm that has invested in few very early stage companies. He is skilled in various aspects of start-up engagement like product ideation, strategic partnerships, business development, GTM strategy, financial management, capital raising, and early stage start-up valuation. Kannan holds a bachelor's in Mechanical engineering and has earned a management degree from NMIMS, Mumbai, India

Ryan McQueen, Acquiring Advisor

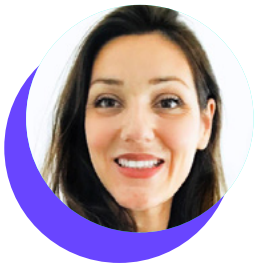
As Director of the Australian MVD Ryan has positions in payments include Head of Products and Strategy, Corporate & Commercial Banking at ANZ Bank, Head of Merchant Acquiring at Westpac Banking Corporation, senior consultant at First Manhattan Consulting Group, and VP and Senior Manager at GE Money.

Dr. Shingi Munyeza, Zimbabwe Business

Dr. Shingi Albert Munyeza's business, professional and leadership trajectory positioned him to become multi-skilled and multi-gifted in the economic and business concepts of Accounting, Financing, Advertising, Marketing, Hospitality and Tourism. Some of his past positions include being on the boards of African Sun, FBC Bank, National Arts Council of Zimbabwe, Zimbabwe Tourism Authority, as well as being the President of Zimbabwe Council for Tourism.

Nicholas Ponniah, Advisor

Entrepreneur and sales professional who has delivered results for companies such as Voucher Cloud, Living Social and Yahoo as well as his own promotions companies.



Delphine Robillot, Advisor

Graduated from the Paris Bar school and specialises in personal and corporate tax law and tax litigation. She was appointed by the Trade commission of France, to implement their new entity in UAE, Oman, Qatar and Kuwait and as a result has made many key connections in the region.

Subash Manuel, Advisor

Subash is the Chairman of the Indian MVD. He is an International Attorney and Commissioner of Oaths, dually-qualified in both India and within the Senior Courts of England and Wales, and has a Masters in Law and a QLTT from the Oxford Institute of Legal Practice. He is a recognised expert and thought-leader within the blockchain technology space, and more specifically within the legal regulations and ramifications that surround the industry.

Chandra Bhushan, India Business

Previously head of business at First Data India and head of corporate business at Innoviti in India. Now responsible for development of cashbackAPP in India.

Bert Wallace, Unattended Retailing Advisor

Bert Wallace is an expert in vending and unattended retail, operating a specialist payments consultancy for the industry. His company remotely manages an extensive estate of vending machines throughout the United Kingdom and EU which he is constantly expanding alongside global leaders in this space. Bert has spent many years in the hospitality sector operating bars in Scotland, where he also served as Vice President of the licensed trade association.

Graham Phillips, Advisor

With extensive experience in African markets, Graham is responsible for business development for the Zimbabwe MVD and is working closely with MVDs in other African territories where he has a role liaising with banks, payment processors, large scale merchants, and other potential partners.

Dr. Shane Hodgson, Advisor

Shane is an advisor to the Vow team. With extensive business transformation and software implementation project experience in over 30 countries, he has worked for some of the largest blue-chip consultancies and corporations in the EMEA region. In 2013, after leaving a role as VP: Organisational Effectiveness for a major global gold mining group, he set up his own consultancy and operates globally in business transformation, Enterprise Resource Planning systems implementation, and organizational design, development, and change. He also has an MSc, an MBA and recently finished an MA.

Aventus aventus.io

Originally the Aventus Protocol was developed to be open source, providing a backbone of interoperability,lowering barriers to entry for developers in the ticketing industry. When the team at Vow Limited met with the team at Aventus and witnessed the technical potential of its protocol they were very impressed. As a result they contracted with Artos Systems Limited, Aventus' blockchain development company in London, in order to ensure ᵛcurrency could scale rapidly. By utilising Artos' tier two scaling technology ᵛcurrency can easily handle the multi-million monthly transactions volume it requires, whilst still remaining decentralised and working on Ethereum. The entire Aventus team has naturally become an important part of what we are building at Vow.

Alan Vey, Aventus Founder

Alan is one of the co-founders of Aventus, a blockchain-based protocol reshaping digital assets including ticketing, loyalty points, vouchers, virtual goods and financial assets.

Prior to founding Aventus, Alan worked at the Deloitte Innovation and Entrepreneurship Centre, and as a quantitative developer at macro hedge fund Brevan Howard. He completed a Master's Degree in Artificial Intelligence at Imperial College London, and worked with BAFTA and the BBC to write his thesis on film rights distribution using blockchain.

Annika Monari, Aventus Founder

Annika is one of the co-founders of Aventus, a blockchain-based protocol reshaping digital assets including ticketing, loyalty points, vouchers, virtual goods and financial assets.

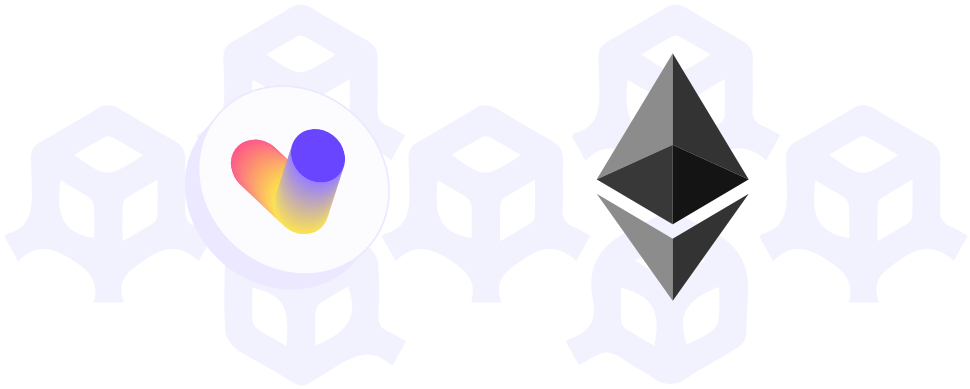
Prior to moving into blockchain, Annika worked in Merchant Banking at Goldman Sachs before completing a Master's Degree in Physics at Imperial College London. Her thesis investigated Higgs Boson decays into dark matter in partnership with the High Energy Physics Group and CERN.

6 Token Basics

"Money is the most universal and most efficient system of mutual trust ever devised. Even people who do not believe in the same god or obey the same king are more than willing to use the same money"

-Yuval Harari

6.1 Tokenomics



Vow is an ERC compliant token on the Ethereum blockchain. It is a free-floating settlement token intended to be traded P2P or on various exchanges for whatever price market sentiment deems appropriate.

The total market capitalization of Vow at any given time will be the total market value of all Vow tokens in circulation in the wallets of the participants of the ecosystem internationally. Because Vow supply is economically limited, and because Merchant Acceptors must purchase Vow in order to gain the right to mint ᵛcurrencies, the more Merchant Acceptors and their MVDs who choose to participate in the Vow ecosystem, the more available supply of Vow for market trading will be contracted.

ᵛcurrencies are, in contrast, potentially unlimited in supply. It can be minted whenever Vow is locked up by participating Merchant Acceptors, but only distributed by Merchant Acceptors according to MVD verified confirmation of customers' fiat spend. In addition, any user can deplete the circulating supply of Vow by purchasing it, burning it, paying a small redenomination fee, and minting themselves ᵛcurrencies at the prevailing Vow / ᵛcurrency exchange rate.

Every time ᵛcurrencies are spent in coalition Merchant Acceptors 1.6% of the ᵛcurrency spent is burnt as VSR from supply forever. This small VSR burn is designed to create a ecosystem wide contraction of ᵛcurrency supply which is used to establish an indication of demand in the ecosystem, as well as provide an initial line of defence against defaulting Merchant Acceptors. In case of ᵛcurrency / Vow imbalances (1) new Vow is minted to buy and then burn any ᵛcurrency oversupply, or (2) new ᵛcurrencies are minted and open market Vow purchased and burned periodically.

The more Merchant Acceptors and users mint and spend ᵛcurrencies the more the demand there will be on Vow. Because consumers collect ᵛcurrencies automatically at participating Merchant Acceptors, as they use their existing payment methods, without any change in behaviour, distribution of ᵛcurrency is ensured.

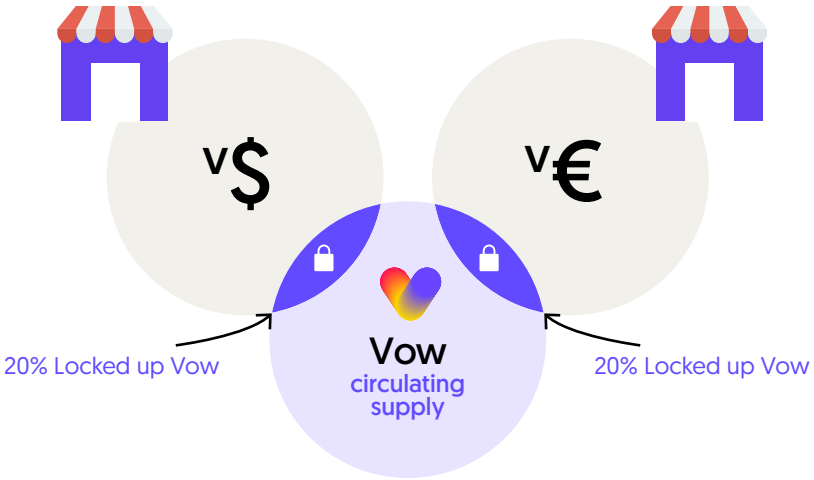
Vow Tokenomics

1 Merchants mint and distribute ᵛcurrencies

Consumers earn free ᵛcurrencies on their fiat sales at participating Merchant Acceptors. Merchant Acceptors give away ᵛcurrencies at a 1:1 value with local fiat. For example if they advertise a 10% Vow reward, each ᵛcurrency being worth 1:1 with fiat, they would issue 10 ᵛcurrencies worth $1 each to a customer, if the customer spent $100. The customer can then spend the 10 ᵛcurrencies as if they were $10 in any Merchant Acceptor at any time in the future.

2 Merchants must lock up a Vow deposit initially worth 20% of any ᵛcurrency they mint

This 20% Vow deposit stabilises the value of ᵛcurrency by ensuring if Merchant Acceptors in the ecosystem default that their Vow deposit can immediately buyback and burn a significant portion of the ᵛcurrency they have distributed. Although in practice the mechanisms used are more complex than the following simplistic example, as long as the default rate from closed merchants is less than 20% then the whole system remains stable. In the unlikely event that the merchant default rate is higher than 20%, there are multiple extra ways to ensure system stability.

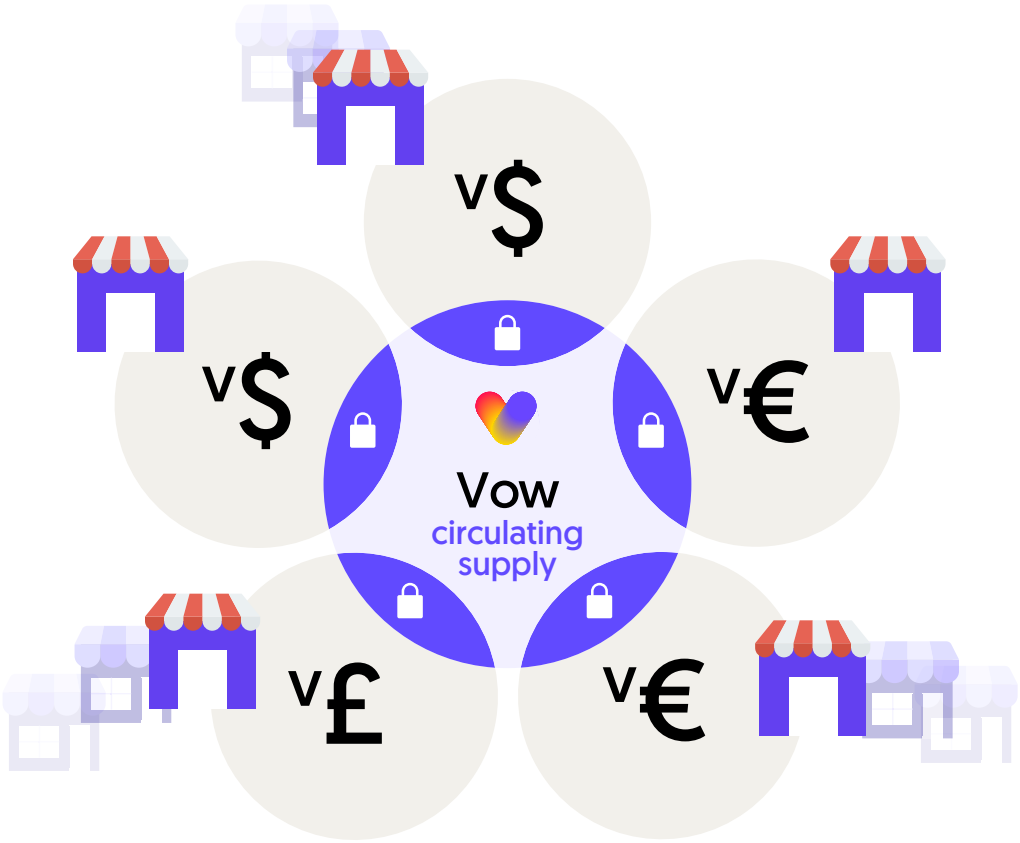


*The illustrated behaviour is highly speculative. In practice behavior, and its impact on token supply and demand, could be vastly different.

Contracting supply

3 As more and more Merchants join the Vow Economy, the Vow Circulating supply is contracted

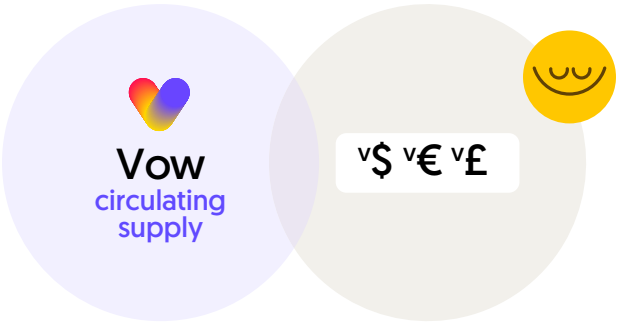
A growing lock up of 20% Vow from Merchant Acceptors, stabilises the value of ᵛcurrency by ensuring if Merchants in the ecosystem default their Vow deposit can immediately buy back and burn much of the ᵛcurrency they have distributed. As long as the default rate from closed Merchants is less than 20%, alongside additional system protections, then the whole system remains stable.



Vow & ᵛcurrency

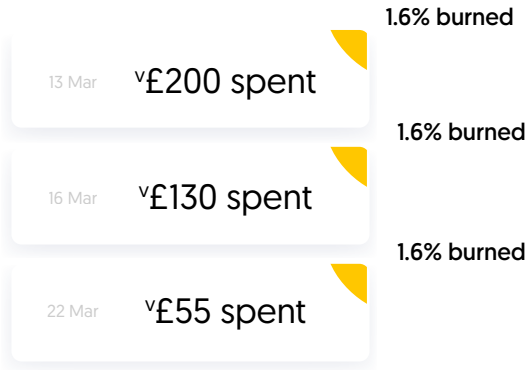
4 Consumers can burn Vow to redenominate it into any ᵛcurrency at current value

In addition to Merchant Acceptors deminishing Vow circulating supply, any non-merchant Vow holder can burn their Vow to get the exact amount in ᵛcurrency (Any currency), minus a small additional amount of Vow burned as an exchange fee. At some point in the future the opposite may be allowed - burning ᵛcurrency for new Vow. If this is ever allowed it will incur a small Vow or ᵛcurrency fee.



5 Every time ᵛcurrency is spent, a small percentage of the amount spent is burned - 1.6%

This is a cost to the Merchant Acceptor in the same way as a card fee is paid by Merchants today, We call this fee Variable Stabilisation Rate (VSR), and this is not paid to any party, but rather burned from existence. This burned amount over each and every transaction has the effect of



(a) Diminishing ᵛcurrency supply

This ensures that the more ᵛcurrency is used the less ᵛcurrency is in supply. This reduced amount of ᵛcurrency cushions the ᵛcurrency supply against Merchant Acceptor Defaults.

(b) It provides an indicator to the system of demand for ᵛcurrency

The system then uses this indicator to stabilise the amount of ᵛcurrency in circulation according to its demand.

(c) Even once a ᵛcurrency ecosystem reaches maturity and demand for ᵛcurrency is constant in it, VSR ensures that every month more ᵛcurrency will need to be issued since demand is constant and VSR is always generating burn.

This will result in there being too little ᵛcurrency to match demand for it. New ᵛcurrency will need to be issued and auctioned off for Vow in the monthly auction. The traded Vow will then be burned. This method ensures an infinitely contracting Vow supply, even, where demand for ᵛcurrency is constant.

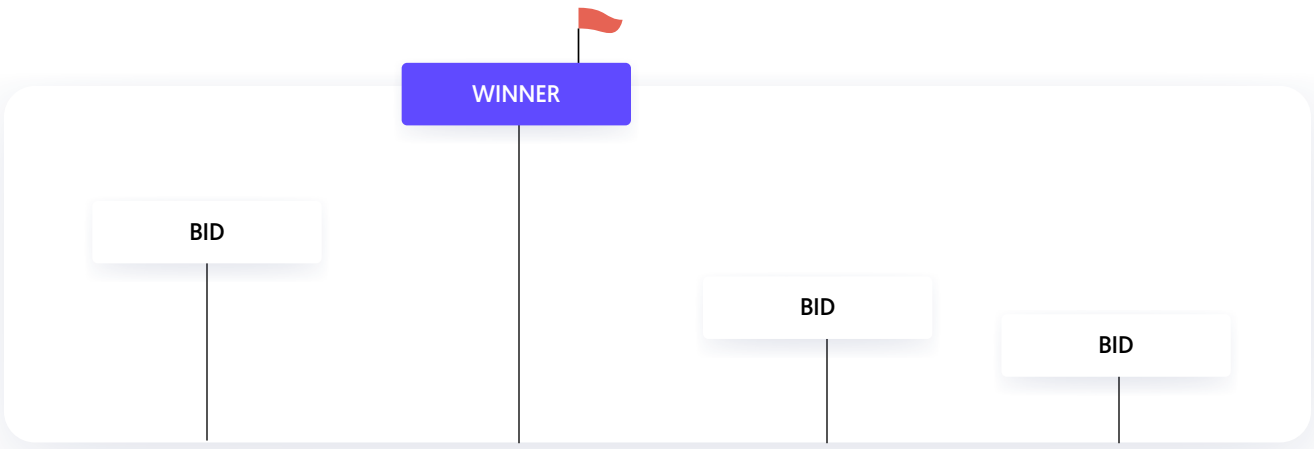
Vow & ᵛcurrency Auction

6 Rebalancing of ᵛcurrency supply in local economies occurs monthly in Vow and ᵛcurrency Auctions, which are open to everyone

If too much ᵛcurrency is in supply, which would be the case in the event of a significant number of Merchant Acceptor closing down (for example during a recession), an amount of ᵛcurrency needs to be removed from the supply. Various mechanics are available to the system for doing this. These include adjusting the VSR rate, burning defaulting Merchant Acceptors 20% lockup up Vow, and even minting new Vow, using it to buy up, and burn, any excess ᵛcurrency. The system algorithmically evaluates and actions any changes quarterly.

or

If ᵛcurrency is being used extensively at Merchant Acceptors within an ecosystem, and there have been no Merchant Acceptors defaults, too much ᵛcurrency will be being burned by VSR. As a result Vow holders are offered the chance to acquire newly minted ᵛcurrency in a monthly auction. Auction participants place bids in Vow for discounted ᵛcurrency. Should they win the auction, their Vow is burned from supply and they receive freshly minted ᵛcurrency.



6.2 Blockchain

Vowcurrency.com has contracted with the UK based company Artos Systems to advise on and then build out the blockchain use case for Vow and ᵛcurrencies, all their smart contract interactions and required layer two scaling solutions.

Artos is building out the ᵛcurrency layer two technology on top of, and into, the Aventus Network. Vowcurrency.com has chosen to partner with Artos from a number of potential suppliers because of its unique previous experience in the ETH crypto space, its ability to process a high volume of transactions in a Layer two solution which then can be posted and verified on the Ethereum mainnet for public accountability, as well as its founders focus on compliance.

In addition, technology has been developed which allows each ᵛcurrency transaction posted to be anonymized, meaning that each consumer's GDPR right to be forgotten can be honoured too, if required.

Fiat financial data is never transferred to the blockchain, only ᵛcurrency reward balances, and their subsequent movements, ensuring compliance for financial service partners within the ecosystem. Perhaps most importantly the Aventus PoA Infrastructure was developed to operate ticket sales and ticket transfers. As such ᵛcurrencies are not just a "Crypto currency". They are simply a tokenized discount voucher. This means that within any given country, ᵛcurrencies are not necessarily promoted as a Crypto Currency.

6.3 VSR in depth

It is clear to see that the totality of VSR removed from supply during a period provides each ecosystem with a direct representation of the ecosystem's demand for usage of ᵛcurrency.

The Liquidity Factor is the ideal amount of ᵛcurrency that is readily available for spending in a given ecosystem. The Vow smart contract assumes that 40 times the VSR (amount burned as consumers spend) is the ideal Liquidity Factor. The premise governing the entire Vow / ᵛcurrency ecosystem is that the Expected Supply of ᵛcurrencies at any time in a given ᵛcurrency ecosystem, is the amount of demand (b) (measured as a small VSR burn on every transaction) multiplied by a Liquidity Factor (l).

The Actual Supply of ᵛcurrencies is the actual amount of ᵛcurrencies in circulation.
The ratio between Expected Supply and Actual Supply shows the Vow smart contract whether there are too many, or too few, ᵛcurrencies in supply in the ecosystem. Every month the Vow smart contract calculates the Expected ᵛcurrency Supply, (b x l), and then observes the Actual ᵛcurrency supply.
Three scenarios emerge:

1 <0

2 =0

3 >0

For case 2, where Expected Supply and Actual Supply are the same nothing needs to be done because demand is perfectly in balance with supply.

For case number 1 above, enough Vow will be issued by the Vow smart contract and used to buy ᵛcurrencies. The purchased ᵛcurrencies will then be burnt to balance the equation, meaning a reduction in ᵛcurrencies supply and an expansion of Vow supply. This will happen on a quarterly basis.

For case 3 above, enough ᵛcurrency will be issued and used to purchase Vow from the open market. The Vow will then be burnt to balance the equation. This means a reduction in open market supply of Vow and an increase in the amount of ᵛcurrencies in supply. This process happens monthly and it is envisioned, as the system succeeds, it will become one of the primary price drivers of Vow.

This process is what balances Vow token supply across all ecosystems returning value to its holders when demand is strong and drawing on that value when demand is weak.

7 Current Market Landscape

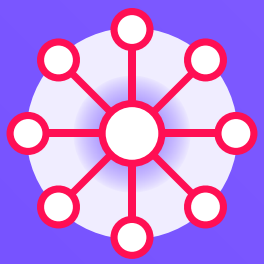
The team at Vow understands the challenges consumers and users of fiat currencies face. From the gradual loss of purchasing power owing to the eroding effects of inflation, to the drastic and immediate effect of a currency crisis; we are presently tied to the financial stability of our domestic currencies, banking system and the central monetary authorities in charge of their management.

The following will serve to elaborate on our analysis of current market realities and establish the impetus for the undertaking of our project.

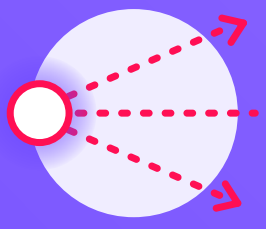
Crypto currencies have made great strides towards the goal of decentralizing the ability to conduct commerce externally to the current system via a distributed blockchain. The issues of inflation and devaluation however have not been conquered but have been replaced with other pressing problems.

It is believed that crypto currencies in their current iteration will not reach their potential owing to the key challenges highlighted below.

Price Volatility



Centralized Backstops



Distribution

Price Volatility

A crucial problem that the crypto industry must tackle head on is price stability. If the market value of the medium of exchange in an economy fluctuates to such an extent that long term viability and profitability of a business accepting it can be materially impacted, the asset will not meet the requirements to be deemed a viable currency.

According to conventional thinking, the size of a market ought to exhibit an inverse relationship to its susceptibility to large price swings. Large international currency markets require substantial amounts of capital to influence; conversely crypto currencies may exacerbate price volatility despite their large market cap as a result of being fixed in supply. For example, the terminal supply of Bitcoin is a known quantity. It has what is called a perfectly inelastic supply. Even small changes in demand potentially exhibit larger than expected changes in price. This means higher price volatility.

Centralized Backstops

The concept of decentralization naturally implies the reduction of risk from a single counterparty to many in order to ensure continuity in the event of a partial failure within a system. In contrast, the value of the fiat currency in your pocket depends on the integrity of a few domestic institutions governed by a handful of powerful individuals. This results is a substantial concentration of risk.

Exactly the same risk exists in all stable coins, all e-money pegged to fiat currencies and nearly all complementary currencies. As a result, it can be seen that decentralization of the transaction ledger is, in itself, not the answer to solving the problems.

Distribution

Currently, only a small percentage of the world's population own crypto currencies. Historically, adoption of alternative currencies has often been driven by necessity in countries where government and bank trust is low and the local currency is subject to sudden devaluations. Countries whose rulers have a tenuous relationship with the United States also seem to be ardent adopters.

In August 2019 Bank of England governor Mark Carney suggested that it could soon be "game over" for the fiat system, which now even establishment members admit will need to devalue against something outside of the fiat system, such as gold - as Pimco's Harley Bassman suggested in the article Rumpelstiltskin at the Fed - or cryptocurrency/stable coins, like Libra. **"In the longer term, we need to change the game," Carney said.**

Whilst this could be seen as a subtle endorsement of the overall stride to decentralization, that is still some time off. The manifestation of rational economic actors is beginning to occur worldwide and although the purchase of crypto is often undertaken as a hedge against devaluation, it is not yet common to switch from fiat to cryptocurrency because of its use as a superior currency for commercial transactions.

7.1 Cryptocurrencies

The goal behind Bitcoin, and the core belief of every genuine crypto enthusiast, is for decentralized money to become a viable alternative to the fiat system. However, the aforementioned core reasons crypto coins and tokens remain assets which do not function as practical currencies prohibit its commercial adoption.

Bitcoin, Ether, Litecoin, and all other cryptos can rise and fall in value relative to fiat money by 10 percent, or more, in a single day. This is exciting for traders but hinders mass merchant adoption and slowly erodes adaptability of cryptocurrencies for daily commerce.

In the end it can only be price stability and massive scale merchant adoption which allows crypto to function as a currency. Whilst many forward-thinking businesspeople are drawn to accepting payment in crypto coins and tokens, their Merchants simply cannot afford to take the risk of rapid fluctuations in price.

7.2 Gateways and Payment Cards

The inherent volatility problem has resulted in the proliferation of middlemen who provide instant conversion of crypto to fiat at point of sale, through their payment gateway or through a prepaid card.

The issue here is that Merchant Acceptors are not actually accepting crypto. The consumer is paying in crypto but the merchant is receiving fiat. It is precisely because of this non merchant acceptance, that whilst these organizations temporarily provide a useful service to Merchants and Consumer, they take crypto further away, not closer to mainstream adoption. Only when Merchant Acceptors voluntarily choose to accept and hold crypto will crypto currency really become mainstream.

7.3 Stable coins

Stable coins are touted as providing the largest opportunities in the crypto space over the near term. ᵛcurrencies are superior to most other stable coins in many important ways.

The most important of which is **Decentralised Backstop.**

Compared to all the coins below there is no collateral required.

Coin	Website	Collateralization
ᵛcurrency	Vowcurrency.com	Demand
Tether [USDT]	tether.to	Fiat-Collateralized
TrueUSD [TUSD]	trusttoken.com	Fiat-Collateralized
Paxos Standard Token [PAX]	paxos.com	Fiat-Collateralized
USD Coin [USDC]	centre.io	Fiat-Collateralized
Dai [DAI]	makerdao.com	Crypto-Collateralized
Gemini Dollar [GUSD]	gemini.com	Fiat-Collateralized
StableUSD [USDS]	stably.io	Fiat-Collateralized

The rise of USDT or virtual dollars seems like a solution to the problem of crypto volatility, but its regulatory position seems less than clear.

Even if backed 1:1 by dollars in a bank account, a point which is currently in contention, the ownership of 1 USDT does not necessarily equate to being able to change it to 1 USD at will.

By using USDT, or any other "pegged currency" as our currency of choice, we are effectively replacing the central banking system with yet another, less experienced, private money issuing system. Trust is at issue here, and the whole edifice of crypto currency is undermined the moment trust must be placed in a single central authority.
It is only a matter of time before USDT and other stable coins face increasing regulatory pressure. It is our view that USDT and all other pegged currencies should come under the classifications of e-money, just like PayPal does. There is no difference between the two conceptually.

Bitcoin does not pretend to be anything. It has developed a value dependent on market conditions at any given time. It does not claim to be "worth" anything in and of itself. It is only worth what people are willing to pay. If the entire Bitcoin system collapsed tomorrow each Bitcoin holder will be bitter, but still be holding a Bitcoin - A Bitcoin which never promised to be a Claim Currency. If, on the other hand, USDT collapsed tomorrow the holder of USDT will believe they have a proportionate amount of USD available to them.

This "backing" of a currency by a third party renders it a potential danger to society and society must ensure, as a minimum, that the third party is regulated. This very problem is evident in concepts such as Facebook's Libra. Therefore, it is suboptimal for a centralized organization to back money.

Because, similarly to Bitcoin, there is no central party, seller, buyer, promiser or market maker in the Vow and [v]currency economic system, Vow should never come under the classification of eMoney and is decentralised from day one.

7.5 Gold or Silver

Whether crypto currency is backed by code, by gold, silver, dollars or other hard assets, the problem of price volatility remains.

Gold, silver, and other hard assets are not immune to price fluctuations either. As a result, any crypto currency backed by such assets, will also be hindered by a lack of merchant adoption.

Additionally, questions around the security of storing physical assets remains.

7.6 Conclusion

When it comes to currency of any kind, promises made by central parties require explicit regular audit and regulation in order that the public can ensure such promises are kept. Vow and ᵛcurrencies make no promises at any time to any market participant.

ᵛcurrency is only ever issued for free, as a future discount, to consumers. Similarly to when a company advertises a discount coupon in a newspaper and that coupon appears in print 100,000 times, ᵛcurrency provides no inherent value until it is accepted voluntarily by a Merchant Acceptor.

8 Acceptance is Everything

What is money? - Money is often defined in terms of the three functions or services that it provides a community.

It serves as a **medium of exchange**, as a **store of value**, and as a **unit of account**.

The 6 characteristics of money

There have been many forms of money in history, but some forms have worked better than others because they have characteristics that make them more useful. The characteristics of money are durability, portability, divisibility, uniformity, limited supply, and acceptability.

The first five characteristics of money can be argued as benefits of all crypto currencies.

1. **Durability**
2. **Portability**
3. **Divisibility**
4. **Uniformity**
5. **Limited Supply**

Money's most important function, however, is as a widely accepted medium of exchange to facilitate transactions. This is something crypto currency has not achieved yet, and it is precisely this quality that Vow is bringing to the world.

8.1 Acceptability

Acceptability only occurs on a national and international scale when money is understood and trusted by a vast number of people, and when it operates as a stable store of value.

For a new currency to be successful it must offer have the ability to offer stability in its purchasing power across days, months and years, be easily understandable, as well as trusted by the masses.

Whilst Facebook's Libra currency and Binance's Venus project are hyped as offering potential for a global currency they both have several disadvantages compared to the system proposed herein.

With your help we believe this white paper documents a clear plan to introduce a truly global currency owned and governed by the people, for the people; instead of a currency controlled by a private company or central bank.

8.2 Complementary currencies

A complementary currency is a currency or medium of exchange that is not a national currency, and not usually legal tender, but that is thought of as supplementing or complementing national currencies.

The use of complementary currencies is based on agreement between the parties exchanging the currency. According to Jérôme Blanc of Laboratoire d'Économie de la Firme et des Institutions, complementary currencies aim to protect, stimulate or orientate the economy. They may also be used to advance particular social, environmental, or political goals.

When speaking about complementary currencies, a number of overlapping and often interchangeable terms are in use: local or community currencies are complementary currencies used within a locality or other form of community (such as business-based or online communities); regional currencies are similar to local currencies, but are used within a larger geographical region; and sectoral currencies are complementary currencies used within a single economic sector, such as education or health care.

Examples of complementary currencies:

Name	Type	Country
Brixton Pound	Local currency	United Kingdom
Bristol Pound	Local currency	United Kingdom
Belfast coin	Local currency	United kingdom
BerkShares	Local currency	United States
Baltimore BNote		United States
Calgary Dollar	Local currency	Canada
Chiemgauer	Local currency	Germany
Detroit Community Scrip	Local currency	United States
Eco-Pesa	Local currency	Kenya
Eusko	Local currency	Basque Country, Spain
Exeter Pound	Local currency	United Kingdom
Eko	Local currency	Findhorn Ecovillage, Moray, Scotland
Fureai kippu	Sectoral currency	Japan
Ithaca Hours	Local currency	United States
Kelantanese Dinar	Regional currency	Malaysia
Lebbre	Local currency	Dalmatia
Lewes Pound	Local currency	United Kingdom
Ora	Regional currency	Orania, South Africa
Bon Towarowy PeKaO	Regional currency	Poland
Sarafu-Credit	Local currency	Kenya
Stroud Pound	Local currency	United Kingdom
Toronto Dollar	Local currency	Canada
Tumin	Local currency	El Espinal, Veracruz, Mexico

From Wikipedia, the free encyclopedia

8.3 Disadvantages of local complementary currencies

The purported advantage of converting one's money to a complimentary (local) currency is that it can have the effect of stimulating local economies. The obvious disadvantage of such a currency is precisely that it can only be used locally.

In addition because it is usually brought into circulation only once participants opt to purchase units of it at 1:1 with local fiat currency this creates two systematic problems.

Firstly, this 1:1 ratio has the effect of forcing participants to make the essentially non rational economic decision of limiting their fiat money's utility, in exchange for the altruistic aim of "keeping money local."

Secondly a 1:1 buy in and cash out requirement restricts adoption of the currency because the necessity of maintaining confidence in it can only be provided by promising a definitive fiat exit to all participants.
This promise of a definitive fiat exit to the currency creates the need for a "central promiser" and bank account containing funds. This central bank account, reflecting circulating supply, may have the effect of turning the currency into eMoney and a space where regulation is inevitable.

The success of complementary currencies such as the Lewes pound and the Chiemgauer have proven that increased velocity of currency does occur within their specified geographic boundaries and yet if they maintain a central authority in some shape or other, this is sub-optimal and in opposition to the way the world is moving.
For many reasons, the central authorities involved in administrating complementary currencies would be wise to decentralise the promises they make to their participants. With the advent of blockchain technology this is possible for the first time.

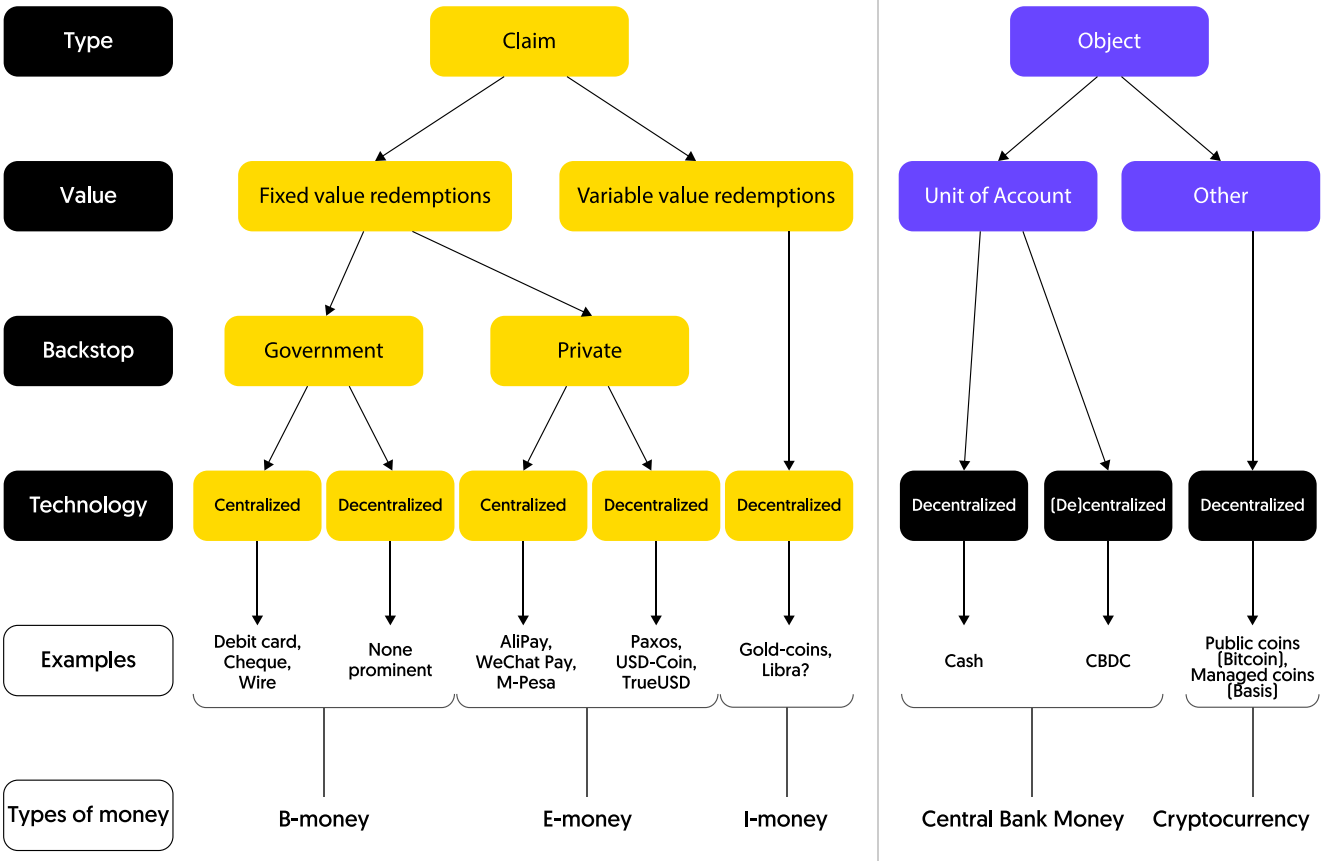
That stated, a move to decentralisation would require implementation of entirely different business models for most complementary currencies, including the two mentioned above. Given the vast chasm of changes that would be required to make such a transition, the most successful examples of complementary currency are likely to remain physical note based currencies for some time. In addition the ongoing requirement of utilising breakage to fund centralised operations as well as their direct 1:1 ties to fiat, they seem bound to their local fiat systems and current business models with inescapable chains.

In conclusion, despite the demand from businesses, consumers and experimenters - no definitively successful complementary currency exists which maintains a fixed value and yet does not rely on:

1. a fiat inflow and outflow tied 1:1 with money held in a bank account
2. a central trusted party administering it, and its exchange with fiat

8.4 Types of Money

In a document entitled The Rise of Digital Money, published by the IMF in July 2019, it is clearly elucidated that only two types of currency exist. The diagram below is a visual illustration of the types of money and their respective attributes as per the IMF paper.



Source: IMF Staff.
Note: CBD = central bank digital currency.

9 ᵛcurrency

Given it is a new type of money, ᵛcurrencies do not easily fall into the IMF established categories.

We have illustrated below, using the same attributes employed in the diagram above, the unique characteristics of ᵛcurrencies.

The unique attributes of vcurrency as shown in the below graph, coupled with the extensive and comprehensive ecosystem in which it is to deployed, in our opinion, makes it the most attractive and viable crypto currency in the market. Not only does the solution tackle technological challenges but addresses the real world requirements that impact traction for commercial purposes. We vow to build this concept and the ecosystem to the betterment of all stakeholders and people it will impact as it grows to fulfil its potential. The future of money is promising.

Type	Hybrid
Value	Fixed (WITHIN ECOSYSTEM) / Variable (OUTSIDE OF ECOSYSTEM)
Backstop	Decentralised — By Merchant Acceptors / By Ecosystem demand on Vow
Tech	Decentralised
Example	v$
Type of Money	Demand based money

Terminology

Vow

Vow is a free floating, ERC777 settlement token issued on the Ethereum blockchain. It has a initial supply of 1,142,857,142 tokens and is issued by **Vow Limited**, a Jersey Company formed in 2020.

ᵛcurrency

ᵛcurrency - Merchants can issue their customers ᵛcurrency as a form of cashback, based on their 3rd party validated digital spend. Once in circulation ᵛcurrency can be used, and reused, to claim a discount on products and services from any participating merchant, at equivalent value to one unit of local, domestic, fiat currency. ᵛcurrency are identified by the superscript "v" before the currency symbol - i.e. ᵛ€, ᵛ$, ᵛ£ (or any other domestic currency). e.g. any Merchant Acceptor domiciled in a $ ecosystem may purchase Vow from the open market. If the market price is $1 per Vow, then for every $1 worth of Vow they "lock up" they gain the right to mint up to ᵛ$5 locally.

Currency and Money

It may be of value for any individual interested in Vow to understand the distinction between currency and money. The difference is that money operates as a store of value, whilst currency does not. The fiat system is a currency system. As supply of fiat currency is consistently inflated by central banks its purchasing power is reduced. This being the case, fiat cannot be considered as a long term store of value.

Locking Up

Locking Up is the act of depositing a certain amount of Vow by a Merchant Acceptor in their wallet in order to enable that Merchant Acceptor to participate in the Vow ecosystem and distribute ᵛcurrency to their customers. Locking up Vow means the freezing of its price at the current market rate, by releasing ᵛcurrency in proportion to the deposited value proportion to their fiat spend.

Vowcurrency.com (Vow Limited)

Vowcurrency.com (Vow Limited) exists as an independent entity whose primary role is to mint and distribute an initial supply of Vow tokens, educate Merchant Acceptors and loyalty program operators on the benefits of using these tokens to build Vow ecosystems, kick off open source development of the Vow technology and ecosystem, as well as promote the Vow economy. Vowcurrency.com does not have any influence on the ecosystem itself, nor does it have the power to change any of the rules which apply to the system.

Merchant Validator (MVD)

Merchant Validator (MVD) are companies contracted by Merchant Acceptors to distribute their minted ᵛcurrencies according to verifiable fiat spend in their business. MVDs receive copies of Merchant Acceptor transactions from Transaction Validators whom the Merchant Acceptor has contracted with.

With this data MVDs have the ability to automatically (in real time) confirm fiat spend has occurred at the Merchant's POS devices, and transparently distribute the Merchant's Acceptor's ᵛcurrency supply to its customers in the form of promotional ᵛcurrency rewards. Merchant Acceptors are able to verify the MVD's distribution of their ᵛcurrency is correct at any time, and MVDs are limited in their capacity to distribute ᵛcurrency by the amount that their contracted Merchant Acceptor has available. In line with GDPR Fiat transaction data is never transferred to the blockchain at any time, and it is impossible for the blockchain to see which Merchant Acceptor any specific wallet has transacted with.

Transaction Validators

Transaction Validators are any party which has the ability to match a financial transaction between a buyer and a seller. These include the buyer and seller themselves as well as witnesses of the transaction. It includes lawyers, credit control, factors and accountants. It also includes payment card schemes, payment gateways, payment service providers, card issuers, card acquirers, terminal managers, receipt and invoice processors, affiliate networks, MNOs and more. It can be also be applied to blockchains and decentralized networks.

Claim Currency

Claim Currency represents a claim on an asset which lies elsewhere. This would be the case when, for example, you use a credit card, or a cheque to pay for goods and services. In this case, the merchant's terminal calls the bank to check if you, as the purchaser, have a claim on enough funds to cover the purchase. More recently stable coins, or cryptocurrencies backed by all manner of things represent this category of currencies. The assumption being that they can be traded in for the asset backing them at any time.

Object Currency

Object currency - When using an Object Currency, the object, and its value, physically passes to the next person at the point of the transaction. By way of example one could pay for goods and services with a gold coin, Bitcoin or cash.

Backstop

Transaction Validators are any party which has the ability to match a financial transaction between a buyer and a seller. These include the buyer and seller themselves as well as witnesses of the transaction. It includes lawyers, credit control, factors and accountants. It also includes payment card schemes, payment gateways, payment service providers, card issuers, card acquirers, terminal managers, receipt and invoice processors, affiliate networks, MNOs and more. It can be also be applied to blockchains and decentralized networks.

Redemption value

Redemption Value in this context refers to every form of known currency whether it has a Fixed Value of redemption or it has a Variable Value of redemption. For example, within a USD ecosystem $1 is a fixed value of redemption, and Bitcoin would have a variable value of redemption.

VOW®

For more information,
visit Vowcurrency.com