



A Complementary Currency for the Caribbean: Carib\$

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A Financially Disconnected Caribbean

Free movement of capital is a key element underpinning the CARICOM Single Market and Economy's (CSME) full functionality. However, this has not occurred given the maintenance of exchange controls, excessive exchange rate volatility and thin liquidity of national currencies. To date, the Caribbean has no inter-island settlement system and movement of capital relies heavily on foreign correspondent banks, making cross-border payments expensive, slow, and susceptible to the ongoing de-risking phenomenon.

The lack of financial connectivity represents a significant barrier for intra-regional trade which only accounts for around 10% of CARICOM's total trade, compared to the European Union where intra-regional trade accounts for as much as 68%. At the micro-level, the region's financial disconnection has the potential to drive financial exclusion by limiting the participation of actors like MSMEs and entrepreneurs in the regional economy.

Revolutionising Trade & Cross-Border Payments in the Caribbean

Carib\$ is the new high-speed, low cost cross-border payment medium which financially connects the CSME. Carib\$ is an asset-backed Complementary Currency (CC), which maintains a stable value and is fully convertible to the region's national currencies. Carib\$ is governed by a network of public and private-sector stakeholders, who are committed to the Caribbean's sustainable development. In a quest to facilitate easy transnational payments throughout the region, Carib\$ aims to create liquidity in the Caribbean and facilitate new trade and cross-border payments without threatening the integrity of fiat currencies or stability of the region's economies.

Carib\$ Vision

Create a fast-track towards the CSME by enabling seamless digital cross-border payments throughout the region.

Carib\$ Mission

Introduce a complementary currency spanning the fifteen CARICOM Member states, embed it into a Caribbean business network, and empower its multi-stakeholder governance, leveraging the capabilities of distributed ledger technology.

A Complementary Currency Solution for the Caribbean

Complementary Currencies (CCs) are not a novel concept, since the 1980s they have been used as a tool for various purposes, with over 5000 currently in use worldwide. As a CC, Carib\$ has the potential to:

Prevent Economic Leakage

CCs encourage wealth circulation within a local or regional economy as their use is confined to a particular region, business network or sector, which in turn can stimulate a multiplier effect of increased local economic activity, employment and standards of living. This is particularly useful for the Caribbean where multiple sources of economic leakage exist. For example, foreign businesses supplying goods and services that could have been otherwise regionally sourced and currency outflows to foreign owned correspondent banks to facilitate cross border payments.

Buffer Economies From Large-Scale Volatility

CCs buffer local economies from global shocks as they can be deployed to boost economic activity when the financial system is unstable and in the Caribbean's case foreign currency is scarce. Given the region's multidimensional and exacerbated vulnerability (e.g. susceptibility to de-risking and financial crises originating in the US, natural disasters, public health emergencies), CCs are particularly beneficial for building resilience in Caribbean economies.

Promote Financial Inclusion

As a CC that maintains a stable value and is fully convertible to national currencies, Carib\$ provides smaller players like MSMEs and entrepreneurs with opportunities for greater financial inclusion into the region's economy - the ability to source and sell goods and services throughout the region. The burdensome documentation and expensive transaction costs that accompany merchant accounts with commercial banks often limit these actors' ability to benefit from participation in regional trade, given the lack of cost-effective alternatives for facilitating cross-border payments.

Carib\$: A Complementary Currency Solution for the Caribbean contd.

Inject Debt-Free Money into the Economy

CCs provide debt-free money that mitigates the effects of the "money-as-debt" paradigm created by fractional-reserve banking, where up to 80% of deposits are loaned to broaden the monetary base. This model is dependent on the health of the financial sector and is susceptible to scarcity, bankruptcies and expansion-contraction cycles. However, CCs can mitigate these weaknesses by injecting debt-free money, which will be backed by real assets in the long-term, into the economy. Given the history of unsustainable debt levels and high currency inflation of some Caribbean countries, Carib\$ can foster stability in the economy, with additional future use cases in areas like SDG financing and disaster recovery.

So what exactly is a CC? A CC is an alternative medium of exchange alongside legal tender that can facilitate transactions. Like legal tender, CCs can be exchanged, act as a unit of account, and have their own pricing mechanism. CCs may be backed by different forms of reserves, may be convertible to national currencies, can take cash, digital or hybrid mediums, and may be used to facilitate payments between all stakeholders in an economy. It is important to understand that CCs do not replace a country's domestic currency but rather work alongside it to achieve a particular goal, which can range from regulating the economy in times of economic shock, to boosting local and regional development, to promoting new economic and monetary governance, among other objectives.

Case Study

The Swiss WIR (Wirtschaftsring): One of the Oldest Surviving & Most Successful CCs

The WIR was created in Switzerland in the 1930s due to currency shortages and global financial instability. Today, the WIR is among the longest operating and most successful CCs. With more than 50,000 members, the WIR is used by 20% (around 62,000) of Switzerland's SMEs, has an equivalent annual turnover of 1.2 billion Swiss Francs (around USD 1.31 billion), and facilitates exchanges that represent between 1-2% of the Swiss GDP. WIR provides a settlement mechanism allowing companies to buy from each other without using Swiss Francs.

Features of the Swiss WIR:

- Circulated and backed by the WIR Bank
- Electronic currency with no physical representation (i.e. no banknotes/coins)
- Unit of account is the Swiss Franc with a one-to-one parity (1 WIR Franc = 1 Swiss Franc)
- Business Network which facilitates networking opportunities among membership

How the Swiss WIR works:

WIR is circulated and backed by the WIR Bank, units of WIR enter into circulation by the delivery of credit to one of the members, and is removed from circulation on payment of the credit. Participants can sell goods and services to another member of the WIR network and receive WIR in return. A key feature of the WIR network is the business network/marketplace. WIR bank has a business marketplace website and organises regular regional trade fairs that allow businesses to network. Such network infrastructure is a critical success factor for the CCs circulation, given the role of business networking in creating an ecosystem of users.

How the Swiss WIR is financed:

Costs are covered using different mechanisms

- Transaction fees paid in WIR
- Service charge on mortgages for the organisation's expenses
- Interest paid on loans by companies participating in WIR

Benefits of the Swiss WIR:

Research credits the WIR's creation of purchasing power for SMEs as the key driver of counter-cyclical stabilisation of the Swiss economy for the past 80 years, whereby WIR are created in down cycles and redeemed (discreated) in strong business cycles. This countercyclical nature has given unusual stability in the Swiss economy.

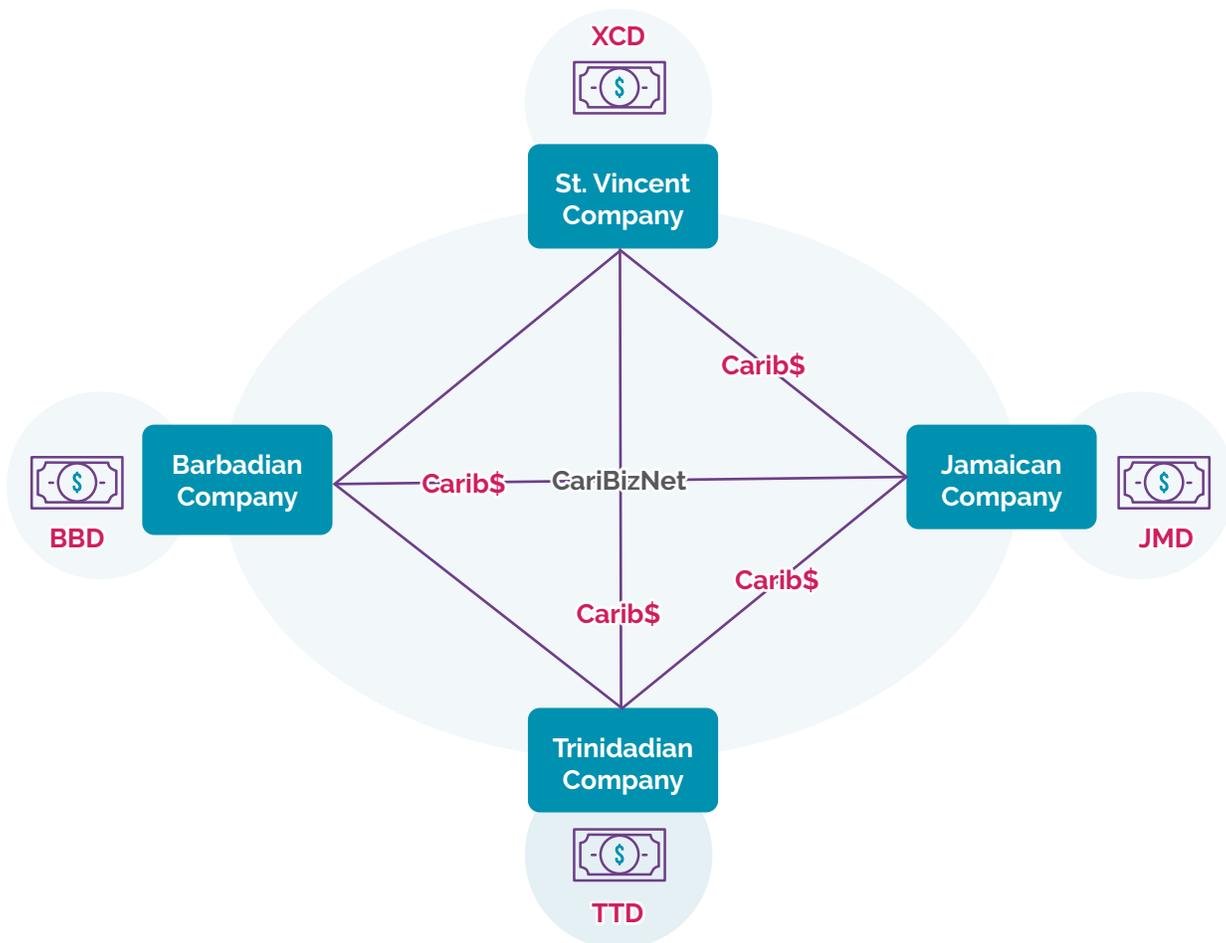
How Carib\$ works

Carib\$ CC Profile

Feature	Description
 Convertible to national currencies	Yes - Carib\$ can be converted to the national currencies of Member States at all times.
 Reserve-backed	Yes - Carib\$ is fully-backed by Caribbean assets including national currencies, commodities and other assets
 Transaction Medium	Digital (through a web and mobile application)
 Geographical Reach	CARICOM
 Relations	B2B - Accelerated using CariBizNet
 Decision-Making	Multi-stakeholder governance board

Carib\$ is designed to bridge disconnected markets taking into consideration the region's unique economic situation and financial stability concerns. Consequently, Carib\$ is fully asset-backed which allows it to maintain a stable value and to be fully convertible to the region's national currencies at all times. Carib\$ presently facilitates B2B transactions, where businesses holding Carib\$ can make payments to other Carib\$ wallet-holders across the region through the Carib\$ web application. These businesses can choose to keep Carib\$ in their wallets for future purchases or redeem Carib\$ for their national currency.

Carib\$ wallet-holders are also automatically integrated into CariBizNet, a dynamic marketplace providing opportunities for business networking. CariBizNet fast tracks regional integration by bringing the region's businesses into a single virtual space where they can facilitate regional business relationships and pursue joint innovation and development opportunities to offer globally competitive products. The CariBizNet is a similar component to the WIR's business marketplace, and is integral for building an ecosystem of Carib\$ users. The figure below provides an illustration of this ecosystem.



Carib\$ wallet-holders will benefit from lower transaction fees, real-time settlement, protection against excessive exchange rate volatility, transparent tracking and monitoring of payments, automatic integration into a regional business network (CaribBizNet). At the macro level, these benefits translate to increased intra-regional trade with potential for sustained economic development.

How Carib\$ is Governed

Carib\$ is governed by its Governance Authority, comprised of a group of trusted public and private sector stakeholders¹, with a common supranational mission to foster sustainable Caribbean development. This multi-stakeholder network governs all aspects of the currency system, notably the core parameters of the currency such as the exchange rate, inflation, collateralization ratio and collateral basket composition. Furthermore they act as advisory board for CaribCoin Inc. on how to best introduce Carib\$ throughout the Caribbean.

The Caribbean's implementation of the CSME has been stalled by relying on the principle of unanimity. Governance of Carib\$, by contrast, follows the principle of consent. Proposals of any stakeholder which align with the vision and mission will be executed unless there are substantial grounds to oppose it. Additionally, proven methods for dispute resolution derived from Holacracy and similar governance systems will be applied.

CaribCoin Inc. will legally act as token-issuer and, as such, provide the necessary technology and governance services to the Governance Authority. An application for a Virtual Asset Service Provider licence in the Cayman Islands is being prepared.

The technical expertise and visionary leadership of Carib\$ is driven by a dynamic group of visionaries, technology experts, governance gurus, and finance professionals, who are committed to redefining Caribbean payments. The technical expertise and visionary leadership behind Carib\$ stems from:

¹ Stakeholders may include: Caribbean Community (CARICOM), CARICOM Private Sector Organisation (CPSO), Network of Chambers of Commerce (CARICHAM), Caribbean Conference of Churches (CCC), Caribbean Development Bank (CDB), Caribbean Policy Development Centre (CPDC), Caribbean Telecommunications Union (CTU), Eastern Caribbean Central Bank (ECCB), Caribbean Policy Research Institute (CAPRI) University of the West Indies (UWI), among others.



Gabriel Abed

Visionary combining deep knowledge in Distributed Ledger Technology with long term engagement for the sustainable development of the Caribbean.



Dr. Jan Schröder

Founder and Chief System Architect with extensive experience in multi-stakeholder governance and management of large scale societal change programs.



Hannes Heyns

Chief Financial Officer with in-depth expertise as serial founder and expert in people management.



John Macdougall

Chief Technology Officer with in-depth knowledge of blockchain technology and combining business visions with technical solutions.



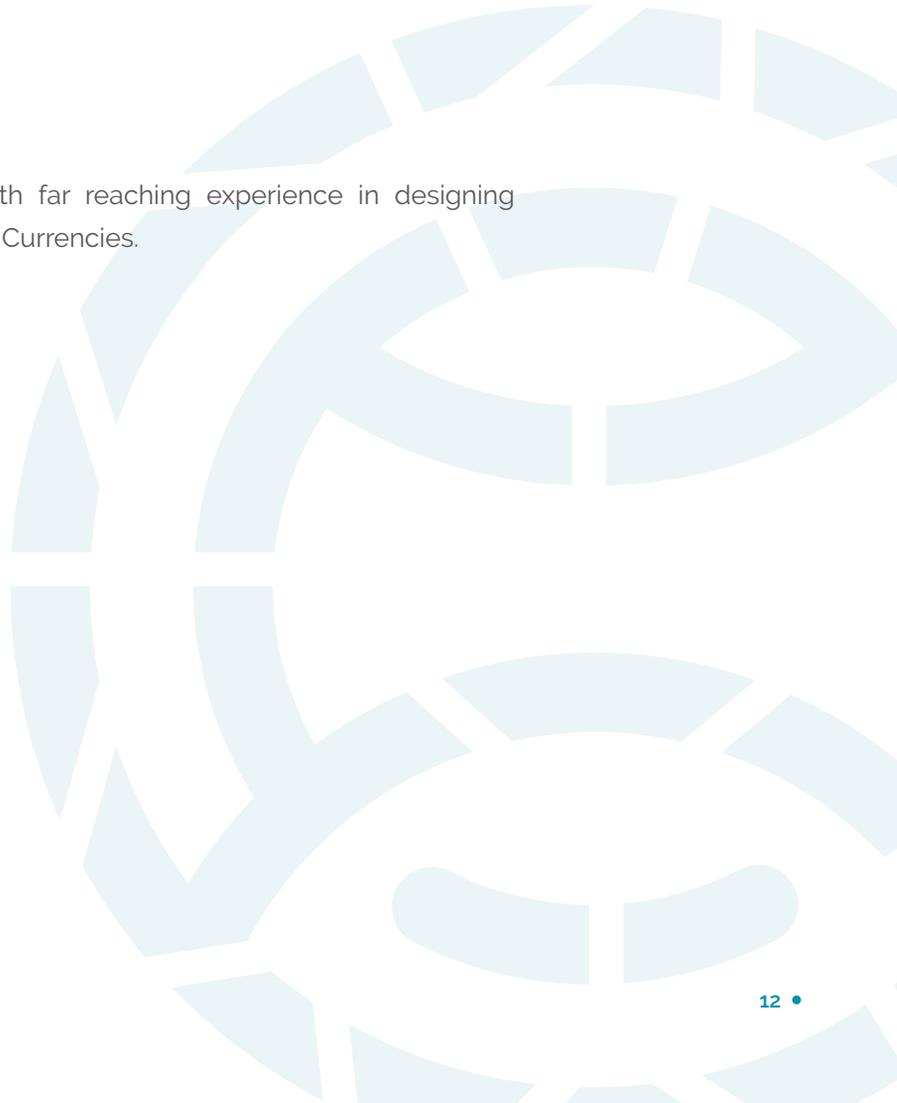
Jordan Hamilton

Head of Research combining an extremely broad field of economic expertise ranging from macro-economics to issues of MSMEs.



Stephen Phillips

Product Adviser with far reaching experience in designing Central Bank Digital Currencies.



Building Trust Through a Phased Approach of Introducing Carib\$

Carib\$ will be rolled-out in phases, starting with a pilot between Barbados and Jamaica. These two countries were chosen based on their common regional integration goals, size of trade flows, and differences in their foreign exchange regimes, among other factors. The pilot will be limited to around 5-7 participating businesses in each jurisdiction and aims to reach around USD 500,000 through 500 transactions, all within the first six months. A phased approach will test the business sector's appetite for Carib\$ and provide valuable feedback.

The high-level strategic requirements for Carib\$ include:

Collateralisation	MVP: Full fiat collateralisation. Long-Term: Basket of actively-managed Caribbean assets.
Collateral custody	MVP: Establish a bank account or use a licenced custodian.
Peg	MVP: 1:1 USD for simplicity - most trade denominated in USD, fiat currencies pegged/dirty float against USD. (need to be able to set the peg and configure/change the peg) Long-Term: Configurable peg determined by the Governance Authority. Maximise utility for users and regional trade development (i.e. total Carib\$ issued, velocity of Carib\$).
Governance	MVP: Initial small Governance Authority will set parameters. Long-Term: Public-private multi-stakeholder governance.
Technology	MVP: Carib\$ minted on the blockchain, issued to digital asset wallets accessible through the Carib\$ application. Wallet-holders can transact Carib\$ on the blockchain and/or redeem Carib\$ for fiat using the platform. Long-Term: Same as above, with additional smart contract capabilities and features.

Participating Jurisdictions	<p>MVP: Barbados and Jamaica</p> <p>Long-Term: All CARICOM. Possible extrapolation to other emerging market regions.</p>
Target users	<p>MVP: Businesses seeking to benefit from fast, safe and easy payments and settlements across borders. We contemplate a small group of enthusiastic stakeholders.</p> <p>Long-Term: Same as MVP. Possible extension to individuals and other organisations.</p>
KYC/AML	<p>Provide payments infrastructure that is compliant with local and international regulations</p>
Safety of the system	<p>Provide a secure, reliable and future capable payments platform to support evolving business and client needs for regional cross-border payments.</p>
Privacy	<p>Provide privacy of transactions between transacting parties with suitable controls to allow PSPs and regulators to investigate suspicious transaction activity and capital flows.</p>

Conclusion: Connecting the Caribbean with Carib\$

Carib\$ is connecting the Caribbean one payment at a time. Beyond the benefits of lower transaction fees, instantaneous settlement, protection against excessive exchange rate volatility and transparent payment tracking, Carib\$ also offers businesses automatic integration into CariBizNet, a game changing regional business network poised to fast track intra-regional trade under the CSME. Explore caribcoin.com to sign up for Carib\$ today or to learn more about how Carib\$ is revolutionising cross-border payments across the Caribbean.

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