Bitstasio: A Decentralized Banking Solution

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Revision Zero

Abstract

Decentralized finance is a new financial technology based on secure distributed ledgers, eliminating the need for intermediaries (or middlemen), and granting real property to everyone.

We aim to take advantage of the endless opportunities granted by the technology, and build to become a decentralized banking solution, using three simple principles.

Prosperity: enable individuals to grow their wealth through numerous investment products with a wide variety of risk management measures.

Sustainability: support our investment products with the profits generated by the ecosystem, financial tools and technology-enabled utilities.

Security: smart contracts and project auditing are important to safeguard individual investments, and the open sourcing of all products built on Bitstasio, supporting decentralization and becoming unstoppable.

1 Prosperity

1.1 Yield farming

The process is simple: deposit asset and receive daily interest for it. High APRs are generally unsustainable, especially when it is the only product of a platform. How will Bitstasio manage to do it? First, it is important to understand that the yield is based on the value of shares that fluctuate with the market, which is not as static. In the end, it is no different than a token or coin with no APR associated, except for the compounding feature.

Compounding reinvests the claimable interest while increasing the shares market price, thus increasing profits in the medium and long term when the shares market price starts increasing again. It is only profitable if the ecosystem continues to grow in value, either through building or achieving sustainability, as described in Section 2.

Calculating one's earnings is easy on paper, but no one can predict or beat the market. Many tried. Many failed. Compounding should be seen as a means of confidence in the future growth of the ecosystem and not as a magic trick, as future profits would be maximized.

We have two kinds of yield farms that Bitstasio will offer:

- **Static APR:** based on share value, APR does not change thus making compounding a more efficient strategy in the medium to long term, and APR should always be fixed at 3% daily or 1,095% annually. One can only withdraw its position out of daily interest,

- **Dynamic APR:** based on the Total Value Locked of the contract, APR diminishes with more investors entering, ultimately, encourage early investors, but keep APR at a more realistic and sustainable value, ideally adjusted to USD inflation and human demography (about 10% APY). It is possible to exit position entirely at once, at the cost of abandoning the rewards.

1.2 Smart investments

Offering a wide range of investment opportunities through effective and reliable partnerships, and opportunities to invest in projects in their early stages or during downturns to maximize financial opportunities.

1.3 Gambling

Gambling is the sin of humanity as ancient as time. Offering gambling opportunities increases the chances of gaining wealth when combined with all the rest Bitstasio has to offer, and may always offer gambling products that incurs minimal potential financial losses. They must be used as a cheap but difficult means of offsetting losing positions.

2 Sustainability

2.1 Financial tools

Verifying ownership of a wallet and providing documents with content stored in the blockchain for transparency and inviolability, are one of the many financial tools Bitstasio will offer.

Every service offered on Bitstasio can generate benefits that are to be generously shared among its investment services such as yield farms, maintaining a positive ratio for all investors as much as possible.

2.2 Decentralized bank

A decentralized bank is what Bitstasio aims to become. What will that look like?

- lending and borrowing,

- yield farming,

- accountability using NFTs (Non Fungible Tokens) representing an individual's account,

- storing documents with signatures,

- investment opportunities accessible from the application,

- decentralized as in no middlemen and complete transparency thanks to the blockchain technology.

Although some people would rather have privacy added to those services, It is important to keep in mind that this is a sensible technology, and the addition of privacy tools would be a target for the project by the authorities. At best, Bitstasio is going to investigate the possibility of an anonymous tool that allows the authorities to easily trace transactions to remain legal, even in the long term, and prevent money laundering.

3 Security

3.1 Smart contract auditing

Bitstasio will carry out its own smart contract audit service to ensure that it is:

- decentralized (no ownership granting full power on the contract, potentially to steal from investors),

- backdoor-free (no secret function to steal from the contract),

- functional (no fundamental problem).

3.2 Projects auditing

It is not enough to check a smart contract to protect investors from the owners of dubious projects. Although a contract may not have features to steal cash or locked value, they can still perform insider trading. To protect investors against this, Bitstasio will also review project owners and follow up on its early days to arrive at a project audit conclusion.

3.3 DeFi reports & reviews

Using our social networks, primarily Medium, Bitstasio will make frequent reports and criticisms of other projects to spread awareness about those who are more prone to scams or very unsustainable.

Bitstasio promises to make decentralized finance, a wonderful technology, a more reliable and clean environment as it should be.

4 Utility token

4.1 Bitstasio's token

With an initial supply in circulation of 1.000.000.000, the Bitstasio token will be spendable on its ecosystem with a low price and a minimum volatility thanks to a sustainable staking system.

Although, due to the seemingly weak security on the bridges, Bitstasio's token will not bridge between the multiple blockchains it operates on. Instead, every blockchain will have their own Bitstasio token.

There will be no central authority nor administrator / ownership privilege on the token. Its functionality will remain straightforward and will only be used as an easy-to-use, stakable token. Its uniqueness comes from being spent on the ecosystem.

4.2 Staking

Staking will reward up to 10% APY: this number is selected to reproduce USD inflation and natural human growth. Inflation is necessary on a currency to incentivize its holders to spend it for a healthy economy, or reward stakeholders by covering their investment against due inflation.

5 Multichain

The existence of Bitstasio is connected with the following blockchains, which have proven their effectiveness and utility:

- **Ethereum:** the leading blockchain network that's home to digital money, global payments, and applications,

- **Polygon:** a layer two or sidechain scaling solution that runs alongside the Ethereum blockchain. Their work on the technology led to the creation of Polygon zkEVM that is a zero-knowledge scaling solution, fully compatible with Ethereum,

- **BNB Smart Chain:** the second best blockchain network by the cryptocurrency exchange Binance, the number one cryptocurrency exchange in the world. Its value perfectly defines Bitstasio's motivation to keep building and building.

6 Disclaimer

6.1 Do Your Own Research

Investors are encouraged to conduct their own research and never blindly follow others' advice. Cryptos are a non-regulated environment and while the potential for profits are enormous, so are the possible financial losses.

6.2 Liability & Responsibility

Investing in Bitstasio's services exposes you to financial loss, there is no guarantee of profits realized and investors should be careful and understand the risks involved.

Bitstasio (bitstasio.com) and its ecosystem are not responsible or accountable, or have any duty to ascertain the safety of any service promoted on its platform.

Bitstasio cannot 100% guarantee the security of any smart contract. Anyone should be responsible for their own research on a project before investing, and Bitstasio only provides one of the many tools available to do their own research.

7 References

1. Eric Hughes, "A Cypherpunk's Manifesto", 1993

2. Satoshi Nakamoto, "Bitcoin: A Peer-to-Peer Electronic Cash System", 2008

3. Vitalik Buterin, "A Next-Generation Smart Contract and Decentralized Application Platform", 2014

4. X. Megan, T. Koens, "Lessons Learned from Decentralised Finance", 2017