



## **Simplifying International Trade Finance**

[www.dafzo.io](http://www.dafzo.io)

Pre Whitepaper

V2.0

## **International Trade Finance**

International Trade finance signifies the transaction between the seller and buyer, involving the third party such as banks, clearing house and other financial intermediaries etc. including for both domestic and international for the facility of the trade finance.

Letter of Credit plays an important and vital role in International Trade Finance. Without Letter of Credit international trade cannot be done and so far, Letter of Credit is issued by the banks and banks charges hefty transaction fee, high value of collateral and long wait time to issue Letter of Credit.

### **Quick Insights about the International Trade Finance**

International Trade Finance plays a significant and vital role in the logistics industry. Overall the current volume in international trade is estimated at \$40 Trillion and as of 2018 the current volume for the open account or for the accounts payable is expected to be around at \$8 Trillion, the same goes with the Accounts Payable.

Account Payable is expected to be around \$3 Trillion

**As per the report of the financial times International Trade Finance Industry is expected to be around of \$9 Trillion.**

Dafzo with its **Patent International Trade Finance Technology** is trying to simplify and to solve the problems of the international trade finance.

### **Industry Overview**

Logistics industry is one of the most widespread industry in terms of the volume and in terms of contribution to the world's GDP. Logistics industry plays a significant role in the development of nation by the love for variety attribute.

Logistics industry is among from few industries which is having a uptrend growth rate irrespective of any geographical or political barrier. Logistics industry is valued at \$8797 billion industry with increasing with a strong rate of 7-7.5% CAGR.

Logistics industry is expected to be of \$15.5 trillion in 2023 with CAGR of 6% in volume.

### **Problems**

International Trade Finance is one of the most prominent industry in terms of volume but due to traditional method and time-consuming process due to which, it's losing the profitability resulting in high opportunity cost.

The major problems of International Trade Finance space are;

- **Collateral**

In order to issue Letter of Credit to the importer banks charges hefty collateral amount from the import which can go up to 150% of the import value, which causes liquidity threat.

SME and SSI don't have that much liquid assets to which they can use them as a Collateral and can provide to the banks. In this manner, they are unable to import from other country even if they want to just because of hefty collateral issue.

- **Heavy Transaction fee**

To provide the Trade Finance Facility i.e. to issue Letter of Credit the average transaction fee as per industry data is in between 20-25% of the LC amount, which is very high because it directly increases the cost of the product, resulting the less profitability and tough for the buyer/ importer.

- **Time Consuming**

To issue a Letter of Credit banks usually takes 15-20 working days irrespective of any condition. Several times, this leads to the stock out position for the enterprises and loss of revenue.

- **A long list of documentations**

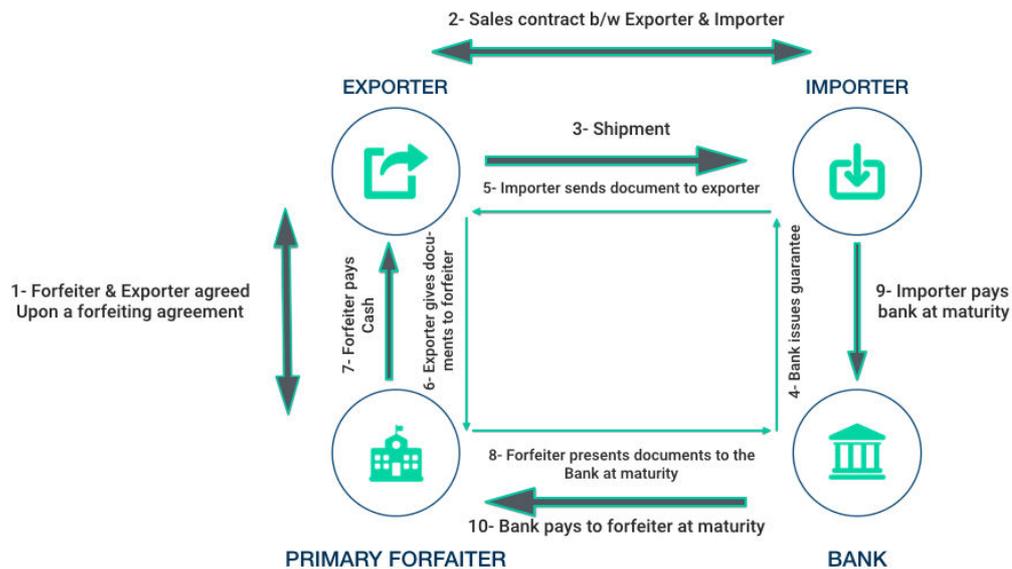
Banks require a long list of documentation to process for Letter of Credit which are usually in between 5-10 depending on the banks including bill of lading, commercial invoice and copy of insurance policy.

If in case of any sort of discrepancy order to provide all these documents in delays the issuance process of Letter of Credit resulting delay and loss in revenue.

- **Unorganized and No Transparency**

International Trade Finance space is one of the most unorganized and zero transparent space of the logistics industry which delays the entire process of the industry.

## Current Process for Letter of Credit issue



## Solutions

Dafzo aims to simplify the complexity of International Trade Finance with its **Patent International Trade Finance Technology**.

Dafzo offers solution by its Dafzo Ecosystem.

## Dafzo Ecosystem

Dafzo Ecosystem is the fusion of Artificial Intelligence, Machine Learning, Blockchain and the Patent International Trade Finance. Dafzo Ecosystem uses cognitive science at the different level of task execution and all the activity on the Dafzo Ecosystem are being executed by the smart contract making Dafzo ecosystem much more reliable and transparent.

In these manner Dafzo simplify the International Trade Finance space;

- **No Collateral**

Dafzo with its unique Patent International Finance Technology does not requires any sort of the collateral amount in any form or kind. Dafzo issues Letter of Credit without any **collateral providing better liquidity to the SME and SSIs**.

- **Minimum Transaction Fee**

With the Dafzo Ecosystem Dafzo only charges only in between 1% to 5% depending on the transaction value instead of 20% to 25%, resulting in the overall profitability of the buyer.

- **Instant Issuance**  
Dafzo issues Letter of Credit **Instantly with its Patent Technology** instead of for waiting for 15-20 days, preventing enterprises from the stock out option or from losing revenue.
- **Trade Agreement by AI**  
With the help of Dafzo Ecosystem buyer/importer and seller/exporter can draft trade agreement using AI and the cognitive science without requiring any sort of long list of documentations.
- **Smart Contract Execution**  
All the transaction and all the activity on the Dafzo Ecosystem is being executed by the Smart Contract, making it more reliable and transparent.

### **Dafzo Future Features**

Dafzo has long terms plans to simplify the most of the vital aspect of logistics industry with the help of the technology and Dafzo Ecosystem. Following are the features of the Dafzo, on to which Dafzo team is working and will be operationally active in future.

- **Global Last Mile Delivery Platform**  
Dafzo intends to be World's last mile delivery platform acting as a logistics aggregator and providing the freight movement facility by land, air or sea depending on the requirement of the buyer.
- **Custodian Programme**  
Custodian Programme of Dafzo Ecosystem helps the users to purchase anything across all over the globe even if the seller of the that particular item is not willing to ship in the buyer's country.  
Apart from this Custodian Programme, also helps an individual to earn extra income irrespective of age, sex and qualification.
- **Global E-store Partnership**  
Dafzo will be having partnership with the major E-Store for the custodian service as well as providing them logistics services.
- **Insurance Companies on Blockchain**  
Dafzo will try to bring the insurance companies on to the Blockchain which will play an important and vital role in the Dafzo Ecosystem by offering insurance service to the buyer/seller for insuring their shipment

**Dafzo Coin DFZ**

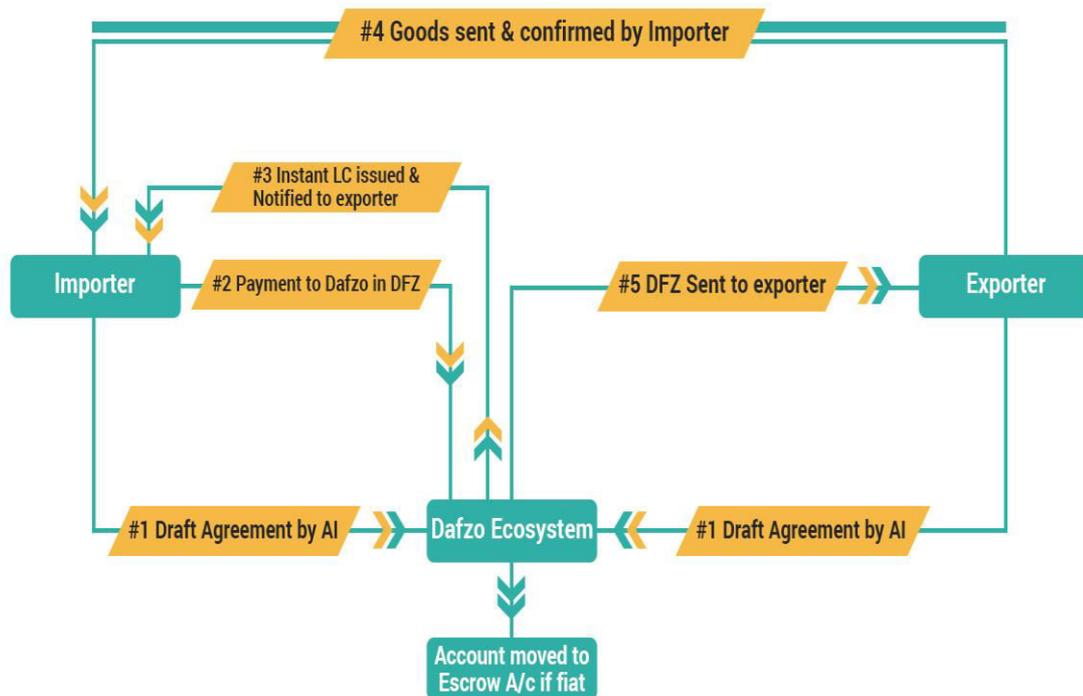
Dafzo will issue its own coin named Dafzo Coin (**DFZ**). A strict limit of 7,00,00,000 will be used which will never be increased. DFZ will run on the Ethereum Blockchain with ERC 20.

### How Dafzo Token will be used

Dafzo token DFZ will be used in the Dafzo Ecosystem for each process and any activity. Dafzo token will be used for the issuance of **Letter of Credit** and for other business activities with upcoming features for e.g.

- Paying for the logistics services
- Payment to Custodian

Dafzo token will be used in the following manner with the Patent International Trade Finance Technology.



## Revenue Model

Dafzo revenue will come from following sources;

Source	Description
<b>Transaction Fee</b>	Dafzo will charge in between 1% to 5% of the Letter of Credit amount depending on the ticket size.
<b>Logistics Service</b>	Dafzo will earn commission offering last mile delivery service.
<b>Custodian Programme</b>	Dafzo will earn commission from the custodian on each product sold or bought.
<b>Insurance Comm.</b>	Dafzo will add a small margin by providing insurance facility of the shipment
<b>Other Fees</b>	There may be the other fees that platform might collect for various services such as building customized solution / platform for enterprises.

## Go to Market Strategy

From initial time frame of between 1 to 3 years Dafzo will be focusing on the SME and Small-Scale Industries having requirement of Letter of Credit amount up to \$2,00,000 and then gradually it will be increased.

## Focused Geographic

Considering the market size and the growth rate of the industry, Dafzo will be more focusing on the **Asian and European Countries** as there is higher scope of getting good business and these two continents has the highest number of SME and SSIs which is the target group of the Dafzo.

## Allocation of Dafzo Token

%	Amount (DFZ)	Participant
5%	35,00,000	Bounty + Referral
10%	70,00,000	Advisors
20%	1,40,00,000	Founding Team
65%	4,55,00,000	Crowd

## Allocations of Funds

%	Particulars
7%	Legal
12%	Marketing
38%	Operations
43%	IT Infrastructure

## Biggest Challenge or Risk for Dafzo

- **Convincing Companies to trust Dafzo**  
As till now Letter of Credit is only issued by the banks and everyone trust banks because they have a long-established business and anyone can approach them anytime but as the Dafzo is the first one to enter in this space, it will be the biggest problem for Dafzo to gain trust at the initial stage.
- **Involvement of Regulator and Government**  
Dafzo is involved in the financial transaction that is of huge amount so it might be the regulator intervene in the operation of the Dafzo and can disturb the Dafzo's performance for a small time.
- **Government Crackdown on Crypto Currency**

## Mitigation of Risk

- **Patent Technology and Good credentials**  
In order to increase the trust of the user, Dafzo has the Patent Technology infused with the smart contract creating transparency level for each transaction irrespective of the amount on to the Blockchain.  
Dafzo has the best and known faces from each industry which will increase the trust level among users.
- **Use of Cognitive Science and ML**

In order to prevent self and to comply with each and every compliance of the regulator Dafzo is using the Cognitive Science to make sure that Dafzo doesn't get involve any sort of activity where Dafzo has surpassed the regulators norms.

- **Using Fiat Currency in Payment Mode**

To ensure that Dafzo is operational in any condition even if there is a crackdown on Crypto Currency by the central government, Dafzo since inception is taking the fiat money as one of the payment mode.

## **Team**

We have a strong team from the different domains and expertise in their domains with both traditional banking system to the cryptocurrency experience.

### **Prateek Sharma – CEO**

Prateek Sharma is founder and CEO of **Courierhome**, which is **India's first and largest reverse logistics platform using AI**. Under his supervision Courierhome **has signed exclusive MOA with the logistics giants such as FedEx and Aramex** and other major brand of India offering national and international shipping.

Courierhome is solving the real-life problem of the users of the reverse logistics and apart from this he himself he was an importer which provides the best market scenario of International Trade Finance.

Prateek Sharma has completed his PGDM in Finance and International Business. He has also attended Wharton School of Business and holds several certifications from school.

Prateek was born in India and and he fully bilingual in English and Hindi.

### **Sushant Kumar – COO**

Sushant Kumar is Co-Founder and COO of Courierhome. Under his supervision Courierhome is tap the market with such a great speed, making Courierhome of the highest rated app in online Courier industry.

Sushant has been working in the marketing domain for 6+ years of experience. He has also worked with the Mahindra and Mahindra (one of the largest group in India in automobiles) and he is responsible for overall growth of territory.

Sushant was born in India and and he fully bilingual in English and Hindi.

### **Nischal Arvind Singh**

Nischal is Project lead and Dafzo legal Advisor. Nischal is a chevening Scholar (Govt. of UK) LLM (University of London) , International Cyber Securiry (Cranfield University, UK defence academy. Nischal is having expertise in IPR & Innovation law, Crypto Hedgefund & ICO legal advisory, ADR, International Mediators.

Nischal is also a startup Mentor with Startupbootcamp.org & wadhvani NEN Network. He is having work experience of +6 years.

### **Jeffrey Mathews**

Jeffrey Mathew is a crypto financial analyst and smart contract expert. He's taking care of the smart contract of Dafzo and other tasks related to it. Along with this he is also CEO of JMG Capital.

Jeffrey is having expertise in the developing the management workflow that could be Vendor Management, Management, Operations Management, Performance Management.

### **Choi Namkyun**

Choi is Blockchain Project Consultant for Dafzo and is helping Dafzo in the Blockchain development. Choi himself owns a company OpenchainK which is a Blockchain solution provider and development.

Choi is having expertise in System analysis / Design / Development / maintenance / process modeling for 17 years.

Choi holds Master degree in Chunguk Nation University in Korea in 2004 Have been Software developer and BA in financial field for 10 years.

### **Deepika Vijay**

Deepika Vijay is handling the PR of Dafzo and holds the Master degree in PR and advertising and events. Deepika was also handling the PR of Courierhome.

### **Advisors**

#### **Yuen Wong**

Yuen has a strong e-commerce sense and entrepreneurial initiative that gives him the ability to make the business operate in the global consumer markets. Expertise: Entrepreneurship, Business Development, E-commerce specialist.

#### **Dinesh Puri**

International Logistics and Supply Chain Expert

Director at GEODIS,+20 years exp. in Supply chain, Logistics & Distribution Management in Ocean, Air & Land Freight space. Strategic material planning, Supply Chain Logistics and global Vendor Management, are the key dimensions in his portfolio.

#### **Deekshith Malra**

Founder & CTO of Arya.ai. Forbes Asia 30 under 30

Founder of Arya.in. Forbes Asia under 30. Experience in platform for quickly building neural networks. His skilled and work exp in Framework Design, Data Center Automation, reuse and agile process definition. Implemented enterprise solutions as well as commercial products in domains ranging from Big Data, Business Intelligence, Graphics and Image Processing, Natural Language Processing, Deep Learning, Machine Learning, Advanced Text Search and Analytics.

### **Vakhtang Abuladze**

Has a degree in Accounting, analysis and audit of the Tver State University (Russia). Obtained a master's degree (MBA) in Operation Management at ESM Business School (Georgia) in June 2015. During the studies, worked at the financial Department in one of the largest retail chain of Georgia - Nugeshi. From September 2015, until 2017 worked as an Audit consultant in PricewaterhouseCoopers (PwC) - Big Four Moscow office. One of the Bazista founders, responsible for the financial and operating model of the marketplace.

### **Harpreet Singh Walia**

Author, Educator and Business Consultant. +30 years strong multifunctional contributions predominantly Training/ Entrepreneurship / Communication Skills.

### **Mubashsher Salim**

Have more than 9 years of solid experience in experience selling world class applications, middleware, and cloud software solutions to SMBs and Fortune 500 customers

### **Kunal Karani**

Founder of NIOC Exchange and Founding employee of Koinex ( India's largest crypto exchange.)