



December 2, 2019

**NEWSLETTER REGARDING THE DEVELOPMENT OF THE PDX GLOBAL CRYPTO-TO-FIAT
MERCHANT AND CONSUMER PAYMENTS PLATFORM**

We are pleased to provide an update and commentary regarding the development pathway for our upcoming crypto-to-fiat merchant and consumer payments platform. Having taken PDX Coin onto the Ethereum blockchain in early August, 2019, our twin focuses are now on gearing up for our public ICO capital raise program in 2020, and on the implementation of *attractive and compelling* solutions within our core banking and payments processing business, that will result in aiding mainstream adoption and the use of cryptocurrency in general, and PDX in particular.

PDX is developing, and introducing to the market in late 2020, a truly portable global payments method that is elegant in its simplicity and ease of use, friendly to merchants and consumers alike. We are finally making cryptocurrency useful, and in doing so will supplant the existing oligopoly of Visa, Mastercard, Paypal, UnionPay, and American Express, among others. This is going to change cryptocurrency, and the way goods and services are paid for, forever.

The blockchain is the future of commerce, and by connecting merchants and consumers with the blockchain via our banking and payments processing infrastructure, we are quietly building a new global payment system to disrupt and overtake the status quo. The best way to make global commerce more efficient and accessible is by making PDX and other selected cryptocurrencies *spendable everywhere*.

Cryptocurrency transactions already exceed US\$20 billion each day, in an overall global digital payments market exceeding *US\$10 trillion per day* in volume, so its only a matter of time before cryptocurrencies become a mainstream component in global commerce. Yet, notwithstanding this, cryptocurrency's combined market value today in the order of US\$200 billion makes it all but unusable in the physical retail and online payments spaces. *We are planning on a long-term horizon, however, for a world where the cryptocurrency adoption rate reaches at least 10% of the world's population, versus maybe 0.5% to 0.75% today.* This has potentially significant implications for the daily demand and pricing for PDX Coin, among other things.

We are developing a new proprietary global payments platform that will act as an intermediary between merchants and vendors, and the blockchain, providing them with instantly confirmed transactions by

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virtue of the blockchain, and with **instant settlement** in whatever currency they choose, whether that be the cryptocurrency used to make the payment, or any fiat currency of their choosing, in a way that is 100% fraud resistant and with vastly lower fees than they are paying today (0.5% to 1%, compared to 3-4% today), combined with much lower chargeback risk.

The blockchain offers a practical solution to merchant concerns of fraud and cost. It dramatically reduces the number of possible fraud vectors by enforcing tamper-proof transactions on a ledger, and it decentralizes transaction verification—creating an open market for processing that more closely represents the actual computation cost. As an added benefit, the blockchain provides native support for borderless payments, which opens merchants to a global community of customers without requiring additional payment infrastructure or currency exchange.

Meanwhile, the blockchain needs merchant adoption in order to become a viable supplement to other payment methods. Additionally, with this increased utility comes more straightforward cryptocurrency valuation, reduced volatility, and market stabilization. Growing merchant acceptance will make cryptocurrencies substantially more valuable, and truly enable the globalizing effects of peer-to-peer electronic cash that Satoshi Nakamoto envisioned. This is where the PDX payments platform comes in.

The software that moves the vast majority of money around the world today still uses legacy standards created during the late 1970s, but in the absence of a compelling alternative, consumers are trapped into maintaining the status quo.

Since the creation of Bitcoin in 2008, blockchain communities have attempted to make cryptocurrencies a useful complement to traditional payment instruments like credit cards, debit cards, and cash. However, fundamental user-experience challenges such as unintuitive QR code interfaces, complex address strings, new security protocols, and network capacity issues have hindered commercial adoption. Various scaling solutions such as Lightning Network and Plasma Cash show considerable promise for improving the speed and utility of blockchain transactions, but create issues of complexity and compatibility for merchants.

Many companies have recently developed wallets and apps that enable retail blockchain / crypto payments, however they are *universally dependent on existing payments networks*, and therefore the promise of cryptocurrency is not being realized when it also requires physical debit cards and archaic infrastructure – often involving as many as 12 separate links in the payment chain, each one a potential point of failure – to purchase, for example, a bag of groceries or a bottle of wine.

A variety of mobile wallets have begun promoting cryptocurrency payment solutions, but unfortunately, they are completely reliant on existing legacy infrastructure. These wallets utilize high-fee virtual Visa and Mastercard debit cards—requiring bank accounts, physical cards, and multiple tiers of centralization. Digital payments on these platforms are subject to low transaction limits (in some cases, less than \$100), as well as Apple's restrictions for NFC access on iOS devices. Justifiably, these systems have extremely low consumer adoption due to the increased friction compared to a typical payment card.

The limitations of existing payments systems – fraud and cost – are solved by the very things that make the blockchain strong.

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The solution to blockchain payments is not building cryptocurrency acceptance on top of the existing multi-layer networks, but creating a *new network* that solves merchant and consumer needs alike.

The key drivers for global mainstream cryptocurrency adoption at scale are very simple:

- **Ease of use – it has to be as easy as pulling cash or a debit card out of your pocket is today**
- **Mass acceptance of the payment platform by physical and online merchants and vendors across the spectrum. Build it for the merchants, make it SIMPLE, and the consumer will follow. Hence our future marketing push is merchant-driven initially.**

Decades of retail payments experience confirm the pain points of fraud and processing cost, and we find that consumers' needs are distinctly different. Consumers evaluate payment instruments against an individual framework of five basic criteria:

1. Freedom of Choice
2. Security
3. Speed – instant confirmations, without loss of security
4. Usefulness – availability of widespread merchant acceptance
5. Value – incentive to use, i.e. low or no fees, rewards, etc.

The PDX payments platform is based on both a merchant and a consumer interface. For both parties, its non-invasive, and painless. For the merchant, the acceptance app will be seamlessly embedded into their existing POS terminals and online payments portals, and will not require any new hardware. For the consumer, the payment app will be embedded into their existing wallets and mobile devices, or into a proprietary PDX wallet (more on that, another time).

In a functional sense, “Joe” will walk into a retailer to buy a cup of coffee. He’ll tap his phone over the merchant’s POS terminal, which will register that he is using, say, PDX Coin to make his purchase. The merchant, for all practical purposes, is unaware of how Joe is making payment. If the merchant is a coffee shop in New York, for example, the merchant is only “aware” that he has just received an instantly confirmed transaction and immediate settlement, and got paid in US dollars, paying a fraction of the fees he currently pays to the existing providers. Behind the scenes, the PDX platform, which includes, but is not limited to, its own bank and deposit base, and the coming PDeX exchange, has instantly swapped out the PDX Coin that was used by Joe to make his purchase, for US currency. The PDX platform has then immediately sold the PDX Coin on the market, and incurred almost no exchange risk whatsoever during a very short holding period.

The PDX platform will of course incorporate PDX Coin, but it will also accommodate payments in multiple other cryptocurrencies, including Bitcoin, Bitcoin Cash, Ethereum, XRP, Litecoin, etc – likely most of the larger and more liquid cryptocurrencies available in the market at any time.

Sincerely,

THE PDX TEAM

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