



# Stellar Classic

Whitepaper





# Stellar Classic

Access to basic banking services in developing countries remains limited, and lags far behind even other parts of the developing world. We will try to explain a number of data sources to estimate that only about 20% of households in Sub-Saharan Africa were banked in the early 2000s.

While there has been some progress in recent years, We obtain similar results using more recent data. While developing countries have only 28% as many bank accounts per adult as do developed countries, the figure in Sub-Saharan Africa is far lower (only 16%). Lack of access is particularly acute in rural areas: representative household survey data we collected suggest that only between 15 and 21 percent of households are banked in rural areas of South America, Asia and parts of Africa respectively.

Such limited access could potentially have important repercussions on people's lives. If lacking a formal bank account makes it more difficult for people to save, they will be unlikely to have enough saved up to cope with unexpected emergencies such as household illness. When such shocks occur, rather than withdraw money or take a loan from the bank, people might have to take much costlier actions.

From a policy standpoint, in addition to understanding the impact of financial inclusion, a critical question is how to achieve it. This is an area that has seen a lot of innovation in the last five years. These recent innovations ultimately amount to either reducing



barriers to access to existing financial institutions (e.g., reducing fees); or bringing banking options geographically closer to people. For example, a number of countries have adopted “correspondent” or “agent” banking in which people can deposit into and withdraw money from their bank account using a non-bank agent (for example, a retail store).

A closely related option which has received a substantial amount of recent attention is “mobile money,” in which people can transfer, deposit, and withdraw money using their cell phone. A third approach is a “bank on wheels” in which a vehicle visits a town at a regular interval for people to make transactions.

While much attention has recently been paid to these various strategies to expand access, comparatively little attention has been paid to the quality of financial services in very rural areas. If people are not banked because they do not trust banks or banking agents, because they find services to be unreliable, or because account maintenance or withdrawal fees are prohibitive, then expanding such flawed services is unlikely to be appealing. On the demand side, little attention has been paid to understanding reasons other than access for why people may choose to stay out of the formal banking system.

Our study takes place in an area spanning multiple villages surrounding three rural market centers in Western Kenya, and in which banking options remain very limited. In this part of Kenya, large bank branches are located only in major towns, and the villages in our study are far enough away from a town that the cost of traveling there for banking is prohibitive. Locally, there are only two options: a “Village Bank”, owned by share-holding villagers and affiliated with a microfinance organization, and a partial-service branch (essentially a sales and information office with an ATM machine) for a major Commercial Bank. Both banks have substantial minimum balance requirements and withdrawal fees. The Village Bank also has an account opening fee. The Village Bank does not pay interest on deposits; effectively, neither does the Commercial Bank, at least for the poor (interest is only paid if the account balance exceeds \$210, about \$210).




To examine financial access among this population, we conducted a census of 1,898 households in the study area between September and December 2009. Account ownership was quite low: only 20% of households had at least one member with a bank account. Knowledge of banking options was also limited, as only 60% of adults knew of the bank branches in the study area. Almost no one knew the fee schedule for account opening or maintenance. The 1,565 unbanked individuals formed the final experimental study sample.

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To test whether opening costs (information acquisition, account opening fees, and administrative requirements) explained the low rates of account ownership, we randomly selected 20% of the 1,565 unbanked individuals to receive a free account at either of the two local banks. We paid the account opening fees and provided the minimum balance, and arranged for the banks to simplify the account opening procedure for our study participants. We did not waive withdrawal fees. The majority of people opened accounts when offered this opportunity: take-up was over 60%. But actual account usage was much lower. Only 28% of those who opened an account (20% of those randomly selected for a free account) made at least two deposits on their account in the 12 months after account opening. Many did not use the account at all.

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Why didn't the other 80% of those selected to receive a free account actively use it? To shed light on this question, we administered qualitative surveys in which respondents could discuss their concerns with the various savings mechanisms available to them. A significant proportion listed risk of embezzlement, unreliable services, and transaction fees as concerns with formal banking. Many of these concerns are valid: the fees are indeed quite high in both the Village and Commercial Bank, and the services in one branch of the Village Bank were relatively poor during this time period. Furthermore, another branch of the Village Bank had a recent banking scandal in which



withdrawals were frozen for some account holders for a long period. Not surprisingly, we find that trust concerns are more pronounced for the village with the branch with the recent scandal, and reliability concerns are worse for those near the branch with poor service. Interestingly, these concerns were reinforced by exposure to the bank: those who did use their account were more concerned with both the risk of fraud and the lack of reliability than those who did not use the account.




We use a similar combination of survey and experimental evidence to examine the demand for formal loans. The banks offer a variety of loans which range in interest between 1.25 and 1.5% per month (16%-19.5% APR), well below that of many microfinance banks in other parts of the world, and well below recent estimated returns to capital, including estimates from previous work in this part of Kenya.

Yet, very few people take out loans. Of those in our experimental sample, only 6% had ever applied for a formal loan at baseline. As with savings options, knowledge of loan options appears extremely limited – very few people know what the conditions are for loans with either bank. Further, when asked, very few people reported wanting loans for agricultural inputs such as fertilizer, despite the high estimated returns to usage in Kenya. To better understand why people do not take up loans and other bank services, we conducted a randomized credit intervention with two components: (1) an information intervention in which we told people about the requirements and procedures to apply for a loan; and (2) an intervention in which we gave people a voucher which lowered the eligibility requirements necessary to begin taking out loans with the Village Bank. Though the vast majority of people took the vouchers when offered them, and 40% redeemed them, only 3% of our experimental sample had even started the process of applying for a loan at the time of writing (6 months after the credit information and voucher interventions). Evidence from qualitative surveys on barriers to borrowing suggests that the fear of losing one's collateral if one cannot repay the loan is the primary deterrent. These results are in line with numerous recent studies in microfinance which show limited demand for microcredit at market rates.

They are also roughly consistent with a recent informational experiment in Sri Lanka which found that only 10% of entrepreneurs who were given information about credit options took out loans.

Overall, our data reveal a number of challenges with the current supply of financial services. Simply expanding those existing services is not likely to massively increase formal banking use among the majority of the poor unless quality can be ensured, fees



can be made affordable, and trust issues are addressed. Our results also suggest that marketing could be improved – a large percentage of people lack even basic information about banking options.


Note that while our results are based on two particular banks in one part of Kenya, and concern “classical” banking services rather than agent- or mobile phone-based banking, the general take-away is that service quality, fees, and trust are important and often overlooked factors.

Even M-Pesa, Safaricom’s mobile money network in Kenya and arguably the most developed mobile money product in the world, is ultimately similar in structure to the banks we study here – people must still make deposits and withdrawals in person, in cash, and the fees are substantial. Moreover, M-Pesa, as it is currently constituted, cannot function well as a bank. To guarantee solvency, Safaricom requires agents to pay in advance for any mobile money they purchase. Safaricom then holds this money in bank accounts with several large commercial banks, and gives all interest to charity. Clearly, MPesa cannot lower fees unless it can invest its deposits for profit – which, in turn, will likely require some form of regulation (for instance, deposit insurance) if people are to trust money with it.

On top of this, banks would lobby vociferously to prevent a new entrant into the banking sector for evidence on this in regardsto M-Pesa in Kenya. Given this, it seems that the most likely future for mobile banking is as aplatform through which people can transfer money into an account in a formal bank.

Thus, the issues we raise here remain quite pertinent to mobile banking as well Our finding that a non-negligible proportion of people distrust banks generally is somewhat surprising, since the banking sector in Kenya has been relatively stable for some time: while Kenya has had a number of banking scandals, many of these were in the 1980s and 1990s (Central Bank





of Kenya, 2009), and many involved non-bank financial institutions such as Savings and Credit Cooperations (SACCOs). However, even though the number of bank scandals have been limited in recent years, it is likely that other nonbank related financial scandals have made people wary especially of the Village Bank for which deposits are not insured by the central government.

# Introducing Stellar Classic


Stellar Classic is a global, decentralized new generation cryptocurrency that allows you to transfer money to anyone in the world with a Stellar Classic wallet for basically free. Stellar Classic is created on Ethereum blockchain platform. The driving point behind Stellar Classic is the opportunity for people in developing countries to instantly buy goods and services, transfer funds etc. with minimum commission.

Stellar Classic does not rely on third party systems to be in control of your money, transactions are made directly through an automated peer to peer process.

Stellar Classic is based on Blockchain technology, use of mobile technology and bioidentification systems. We aim to release XLMX as a new type of digital currency to the developing world, which is fast, efficient and reliable while also being secure.

It is an open-source platform designed to provide multiple investment opportunities. Stellar Classic is designed to be a digital currency that can be used to store value and to exchange with anyone in the world with extremely low fees and fast lightning speed transactions.

We created Stellar Classic with a clear vision that currencies must work, must be viable, secure, well-funded, inflation protected, work better than other currencies and do something unique as well. These are key elements to the solid foundation. More of that, we believe that Stellar Classic will bring improvements to society as well as short and long term gains to investors.



We have developed a Cryptobank, at the forefront of new digital economy. The Stellar Classic project is a new, social-type cryptobank with transparent conditions. In cryptobanking industry, Stellar Classic will become the first financial institution capable of offering its customers a full range of financial services implemented within a decentralized system. The uniqueness of Stellar Classic is that the project allows customers to get services, adapted to their needs. PakCoin will operate on the basis of P2P ecosystem (peer-to-peer), where transaction participants are private users, and not banking institutions. This is not a novelty in the financial market, but system offered by Stellar Classic inherited best traits from traditional banking products, adapting them to the principles of decentralized system operation.

Such platform will be a perfect solution for people without proper documents and validation, to whom traditional banks cannot provide services, or for whom current offers on the market will cost much more.


The Stellar Classic project has a global value. It is designed to overcome current difficulties connected to use of cryptocurrencies in non-digital world, introducing options of integrated crypto and fiat money services into payment infrastructure for this purpose. Primary mission of Stellar Classic is creation of P2P-system that would make use of full potential of decentralized financial technology within the framework of cryptocurrency payment system and real life.

Another substantial part of Stellar Classic mission is to provide developing countries with access to major financial instruments in P2P transaction format. In relatively short time cryptobank clients will receive services that ultimately meet their needs, because transactions will be conducted in automatic mode, while services will be customizable. Any transaction will be much more profitable since P2P-platform does not split loan and deposit products and does not involve status dealing with this.

Unlike most developers who continue promoting monopolization of world financial market by large players, Stellar Classic team aims to create perfect financial institution that would adopt all advantages of traditional financial organizations, leaving behind their major disadvantages: non-transparency, unpredictability, lobby-ism, and administrative burden. Stellar Classic model represents decentralized system in exceptional and most complete format. It includes blockchain technologies that ensure secure



information recording and storage. This excludes the possibility of changing or falsifying any piece of data.



Usage of cryptocurrencies, which do not require central control, as well as smart contracts allows to process transactions more efficiently and safely compared to conventional deals. Stellar Classic is a decentralized partially closed system which sometimes excludes bank participation that makes it possible for users to gain profits. The system allows users to make their own decision when judging appropriateness of certain services and applications, which minimizes cost of processing transactions. Customer selects a service according to his/her own requirements and pays the price without customer service charge. System of decentralized Stellar Classic Cryptobank is oriented on cooperation with wide audience and is available all over the world. In addition to current members of Crypto Community, Stellar Classic welcomes people who are just starting to get acquainted with cryptocurrencies or who do not trust FinTech market yet.

Customers will be able to conduct transactions from any corner of the world in a matter of seconds with no limits and no need to wait for a plastic card issue for several weeks. Customers from different countries receive Stellar Classic services on equal terms. Transactions and funds transfers are done instantly after closing a deal. Fees for processing the operation will be reduced to minimum payment for the transaction, regardless of both parties' location. Stellar Classic provides an opportunity for its clients to receive credit lines from creditors from other countries. This practice was used by traditional banks at dawn of mortgage lending; within decentralized P2P-system cost of such products will be lower due to savings on customer service charges.

Thanks to blockchain technology, whole operation history and credit check results (scoring) are recorded in data chain and cannot be changed from outside. This approach reliably protects customer's personal data and records all information about their activity in the system, which significantly reduces the risk of document falsification or financial fraud when closing a deal. Account is linked to user's identity, scammers will not be able to intercept or falsify their data.

Stellar Classic offers a wide range of tools in investment, credit and currency fields. FinTech startups, individuals and legal entities gain access to loans, bailment and



investments. Flexible system allows any customer to transfer their personal and/or company accounts to cryptospace, considerably saving on banking servicing and even earning from it. Stellar Classic products have simple, completely transparent and comprehensible conditions without hidden fees and "fine print requirements".

Thanks to flexible settings system, all operations will meet customer's requirements to the best extent, so they will not overpay for general conditions of the product.

Stellar Classic does not charge additional bank fees for servicing product, which makes it possible to reduce operation cost by 30% compared to conventional bank fees. Stellar Classic is a partially closed system in which a part of funds always remains inside. The cryptobank is the guarantor of the fact that cryptocurrency exchange prompts a "financial bubble" jump, that can burst at the most unexpected hour, but will not grow. All data is under reliable protection of the system, which excludes the possibility of illegal money circulation.

In Stellar Classic, customer receives a rating and gains full access to various service sectors. Depending on its value, users can try themselves as borrowers or investors, place funds at any deposit to accumulate interest.

Stellar Classic is not limited to operations within cryptocurrency system. It provides gateways for both national banking and electronic payment systems. Account holder can pay cryptocurrency for goods and services, pay bills in online stores that support this type of payment. Customers of Stellar Classic can customize personal cabinet for their own needs. Initially, all users have access to standard simplified model, additional services can be added at any time. A set of these advantages is far from all that Stellar Classic offers. In addition to payment, investment and credit systems, Stellar Classic offers currency transactions that gain popularity. Automatic interchange, internal exchange and gateways to the TOP-exchanges will be available for users. Automatic exchange is a traditional currency exchange in cryptobank's own exchange. In internal exchange, it is possible to choose different rates at which participants profit without bank regulation, and thanks to gateways to TOP exchanges, users are invited to exchange their funds at the cryptocurrency best rates.



Stellar Classic combines features of decentralized and traditional banking systems. When opening an account for a cryptocurrency, Stellar Classic opens a real account for a physical person in customer's name. In current situation with legislative status of cryptocurrencies, this expands customer's payment abilities while blockchain economy is in development. All Stellar Classic customers can use their bank account funds with no limit, as if they used traditional bank services.

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Stellar Classic is open for cooperation with other blockchain projects and plans to assist market participants in overcoming cryptocurrency transaction barrier within payment system. For this, unique methods of verification for their partners were developed. Project creators considered possible failures of automatic rating system of the borrower and added user ratings of individual system participants, user groups and specific transactions. These and other parameters form participant's general rating, which allows for more objective assessing of prospects for mutual interaction. Confirming its status as a social bank, Stellar Classic integrated Trust Limits system into the credit segment. This option is available in Webmoney, but an advanced system of settings that allows defining limits for different groups of borrowers, is applied here.

It is possible to set credit line criteria for a particular user, group, or all users. It is also allowed to create more flexible system settings for accepting trust limits by predefined criteria.

Stellar Classic system involves development of an extensive API network in terms of the interface. In the future a full-fledged hardware complex is planned for creation. Both individuals and businessmen can use products and services provided by Stellar Classic. Stellar Classic can offer to integrate crypto startups and legal entities, seeking to transfer financial transactions to crypto space, into its unique system.



# Roadmap 1





# Roadmap 2

**1. October 2019**

- Buyback Program



**2. November 2019**

- Maximum users



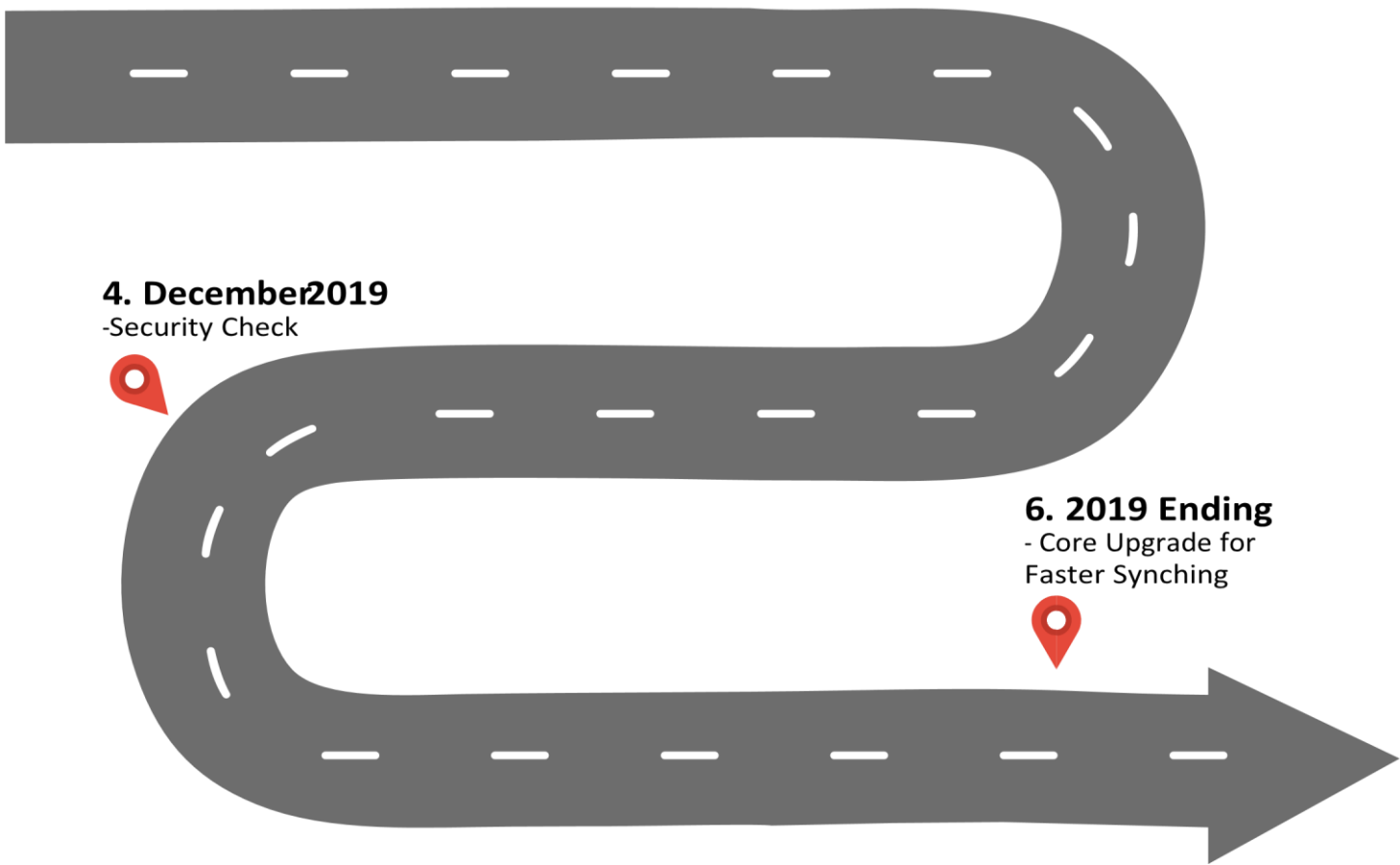
**4. December 2019**

- Security Check




**6. 2019 Ending**

- Core Upgrade for  
Faster Synching







**AirDrop:** Starts at December  
2018

**Duration:** 1  
Week

**Minimum Purchase:** 10  
XLMX

**Maximum Purchase:**  
500000 XLMX

**Accepted currencies** - Bitcoin  
(BTC)

- Ethereum (ETH)
- LiteCoin (LTC)
- Bitcoin Cash (BCH)

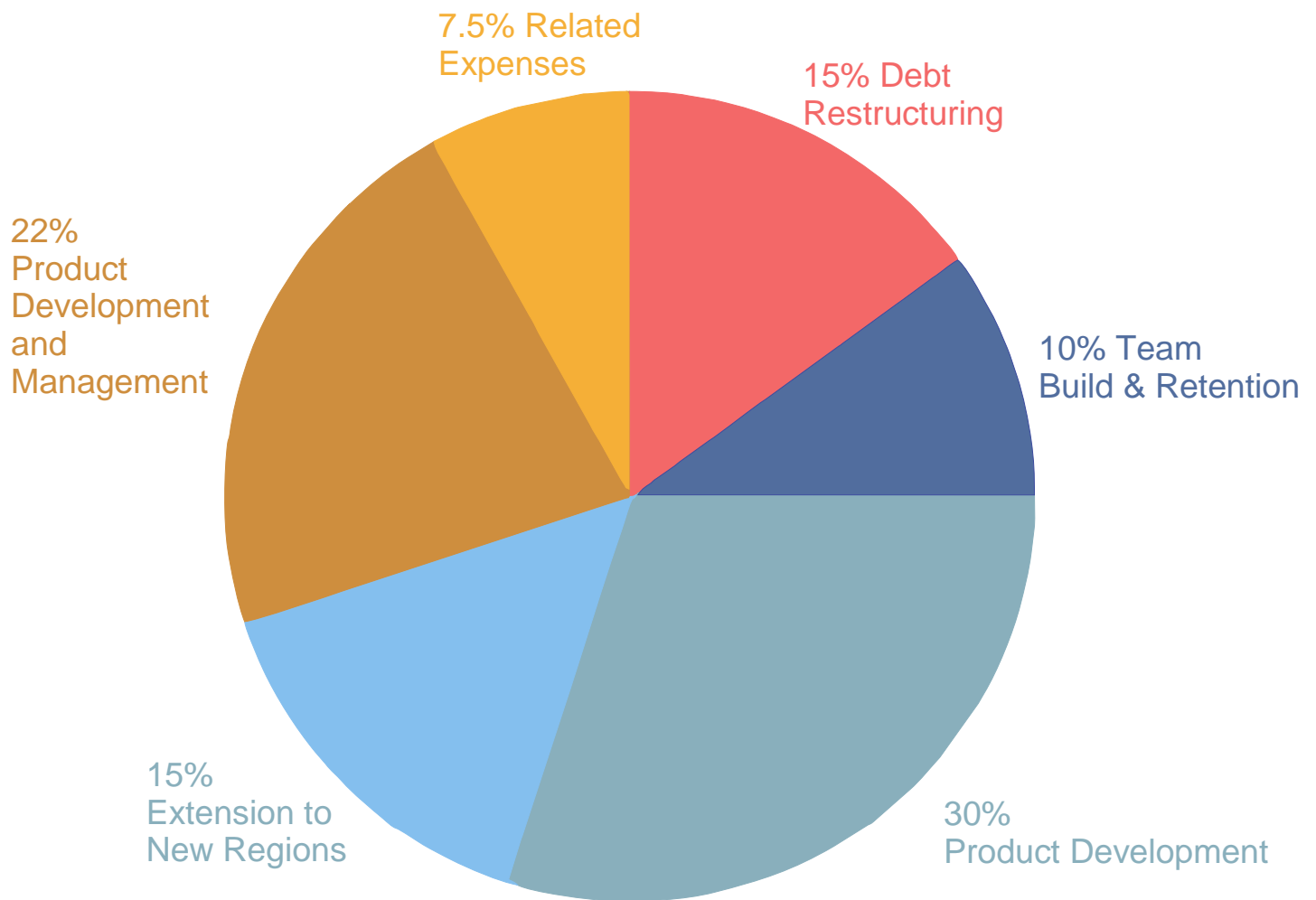
**Participation restrictions**

Unfortunately we will need to restrict certain groups of people:

- Nationals of the People's Republic of China
- US persons (US citizens, US residents, green card holders), if they don't have an accredited investor status



# AirDrop Funds Distribution





# Quick Tips

**Name:**

Stellar Classic

**Ticker Name:**

XLMX

**Website:**

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<http://www.Stellarclassics.com>

**Total Supply:** 999,990,990,560 XLMX

**POW:**

Yes

Token Tracker:

<https://etherscan.io/token/0xab2282e27533749d7883e24f82dc8dfa2b3e3c85>

**Algorithm:**

X11





# Conclusion


We have introduced Stellar Classic, a decentralized financial decisioning platform. We have outlined the current issues in the market and how Stellar Classic solves the problems by leveraging blockchain. We described Stellar Classic's unique approach towards securing the banking industry with the help of blockchain, decentralization and analytics. We propose a novel solution with new features such as security, ease, accessibility and transparency. Finally, having examined existing solutions in the market and their shortcomings, we have exposed the need today for a system such as Stellar Classic.

## **Stellar Classic Design Principles and Values:**

Decentralization, Decentralization is not only the foundation of the tamperproof properties of blockchains, but the basis of their permissionless nature. By continuing to build decentralized systems, we aim to further enable permission-less development within Stellar Classic. We believe that decentralization is a crucial component for a globally thriving ecosystem with long term sustainability.

## **Secure, transparent and extensible systems.**

Stellar Classic is built for the community. We value the community and will engage continually with data scientists, domain experts, academics, and security experts for peer review. We encourage testing, audits, and formal proofs of security, all with the



aim of creating a platform whose robustness and security can support future innovations.

<http://www.stellarclassics.com>