

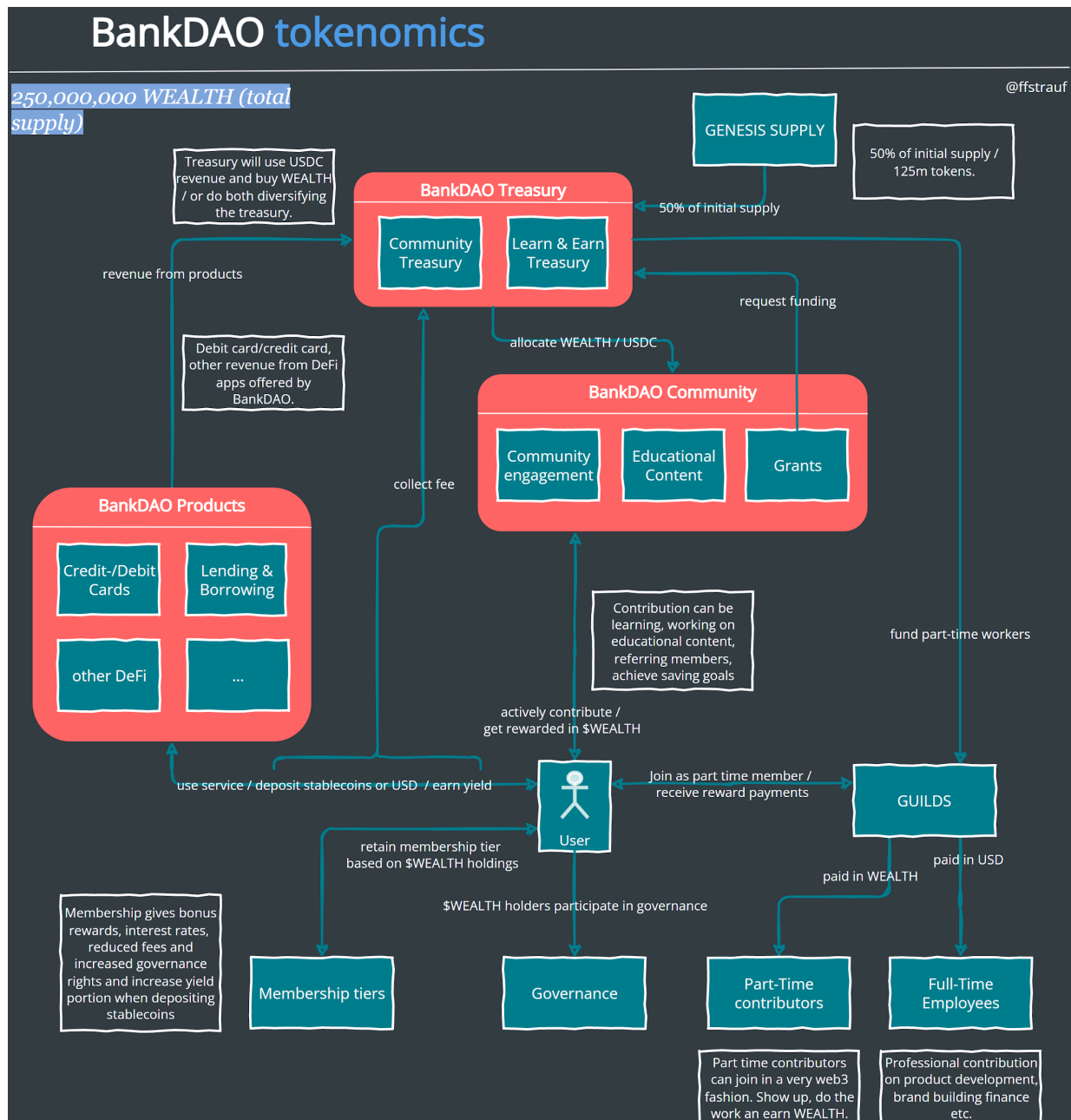
# Tokenomics Litepaper BankDAO

The BankDAO team consists of ex- or still competing professional athletes. The problem in this industry is that young talent gets access to money but does not have the financial literacy to manage that money long term. Careers of professional athletes don't last a lifetime and the majority of income will be made in the early years of the athletes life. BankDAO wants to build a community and products to support athletes and other people in utilising that income to earn investors a stable yield and educate them about finance in general.

The idea is therefore to start a DAO and launch a token to utilise the benefits of web3 tools to level the playing field and create a bank that gives back.

**Mission statement: Build a community owned bank that shares revenues to the community and educates the community about finance and investment.**

## Tokenomics Overview



The following sections will walk through the details of how the \$WEALTH token can be used to support the ecosystem, attract members, create and retain value ([fullscreen version of the diagram](#)).

## BankDAO Treasury

**Mission:** Fund initiatives, long term sustaining of the BankDAO ecosystem.

**\$WEALTH token involvement:** 50% of genesis supply & distribution of allocated tokens.

### Breakdown:

- The Treasury **collects profits** from BankDAO products in USDC and potentially other tokens (depending on how BankDAO intends to make profits).
- Holdings can be **diversified** to create a long term sustainable funding foundation ([a good summary can be found here](#)).
  - Benefits: de-risk treasury, easier budgeting (less volatility) and better payment for contributors
  - How?: hold stablecoins, sell \$WEALTH when applicable, partner with other DAOs, borrow against \$WEALTH
- In a fully decentralised BankDAO, the community should have **voting power over the treasury**.
  - This gives \$WEALTH utility (see section '[Governance](#)').
  - For more on a pathway to decentralisation see [Concepts worth exploring](#).
- The Treasury should have a mechanism to use \$USDC received for **\$WEALTH for buybacks**. This creates demand for the token and the choice to either burn or invest back into community programs . The former reduces supply, the latter would ideally end up in membership accounts or have a slow supply feed into the market (members selling excess \$WEALTH). This activity should be balanced with the above mentioned treasury diversification. Burning or investing are not mutually exclusive and can be applied on a case by case basis.
  - A good summary on buyback & burn or redistribute [can be found here](#).
- **Community Programs can be funded** in \$WEALTH or other tokens (i.e., \$USDC) depending on how the funds are used. \$WEALTH can be used to reward contributions and \$USDC for initiatives where an investment is necessary.

## BankDAO Community

**Mission:** Engage users, increase financial literacy.

**WEALTH token involvement:** Incentivise participation & Learn to Earn.

Breakdown:

- **Propose / request grants** from the treasury to create educational content or run community engagement programs.
- **Receive grants** upon community / treasury approval.
- Grants can be **distributed to various programs** such as ambassadors (marketing and partnering), builders (part-time developers), seeders (part-time educators).
- **Guilds and grant-funded-initiatives create content** that can be used for education or community engagement.
- Guilds source **paid part time contributors** from the community. Payment can be in \$WEALTH and is requested via grants.
- **Seeders or teachers create and teach educational** content and are either full-time paid guild members or part-time contributors.
- In a fully decentralised BankDAO, the community should have **voting power over community related matters**. This gives \$WEALTH utility.

There are 4 types of contributors:

1. **Learners:** receive tokens for attending community events, completing curriculum, and joining support groups.
2. **Performers:** earn tokens for achieving financial goals, winning financial challenges, and 'good practice' usage of the platform (I.e setting up direct deposit, connecting wallet, event participation streaks etc).
3. **Connectors:** Connectors refer both members and contributors to the network. Anyone is eligible to become a connector. Connections are automatically tracked via referral and invite codes.
  - a. Invite codes for new members
  - b. Referral codes for new Opportunities entered into the backend
4. **Grant Programs:** receive tokens for doing work for the network in three categories: Ambassador Grants, Builder Grants, and Seeder Grants. The contributors are mainly part-time contributors and are paid via grants in WEALTH.

The tokens earned for contribution will be distributed in \$WEALTH. This will allow recruiting members, onboarding them into the ecosystem and introducing membership tiers.

Distributing \$WEALTH incentivises members to participate.

## Membership Tiers:

**Mission:** Retain members, active community.

**WEALTH token involvement:** Incentivize participation - learn to earn, discount model

Breakdown:

- **Membership is based on \$WEALTH holdings** and will unlock more benefits the more tokens are held.
- Members will be required to **hold their tokens in their wallet** to prove their membership status.
- Vote boosting applies to the regular vote and **amplifies the voting power** by a defined percentage (see [Governance](#) for details on voting).
- Bonus reward rate will give \$WEALTH holders **additional yield** on top of the regular yield paid out.
- Fee discount will **reduce fees** on credit/debit card payments and DeFi investments.

The following tiers are planned:

Tier	Vote boosting	\$WEALTH holdings for status	Bonus Reward rate	Fee discount	Special Perks
Scratch	15%	100	+15%		
C-Note	30%	250	+25%	5%	
Stacks	45%	500	+40%	10%	
Dough	60%	3000	+55%	15%	
Bread	85%	10000	+75%	20%	
Green	100%	20000	+100%	25%	GenWealthD AO access

A few things to note:

- Membership tiers should be evaluated based on market cap. What would users be holding as membership when \$WEALTH reaches 100M, 500M or 1B market cap?
- The increase in benefit along the membership tiers, doesn't seem to be worth the capital lockup for users. It should be considered to either increase the benefits, reduce the benefits of lower tiers or add more special perks to reward holding onto higher tiers.

## Working Guilds of the DAO:

**Mission:** Run DAO / company operations, open to part time contributors

**WEALTH token involvement:** Incentivise part-time contributors

Breakdown:

- **Guilds are responsible** for developing code, managing the treasury and running operations.
- Guilds will mainly **consist of full-time employees** with the BankDAO corporation (paid in fiat) and payment will come from the BankDAO corporation.
- **Part-time contributors can join** guilds in web3 fashion and can earn \$WEALTH via grants, allowing BankDAO to utilise \$WEALTH to raise time. Alternatively guilds might have a budget to allocate to part-time contributors.

The following guilds exist:

Guild Name	Responsibilities	Group Representative
Birthday Party	The Birthday Party guild will be tasked with all event planning, management and associated coordination. Our initial priority will be educational and networking events for our community members.	Community Program Manager
What's Next?	The What's Next guild will facilitate partnerships centred around career development, transition and opportunities, Work closely with Birthday Party to coordinate career development events	Chief Job Officer
Culture Vultures	The Culture Vultures will be responsible for all brand strategy and execution including, merchandise, marketing, and digital content.	Chief Brand Officer
The Vettors	The Vettors will be tasked with vetting all opportunities submitted from Seeders	Chief Opportunity Analyst
Bob & Friends	Bob & Friends will be tasked with product development	Chief Technology Officer
The Givers	The Givers will be responsible for all non profit community programs, including but not limited to, charitable giving, educational programs, and scholarship grants.	Non-Profit Program Manager
Bread Winners	Bread Winner will be tasked with all internal and external financial matters, including budget,	Chief Financial Officer, and Chief Investment

	accounting, and facilitating investment partnerships, and deal flow.	Officer
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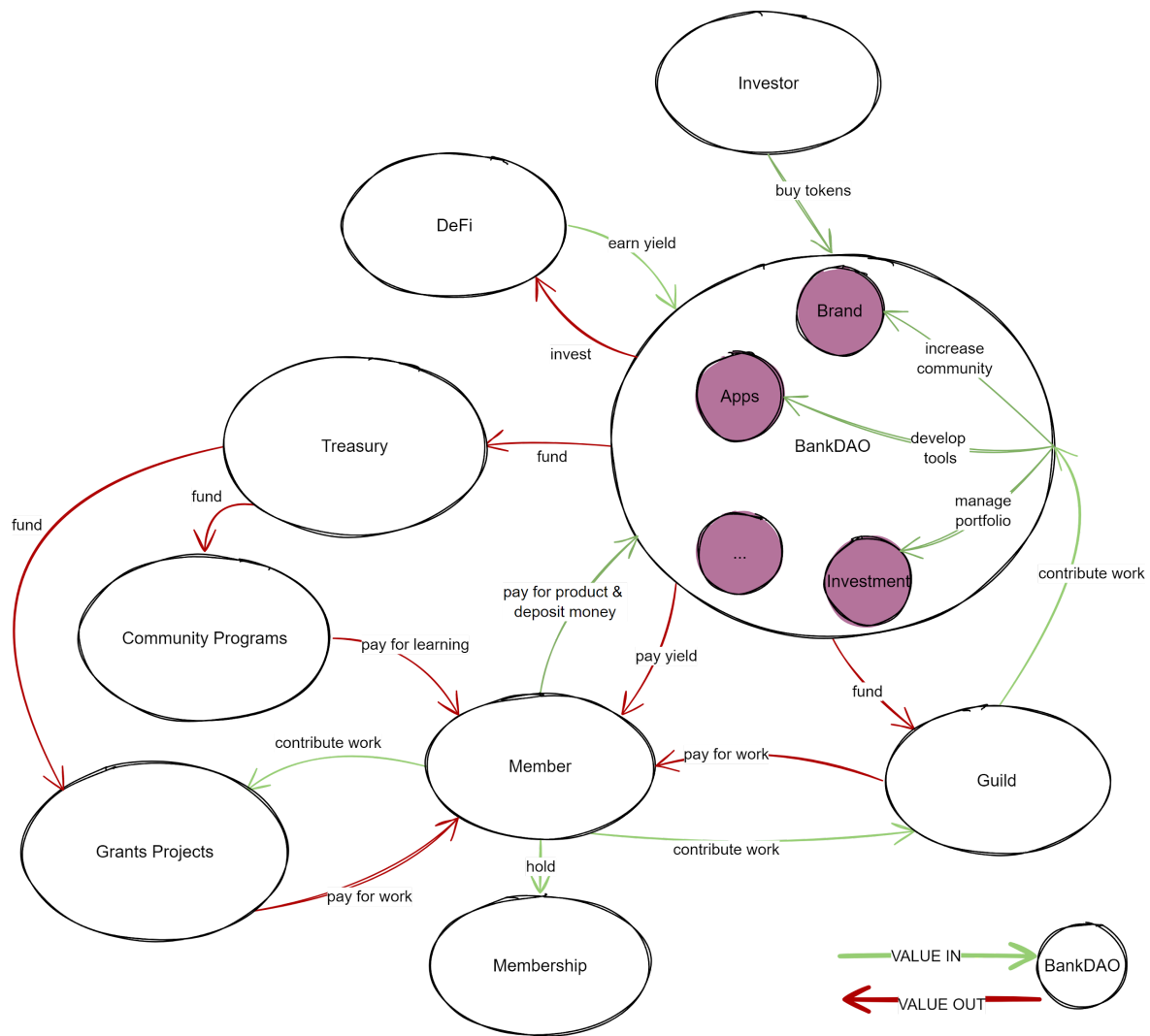
## Value Flow

The \$WEALTH has utility through the following properties:

- **Raising time:** The \$WEALTH token can be used to raise time from contributors. Rewarding them for the time spent contributing and creating content.
- **Ownership:** Members are incentivised to learn, become financially literate and advertise BankDAO through the membership concept of holding tokens.
- **Coordination:** \$WEALTH token holders will have a strong incentive - via holding tokens - to align their efforts towards achieving the goal of BankDAO.
- **Governance:** \$WEALTH token holders in combination with membership tiers, will give access (and boost) to voting in treasury and community related matters.
- **Community status:** Human psyche loves status and membership tiers are thus a powerful tool to reward members for collecting and holding a certain amount of tokens. The special perks for higher ranked members could be further fleshed out with NFT profile pictures and other priority/special treatment.

Value within the BankDAO community is likely to flow in the following way. The diagram below shows BankDAO inflow in green and outflow in red ([full screen version here](#)).





A few further observations on value flow:

1. Membership could lead to interesting dynamics in which members will bring in others to join the community, start saving, learning and potentially even contributing by teaching or other means.
2. Membership will therefore act as a sink for token supply. It is crucial to not only focus on new members but also on retaining long term members to ensure token supply stays locked within member holdings. A long term incentive model might be useful (e.g., delayed reward payouts - payout or increase yield the following year).
  - a. Gro.xyz has a [voluntary vesting schedule](#) where members can lock up tokens and receive rewards, the longer the lockup.
  - b. A similar model could be applied here
3. The treasury will receive 50% of the genesis supply and by that will be responsible for distributing these tokens. The distribution should be aligned with the growth of the user base to not over supply the market with \$WEALTH and build trust within the community that wealth has value (here is a rough [Calculation](#) under the vesting tab).
4. The web3 ecosystem and specifically DAOs have thrived from a new style of work environment. No job application required, just showing up and doing the work has become an important part of many DAOs. BankDAO should utilise this willingness of

the web3 community to contribute for their own advantage (i.e., sourcing good talent). The token enables raising time and the web3 / DAO work environment ensures high quality work to be delivered. It requires a different style of thinking. Many DAOs use reputation instead of contracts. This reputation builds over time and unlocks earning opportunities. Critical tasks can be backed by incentives unlocking based on achievement or locking up of participants' funds.

5. The Treasury and its policies have a strong influence on token supply and demand. It should be considered buying back \$WEALTH to fund initiatives and/or to burn \$WEALTH with excess profits as a reward mechanism for token holders (see [value capture](#) section below).

## Value capture

The value that flows is related to how the value is captured using the \$WEALTH token. The following initiatives capture value and make the token itself valuable.

- **Value of the DAO / project:** The project has value as it educates a community of financially illiterate individuals and might lead to a network effect. If this passionate / niche community manages to attract more members the project itself will become more valuable.
  - This is about getting the flywheel going.
  - More passionate members will create better educational content.
  - Better investment services, higher yield.
  - Attract more talent to manage money.
  - Increase the revenue of the whole BankDAO system.
- **Expected value of the DAO / project:** The future of such a DAO could evolve to a large network and established brand where financially illiterate people join to get onboarded and learn.
  - Joining to seek membership - holding tokens.
  - Producing more content.
  - Deploying more capital.
  - Unknown innovations to follow - for an investor, holding tokens in a smart community, incentivised by the token is like buying a call option on the community.
- **Ownership:** Principal-agent. Turning members into owners/stakeholders will create strong marketing effects and will create a lot of value/align incentives of users. Users who hold tokens will have decision power over community and treasury making it worth holding tokens. This gives value to the token.
- **Stake for access to value / fee on value / reduced fee for holders:** Holding tokens is valuable as it unlocks certain membership benefits and discounts.

## Governance

Governance has control over treasury and community engagements. The \$WEALTH token can be used to vote on proposals handed in by the community. Here are a few ideas and best practices of how other DAOs run governance:

- Snapshot is one of the most popular on-chain voting tools, used in many DAOs. It offers a variety of voting mechanisms ([see here](#)).
  - The voting mechanisms include voting types that factor in the amount of tokens held. Implementing such an approach would make the voting boost proposed under 'Membership Tiers' obsolete since token holding would reflect a natural boost.
- There is some criticism of token based voting - mainly addressed by Vitalik in this [article](#). The main argument is that with token based voting, voting can be bought. Alternatives, however, don't seem easily available, that's why, for the time being, token based voting is likely the best option at hand. An interesting model is run by Curve finance, where a specific voting token needs to be staked, with voting power increasing over the duration of staking ([read about it here](#)).
- Best practice for governance typically are seasonal budgets, project or guild grant proposals and voting after debating them.
  - Seasonal budgets: are a concept similar to quarters. Budgets are requested/approved on a quarterly basis.
  - In order to request a budget a proposal needs to highlight the details of the request and the required funding. The proposal is typically open for everyone to debate and review. In some cases (i.e. Cosmos) proposers need to deposit a certain amount of tokens in order to submit a proposal.
  - Once reviewed the proposal is transferred to snapshot, where token holders have a certain timeframe to vote. Depending on the outcome the proposal will be funded.
- More complicated governance models like the one Aave has implemented ([details here](#)) can be set up and could support features like proposal vetoes (called guardians in Aave's case).

## Distribution and vesting

The distribution of 250M \$WEALTH is suggested in the following way:

Token Total		
250,000,000.00		
<b>Community Treasury</b>	25%	62,500,000.00
<b>Learn &amp; Earn</b>	25%	62,500,000.00
<b>Team</b>	22%	55,000,000.00
<b>Investors</b>	15%	37,500,000.00
<b>Advisors</b>	7%	17,500,000.00

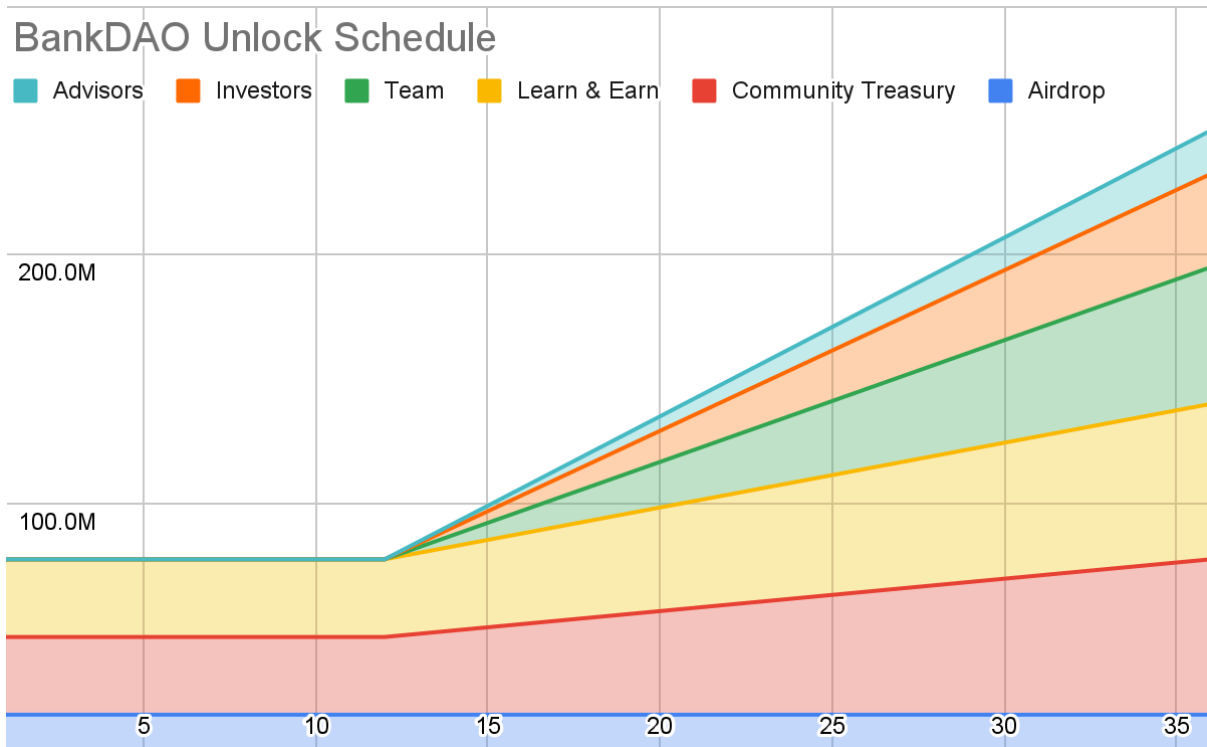
<b>Airdrops</b>	6%	15,000,000.00
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Some observation on the suggested distribution

- BankDAO Treasury and the team receive a large part of the tokens. Regardless of how tight the bond within the founding team is, the market will have access to this data and it might raise questions and suspicion without a vesting schedule.
- Releasing all tokens at once can lead to an oversupply and potential ([great read on token supply](#)) investors might not see \$WEALTH as a favourable investment.
- The distribution of tokens needs to be coupled to the growth of the community.
  - Releasing too many tokens upfront will potentially flood the market and reduce trust in the value of the \$WEALTH token.
  - Locking up too many tokens will limit the trust in the membership system as it will lock up too much value for individuals.
- The calculation below gives a rough idea of what size community would lock up how many tokens.

	<b>tokens required for member tier</b>	<b>members per tier</b>	<b>tokens held</b>	<b>percentage per tier</b>	<b>percentage / tier assumption</b>
<b>Scratch</b>	100.00	10,000.00	1,000,000.00	37.74%	45%
<b>C-Note</b>	250.00	7,000.00	1,750,000.00	26.42%	30%
<b>Stacks</b>	500.00	5,000.00	2,500,000.00	18.87%	14%
<b>Dough Holders</b>	3,000.00	3,000.00	9,000,000.00	11.32%	7%
<b>Bread</b>	10,000.00	1,000.00	10,000,000.00	3.77%	3%
<b>Green</b>	20,000.00	500.00	10,000,000.00	1.89%	1%
	<b>total members</b>	26,500.00	34,250,000.00		
	<b>members</b>	<b>tokens held based on distribution</b>			
1	2,500.00	2,250,000.00			
2	14,000.00	12,600,000.00			
3	40,000.00	36,000,000.00			
4	95,000.00	85,500,000.00			
5	235,000.00	211,500,000.00			
6	400,000.00	360,000,000.00			

Cobie, an influential writer on web3, spends a fair bit of time on vesting / unlocks. [This article](#) explains very well why unlocks are important and what type of vesting is common. Based on a common 1 year lockup for team, advisors and investors and a 2 year linear unlock, the BankDAO vesting could look as follows:



The consideration here is how quick money needs to be raised and how well the project is funded. The current model would introduce a stable number of tokens for the first year, giving the community sufficient \$WEALTH to kick off engagements but also not flood the market with tokens while the community still grows. There are some considerations on how the number of tokens match to user growth in the vesting-tab of [Calculation](#).


### Concepts worth exploring

1. Vesting and emissions schedule (see [Distribution and vesting](#)).
2. Most popular distribution approaches and trends among protocols ([read about it here](#)).
3. Platform based emission such as [what convex does](#). The release of new tokens is tied to the growth/locking of tokens in their platform and BankDAO could think of a mechanism to emit tokens based on members.
4. Pathway towards decentralisation. Many projects start centralised and then migrate/hand over more and more responsibilities to the community. Shapeshift is a popular example of how a protocol once centralised is moving towards decentralisation ([read about it here](#)).


### Docs provided

- Legal Structuring
- Token Value Accrual
- Problems in Banking
- BankDAO Tokenomics (First Draft)


## Project Scope - Tokenomics DAO

 Project Scope: BankDAO

## Questions

 BankDAO Tokenomics Litepaper: Questions

## Calculation

 calculations