

# ICOrating

PAYGINE Rating Review (<https://paygine.com/>)

ICO dates (18.06.2018 - 17.08.2018)



I C O R A T I N G

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# 1. Rating

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## **We assign Paygine a “Positive” rating.**

The Paygine project is entering a promising, dynamically growing market whose growth rates will strongly assist this project’s pace of development.

Despite increasing competition in this sector, and the use of blockchain technology by similar projects, Paygine has the potential to take a market share, as its intended strategy of purchasing banks in friendly jurisdictions will ensure stable operation for the platform worldwide, and the introduction of its DLT module will speed up transaction times.

There is a consistency in the implementation of roadmap milestones and clear deadlines set during the period of project creation. The team includes specialists with experience working for Pay Engine Limited (Best2Pay), on the basis of which this platform is being created.

At the same time, this type of activity is subject to licensing and constant monitoring by regulators. The creation of such a business involves constant implementation of all regulations, requirements and standards determined by regulators, as well as a large number of conditions for obtaining various licenses. We do not consider this a risk inherent exclusively in the Paygine project but we note this as a risk for the entire sector. Investors need to understand that in this case further development of the platform’s business will be possible only after passing licensing (regulatory risk).

We should also point out that growth in the price of PGC tokens is limited to the pricing model on the platform, and therefore this model eliminates any risk of the PGC token market price falling below \$1 in the long term. At the same time, it is the case that growth in number of users on the platform will not cause a comparable increase in the price of the PGC token.

All of the above, together with the analysis of the market conducted, the competitive environment, and the risks associated with the project’s nature and scope, give us every reason to assign this rating to the project.

## 2. General Information about the Project and ICO

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Paygine is a decentralized blockchain financial platform that intends to offer solutions for the FinTech and crypto market based on its experience with [Best2Pay](#) and a proprietary IT platform.

Clients of the platform will include FinTech companies, online stores and platform aggregators. The system will take into account the peculiarities of particular regions and integrate all the components necessary for providing full-value services for participants using cryptocurrency and in the FinTech industry in general.

The total number of tokens produced is 151,750,000. There is no additional emission. All unsold tokens will be reserved for future use on the Paygine platform.

[Website](#)

[Whitepaper](#)

**Smart contract platform:** Ethereum

**Contract type:** ERC-20

**Token:** PGC (PaygineCoin)

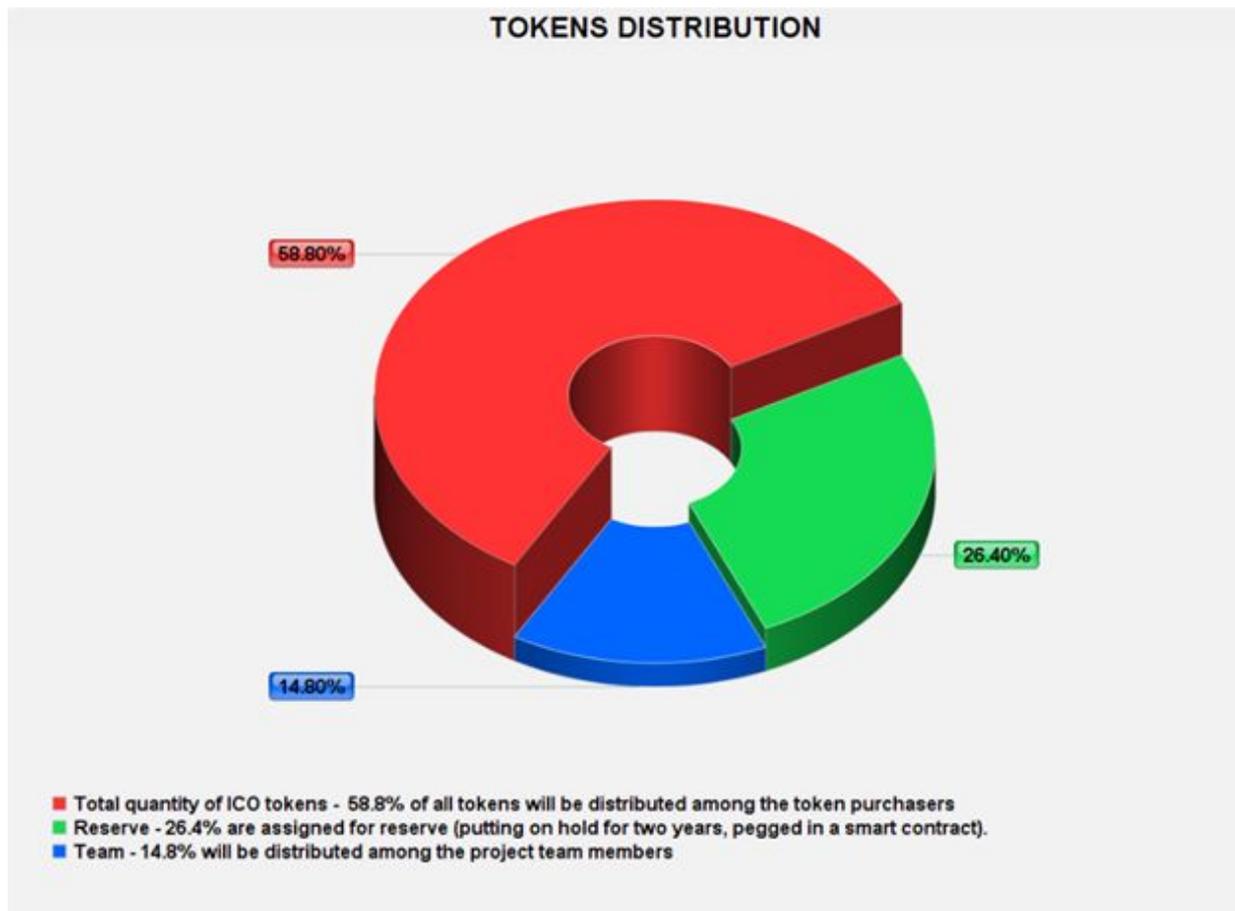
**Soft cap:** \$3,000,000

**Hard cap:** \$30,000,000

**Basic token exchange rate:** 1 PaygineCoin = 1 USD.

**Accepted currencies:** ETH, BTC, fiat currency.

The distribution of tokens issued is as follows:



Fundraising involves two phases:

**Pre-ICO:**

**Token emission – 3,000,000**

**Start date:** 27.12.2017

**End date:** 31.03.2018

**Bonus:** 40%

**Minimum transaction amount:** \$10 for non-US investors and \$100 for US investors.

**Accepted currencies:** ETH, BTC, fiat currency.

**ICO:**

**Token emission – 30,000,000**

**Start date:** 18.06.2018

**End date:** 17.08.2018

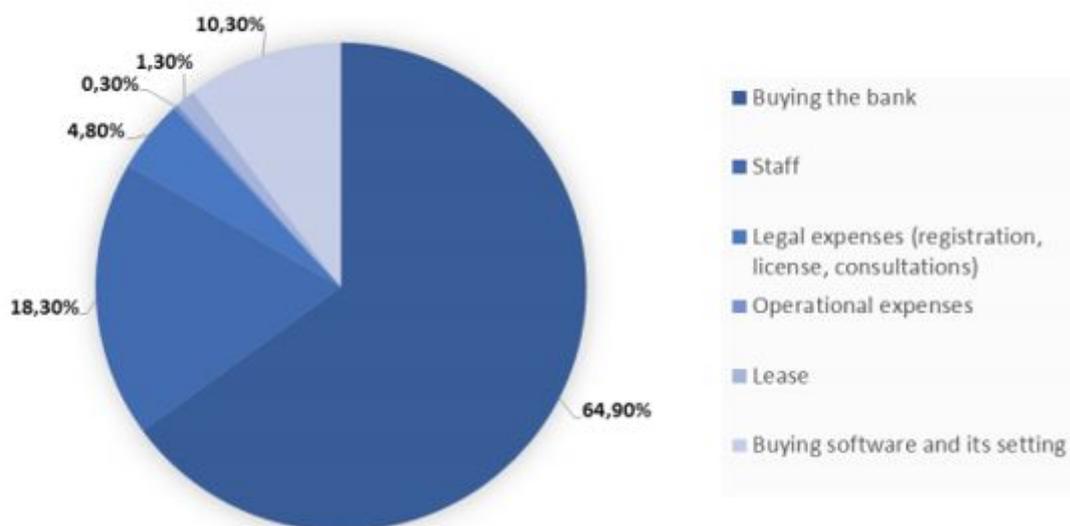
**Bonus:**

| Week                             | 1   | 2  | 3  | 4  | 5  | 6  | 7  | 8  |
|----------------------------------|---|----|----|----|----|----|----|----|
| <i>Time bonus</i>                | 30  | 25 | 20 | 15 | 10 | 5  | 0  | 0  |
| <b>Budget bonus (additional)</b> |   |    |    |    |    |    |    |    |
| 2 BTC                            | 5   | 7  | 7  | 7  | 7  | 8  | 10 | 10 |
| 3 BTC                            | 7   | 10 | 10 | 10 | 10 | 12 | 15 | 15 |
| 4+ BTC - private negotiations    |   |    |    |    |    |    |    |    |
|                                  | no more than 30% of the total amount of tokens for sale |    |    |    |    |    |    |    |

**Accepted currencies:** ETH, BTC, fiat currency.

Funds raised during the token sale will be distributed as follows:

## Scheme of the funds distribution



### 3. Description of the Project Services

Paygine is a financial platform created to unite the crypto and traditional payment instruments markets, based on Best2Pay’s technologies. Paygine is focused on servicing businesses. To scale the platform, Paygine’s developers are planning to purchase small banks, upgrading them to provide full services to companies working with cryptocurrencies. All company services will be based on the white label principle.

Paygine aims its products at companies that provide services to their own customers rather than individuals directly. Thus, the company's clients will be peer-to-peer aggregator platforms, services for creating wallets and crypto wallets, international money transfer systems based on cryptocurrency, online shops (services), exchanges and exchangers, FinTech companies and insurance companies.

A set of prospective services available to platform clients is presented below:

|                    | Platform clients                  |   |   |                                   |                          |                   |                     |
|--------------------|-----------------------------------|---|---|-----------------------------------|--------------------------|-------------------|---------------------|
| Available services | Peer-to-peer platform aggregators | Services for the creation of wallets and crypto wallets | Systems of international money transfers on the basis of Cryptocurrency | Internet shops, Internet services | Exchanges and exchangers | FinTech companies | Insurance companies |
| Online acquisition | V                                 | V   | V   | V                                 | V                        | V                 | -                   |
| E-invoicing        | V                                 | -   | -   | V                                 | -                        | V                 | V                   |

|   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|
| <i>International and domestic transfers from card to card</i> | V | V | V | - | - | V | - |
| <i>Payments to cards in different countries</i>               | V | V | V | - | V | V | - |
| <i>Peer2Peer service for individuals</i>                      | V | - | - | - | - | - | - |
| <i>Account management for individuals</i>                     | V | V | V | - | V | V | - |
| <i>KYC</i>  | V | V | V | - | V | V | - |
| <i>(E-wallet</i>  | V | V | - | - | - | V | - |
| <i>Issue of cards</i>   | V | V | V | - | - | V | - |
| <i>Money transfer services</i>                                | V | - | V | - | - | - | V |
| <i>Replenishment and withdrawal</i>                           | V | V | V | - | V | V | - |
| <i>Exchange of fiat and cryptocurrency</i>                    | - | V | V | V | V | V | V |
| <i>Processing of crypto payment for enterprises</i>           | - | V | - | V | - | - | - |

|   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|
| <i>Trade in cryptocurrency</i>  | - | V | V | - | V | V | - |
| <i>Ensuring «the first and last mile»</i>   | - | - | V | - | - | - | - |
| <i>Maintenance of individual merchants</i>  | - | - | - | V | - | - | - |
| <i>Transfers of funds from a card to an account / repayment of loans / direct debit</i> | - | - | - | - | - | V | - |
| <i>Scoring</i>  | - | - | - | - | - | - | V |

All platform services will be presented via a single open API. Due to this, Paygine's clients have an opportunity to customize service parameters for individuals (customers of their own platforms) and also offer them within their own interfaces without redirecting their customers to third-party services.

The platform's development is divided into 3 stages, depending on the amount of funds raised. The implementation of stages depending on level of investment can occur in parallel. DLT technology will also be implemented in stages as platform services evolve.

Thus, the Paygine open financial platform is focused on helping businesses use cryptocurrency in everyday life. At the same time, Paygine intends to ensure stable worldwide operation of its platform via the purchase of banks in jurisdictions suitable for cryptocurrency operations. The implementation of the Paygine DLT module will reduce transaction time and costs, optimize processes and secure interaction for platform participants.

## 4. Market Review

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### Market analysis

The formation and development of the modern banking system began in the late middle ages, in the middle of the 17th century. Initially, banks were highly specialized due to distrust from wide sections of the population. The prerequisite for the emergence of banks was the emergence of savings, the need for reliable storage, as well as the need for an emerging capitalist economy and international trade in additional financial resources.

Since 2008, digital currency in the form of Bitcoin has entered the game. This was facilitated by a decline in the level of citizens' trust in the banking system and the rapid development of digital technologies. Over the past 10 years, the crypto industry itself has undergone great changes and most are now aware of cryptocurrency, blockchain technologies or crypto start-ups.

In 2016, [Facebook IQ](#) published a document entitled [«Millennials + money: The unfiltered journey»](#), according to which the absolute majority (about 92%) of young people distrusts the existing banking system; 68% are convinced that banks do not understand their needs. Thus, the existing banking system is inefficient, outdated and does not correspond to modern realities. More than 45% of the young generation demonstrates readiness for transition from the traditional banking system to alternative FinTech solutions.

[Another report](#) provided by **McKinsey & Company** speaks of the growing influence of blockchain technology on the financial (and other) spheres. According to this information, blockchain technology will significantly change a number of areas (mainly banking and insurance) while success will be evident in the next 3-5 years. The period from 2009 to 2016 McKinsey calls the "Middle Ages". According to McKinsey & Co. a new era of blockchain began in 2016.

The company also identified seven of the most promising areas:

- Cross-border B2B payments
- Cross-border P2P payments
- International trade transactions
- REPO transactions, where blockchain can significantly reduce transaction costs
- Derivative financial instruments
- KYC / AML

- Countering personal data fraud

It is logical that with the growing demand for and supply of cryptocurrency, a service is needed that will link currency exchange, payments, investment services, deposits and lending, as well as legal and technical support for projects in one place. Paygine is planning to do all this.

Thus the potential market for Paygine is voluminous and its development will undoubtedly depend on the popularity and penetration of cryptocurrency into the world financial system, but it will also be able to function as an innovative financial platform.

## Competitive analysis

According to a [Forbes-article](#), investment in FinTech start-ups exceeded \$27.4 bln in 2017, which is 18% more than in 2016. In the US, FinTech start-ups compete with the local banking sector. FinTech transforms the financial market and changes consumer behaviour. This industry offers more and more solutions intended for businesses - banks, investment companies, hedge funds, other start-ups etc.

Given the growing influence of digitalization, regulators support the growing FinTech market. In particular, the European PSD2 (Payment Service Directive) opens access via API, and the British OBS (Open Banking Standard) in addition to payments provides FinTech companies with access to full financial information about bank clientele.

In view of the aforementioned decrease in the level of confidence in classical banking systems, the development of the mobile internet and smartphones (almost all key services are now of course available as applications) and the rapid development of cryptocurrencies and blockchain platforms, FinTech banks are actively entering the market. People born in the early 2000s are on the threshold of adulthood; they cannot imagine life without the internet and a smartphone, as they are accustomed to solve all problems with the help of modern technologies.

There are many relevant FinTech companies with market presence. Let us consider some of them:

[Fidor](#) - an online bank with a license, founded in 2009 in Germany; it works with various trading platforms for exchanging cryptocurrency such as bitcoin.de and Kraken. In addition to standard banking services, it offers deposit services with insurance in €100,000s, loyalty and bonus programs, savings bonds, a smart community (the ability to ask any financial and other questions and receive answers from specialists, receiving bonuses for both questions and answers). Members of the community can offer new functions or products. Crowdfunding campaigns can be

organized within the community. Each customer has a smart account, which is an open system and supports about 25 functions including deposit, storage and transfer of money. All of these exist due to the bank's API: classic payments, mobile transfers, e-mail, Twitter account, savings certificates, one click microloans, currency exchange, purchase of precious metals, peer-to-peer transfer of money, social brokerage (copying of other brokers' strategies) - all are available within the same account. Brokertainment is also offered; for example, a customer can bet money on the rate for Bitcoin decreasing within the next hour. Another member of the community can respond to his bid, saying that at this time Bitcoin will actually grow. There is an facility to buy gaming currency. The bank has its own app store.

[Worldcore](#) - a licensed bank. The project has received several European awards. It consists of a digital ecosystem for trading blockchain assets, P2P loans and international payments for remittances; cashback is available. Face and voice recognition (FaceKey and VoiceKey) is used.

[Polybius](#) - this project raised more than \$31 mln during its ICO. "The project is based on the idea of rethinking the concept of a classic bank using the most modern technologies, including blockchain and artificial intelligence" according to the Polybius blog.

In summary, the number of crypto banks has increased over the past year. Several companies are conducting their ICOs at the time of writing (for example [Forty Seven Bank](#), [European Crypto Bank](#) and others). Paygine has the following notable advantages:

- The project has a solid team of professionals who have rich experience in international finance, e-commerce and acquisitions. The team is also advised by international consultants.
- The team already has a working project, Best2Pay - a leading Russian e-commerce gateway.
- The founders state that two banks will be acquired at the initial stage - in the European (Switzerland) and Caribbean regions.
- All services presented on the platform will function according to the white label principle, which will enable clients to develop products under their own brands without entering into competition, whilst Paygine deals with legal problems and the implementation of basic services.
- According to information provided by the founders, Paygine will provide its clients with a financial and legal "umbrella" operating in full accordance with AML / Compliance and KYC standards, which will ensure control and transparency of operations within the framework of the platform.

## 5. Team

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The Paygine team consists of 27 people; key positions in the company are occupied by:

[Kirill Radchenko. CEO and co-founder.](#)

General Director of Pay Engine Limited (Best2Pay) since 2012. Best2Pay is a provider of online payment aggregation services. Previously, he worked for SEB Bank as head of the business development division for over 5 years.

[Mikhail Luposhtyan. Senior Vice President and Co-founder.](#)

Mikhail was General Manager of Pay Engine Limited (UK) from 2012 to 2017. Previously, he worked in international container shipping. He was general director of a customs broker and deputy director of a branch of a steamship company.

[Rania Luposhtyan. Director of Finance and Co-founder.](#)

Co-owner of Pay Engine Limited (Best2Pay) since 2011. Previously, Rania worked for ABN AMRO Bank N.V. and Renaissance Credit; she was responsible for the management, implementation, development and support for lending, customer service and regional development.

[Maxim Neshcheret. Director of Business Development.](#)

Currently Maxim is Regional Manager (APAC) of CMA Small Systems AB. CMA is a leading provider of system solutions for companies operating in financial markets. Maxim has worked for this company from 2004 to the present. He has also held various positions from project manager and head of the support and implementation department to regional manager.

[Alexander Petrov. Technical Director.](#)

Alexander has worked as card technology director and card processing director at Promsvyazbank since 2014. Previously he worked for Raiffeisenbank as head of the bank card division and head of card processing for more than 10 years.

[Vitaly Furmanov. Senior Vice President.](#)

Vitaly Furmanov is co-founder of Pay Engine Limited (Best2Pay) and CEO of Smart Impulse Ltd. He worked as CEO of Eldorado Services Ltd. more than 11 years.

[Michail Vehorev. Senior Software Engineer.](#)

Michail Vehorev has worked for Best2Pay as Senior Software Engineer for more than 5 years. Previously, he worked as Java developer at SPIIRAS OOGIS research lab for more than 3 years. He is the main programmer and blockchain architect for Paygine.

The Paygine team also includes 7 advisors: Gary J Ross, [Arina Shulga](#), [Azat Nugumanov](#), [Anastasia Klimenko](#), [Djibril Diallo](#), [Byanmunkh Volodya](#), [Salah Abci](#). We consider the project's principal advisors below.

[Arina Shulga. Advisor.](#)

Arina Shulga founded the Shulga law firm more than 7 years ago. Shulga specializes in the representation of entrepreneurs' interests, start-ups and growing businesses in the field of corporate law, securities, online operations and employment. Previously she worked as consultant to Cleary Gottlieb Steen & Hamilton LLP for more than 7 years. Arina advised the company on the preparation and completion of periodic reporting for the Commission on Security and Exchange of Securities.

[Azat Nougumanov. Advisor.](#)

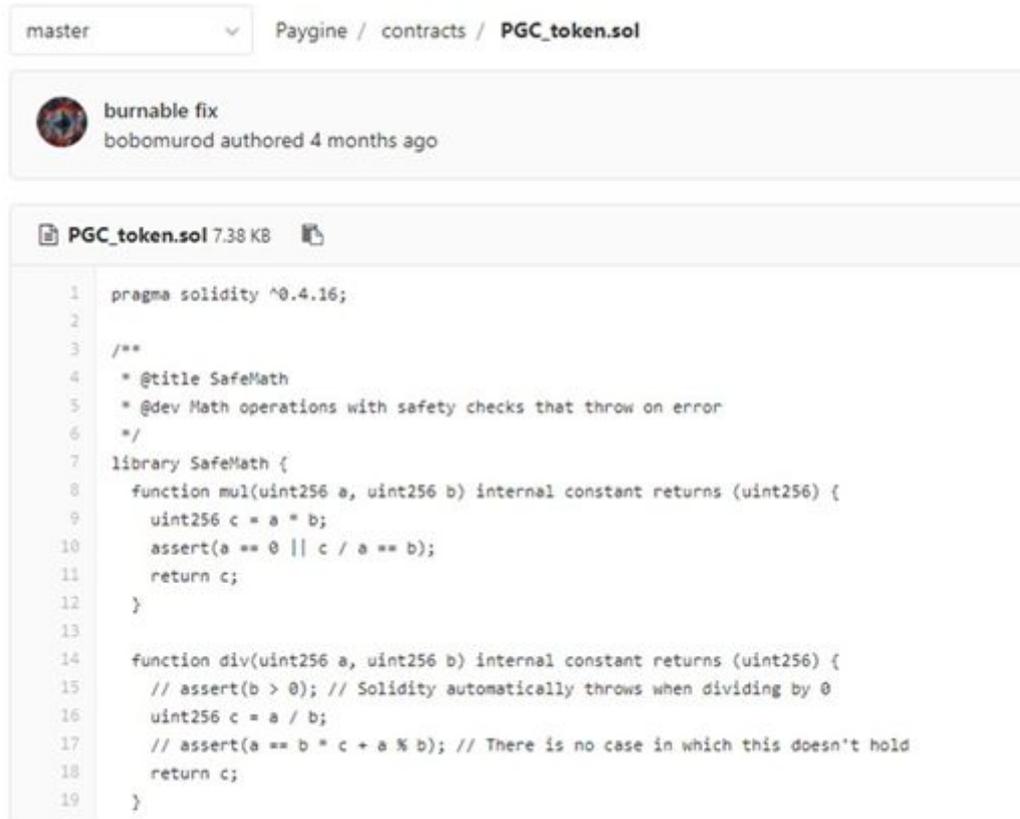
Azat is a current partner in the RBM Advisory Group. He was the director of Morgan Stanley Wealth Management from 2015 to 2016. Previously he was in charge of business development for the Moscow branch of BNY Mellon's global investment company holding the position of vice-president.

Thus the team has relevant experience, as well as experience in running Pay Engine Ltd. (Best2Pay). The team boasts specialists in the banking sector and we note the legal experience of its advisors, especially regarding advising transactions overseen by the Securities and Exchange Commission including IPOs and ICOs.

## 6. Project tokens

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[GitHub](#) hosts the project's smart contract repository.



The screenshot shows a GitHub repository interface. At the top, there is a dropdown menu set to 'master' and a breadcrumb path: 'Paygine / contracts / PGC\_token.sol'. Below this, a commit summary is displayed: 'burnable fix' by 'bobomurod' authored 4 months ago. The main content is a code viewer for the file 'PGC\_token.sol' (7.38 KB). The code is Solidity and defines a 'SafeMath' library with two functions: 'mul' and 'div'. The 'mul' function takes two uint256 values and returns their product, with an assertion that the result is not zero. The 'div' function takes two uint256 values and returns their quotient, with assertions that the divisor is not zero and that the result is an integer.

```
1  pragma solidity ^0.4.16;
2
3  /**
4   * @title SafeMath
5   * @dev Math operations with safety checks that throw on error
6   */
7  library SafeMath {
8      function mul(uint256 a, uint256 b) internal constant returns (uint256) {
9          uint256 c = a * b;
10         assert(a != 0 || c / a == b);
11         return c;
12     }
13
14     function div(uint256 a, uint256 b) internal constant returns (uint256) {
15         // assert(b > 0); // Solidity automatically throws when dividing by 0
16         uint256 c = a / b;
17         // assert(a == b * c + a % b); // There is no case in which this doesn't hold
18         return c;
19     }
20 }
```

Token name - PaygineCoin

Symbol - PGC

PGC token is an ERC20-standard Ethereum blockchain utility token performing an infrastructure function on the platform.

PGC token uses include:

- PGC token is used by legal entities (platform customers) as payment for use of the platform's services.
- PGC token is used by private individuals as payment for goods and use of the platform services.
- Payment is possible both using PGC and fiat currency. Paygine provides a 10% to 30% discount for its customers (legal entities) and individuals when using PGC tokens as means of payment.

- PGC tokens will be used as technical currency, providing international money transfers based on the Paygine platform.

The main rule of the platform is that the project always accepts tokens to pay for services at a fixed token price equal to \$1. This will remain unchanged, regardless of the market value of tokens on exchanges (it is a stable coin).

In our opinion, the use of PGC tokens on the platform is justified. PGC token is a convenient and safe means of payment. In addition, the PGC token should be a popular means of payment for goods and services due to the discounts provided and as 1 PGC Token = \$1 is integral to the economy of the Paygine platform.

## 7. Analysis of Factors Affecting Future Value of the Token

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One determining factor affecting the growth of value of PGC tokens is the number of customers on the platform. The main clients for Paygine will be companies with their own customer base, not individuals. But all clients both legal and physical (clients of companies) have an opportunity to pay for services with PGC tokens. Thus when Paygine attracts one active customer paying for services with PGC tokens, it automatically acquires the entire clientele of the company in the form of potential holders of tokens. The more interested token holders, the higher the liquidity, stability and price closer to \$1, taking into account the available discounts.

The number of companies choosing the platform will increase as new services are introduced. Thus, a set of services will be available right after the pre-ICO, which will enable Paygine to start providing services to their first customers in the European market. Short term demand for PGC tokens can be expected, as well as the transition of some of the clients of the current project's business.

The platform's development is divided into 3 stages - access to the European, USA and Asian markets. Implementation of the first stage will take up to 14 months; the second and third will take up to 2 years due to long-term licensing. Obviously, when entering such large markets the Paygine project will be scaled and the number of potential active token holders could increase significantly in the long term.

The PGC token has a fixed rate of 1 PGC = \$1 for transactions on the Paygine platform. Depending on the ratio of the exchange value of PGC Token and \$1, a customer chooses whether to pay for services provided by the platform in fiat or in tokens. If PGC's market value is more than \$1, clearly it will be more profitable for the customer to pay in fiat.

According to the founders, the liquidity of the Paygine token with increasing Token demand will be limited by two factors: Paygine itself that will act as a guarantor of Tokens demand in the market and investors who will use the buy and hold strategy, expecting significant increase in the volume of Paygine transactions with their counterparties. In the view of the founders, these factors will limit Token velocity and as a consequence, with the increasing size of the "economy", (based on the following formula:  $MV = PQ$  where M is the cost of money supply, V is velocity, P is the average price level of the PGC Token economy, Q is the number of services provided) PGC Token price will increase either.

Among the existing prerequisites of decreasing exchange price of PGC Token, we note that the team Tokens (14.8% of total emissions) will be unlocked in 2 years. More accurate unlocking parameters are unknown. However, this is a significant amount that will increase supply of PGC Tokens in the market.

## 8. Investment Risk Analysis

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We consider the following factors to be risks for the Paygine project:

To implement the first stage of the RoadMap (entering the European market), the team needs to choose a financial institution as a European partner and to integrate with it. According to the White Paper, the management team intends to start providing services to its first European clients immediately after the completion of the ICO. However, the company has not yet found a European business partner and negotiations are still being conducted with several banks and financial institutions in Europe and Asia. Under the present circumstances, the start of the implementation of the first stage of the RoadMap may be postponed indefinitely.

According to information provided on the project's website, funds received during the Pre-ICO and the ICO itself will be stored in a diversified portfolio of BTC, ETH and USD which, considering high volatility, keeps the exchange rate risk of such a portfolio at a sufficiently high level without taking into account the ratio of BTC, ETH and USD in the portfolio.

We did not find any other significant risks potentially having a negative impact on the attractiveness of the Paygine project.

The information contained in the document is for informational purposes only. The views expressed in this document are solely personal stance of the ICOrating Team, based on data from open access and information that developers provided to the team through Skype, email or other means of communication.

Our goal is to increase the transparency and reliability of the young ICO market and to minimize the risk of fraud.

We appreciate feedback with constructive comments, suggestions and ideas on how to make the analysis more comprehensive and informative.