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## **Whitepaper**

April 2024

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## INTRODUCTION

In the 1800s, a shoe company sent two salesmen to Africa to determine the market potential of their products. One salesman was sent to the East Coast of Africa, while the other salesman was sent to the West Coast of Africa. Both the salesmen completed a basic survey of the target market and reported back to the office. The salesman sent to the East Coast of Africa reported: "No one here wears any shoes, there is no market for us here!". The other salesman sent a message "No one here wears any shoes, there is a huge market for us, send inventory fast!".

TapSwap is a global on-chain mobile money network serving emerging markets. Our goal is to take market share within the growing >\$900 BN dollar mobile money market by promoting digital asset ownership through self-custodial banking practices with our exchange product and C2B merchant payments. Just like the salesman sent to the West Coast, we envision a vast landscape for ownership, a continent ready to embrace the future. We are not just a crypto exchange; we are a gateway to financial empowerment and community building in the African crypto space. We're here to simplify crypto access and payments, educate our users, and build a secure and inclusive future in digital assets. With your support, we are well positioned to deliver on this vision.

## MARKET: KENYA FIRST, THEN AFRICA

In Kenya alone centralized mobile phone and wallet transactions account for 87% of the country's GDP yet none of that volume is being processed by crypto rails. There is a great opportunity to fuse Africa's mobile money boom with access to crypto, currently an underserved market. Kenya with a population of just over 50 million has >32 million mobile money subscriptions.

## Growth in Africa in 2023





### West Africa

Live services	68	
Registered accounts	356 m	+23%
Active (30-day) accounts	84 m	+19%
Transaction volume	19 bn	+40%
Transaction value (\$)	347 bn	+40%

### North Africa

Live services	13	
Registered accounts	20 m	+17%
Active (30-day) accounts	2 m	+54%
Transaction volume	150 m	+44%
Transaction value (\$)	7 bn	+48%

### Central Africa

Live services	20	
Registered accounts	83 m	+19%
Active (30-day) accounts	28 m	+18%
Transaction volume	5 bn	+25%
Transaction value (\$)	72 bn	+19%

### Southern Africa

Live services	15	
Registered accounts	23 m	+19%
Active (30-day) accounts	5 m	+7%
Transaction volume	592 m	+10%
Transaction value (\$)	6 bn	+2%

### East Africa

Live services	53	
Registered accounts	372 m	+16%
Active (30-day) accounts	118 m	+7%
Transaction volume	38 bn	+23%
Transaction value (\$)	488 bn	-2%

Source: GSMA

Kenya is ranked 3<sup>rd</sup> globally in trading volume on peer-to-peer (P2P) platforms and 21<sup>st</sup> in global crypto adoption<sup>1</sup>. More and more unemployed youth aged 18 – 28 are turning to alternative income generating avenues pushing the demand for crypto locally. It is estimated that >4.5 million people in Kenya which is approximately 8.5% of the total population owned cryptocurrencies as of June 2023.

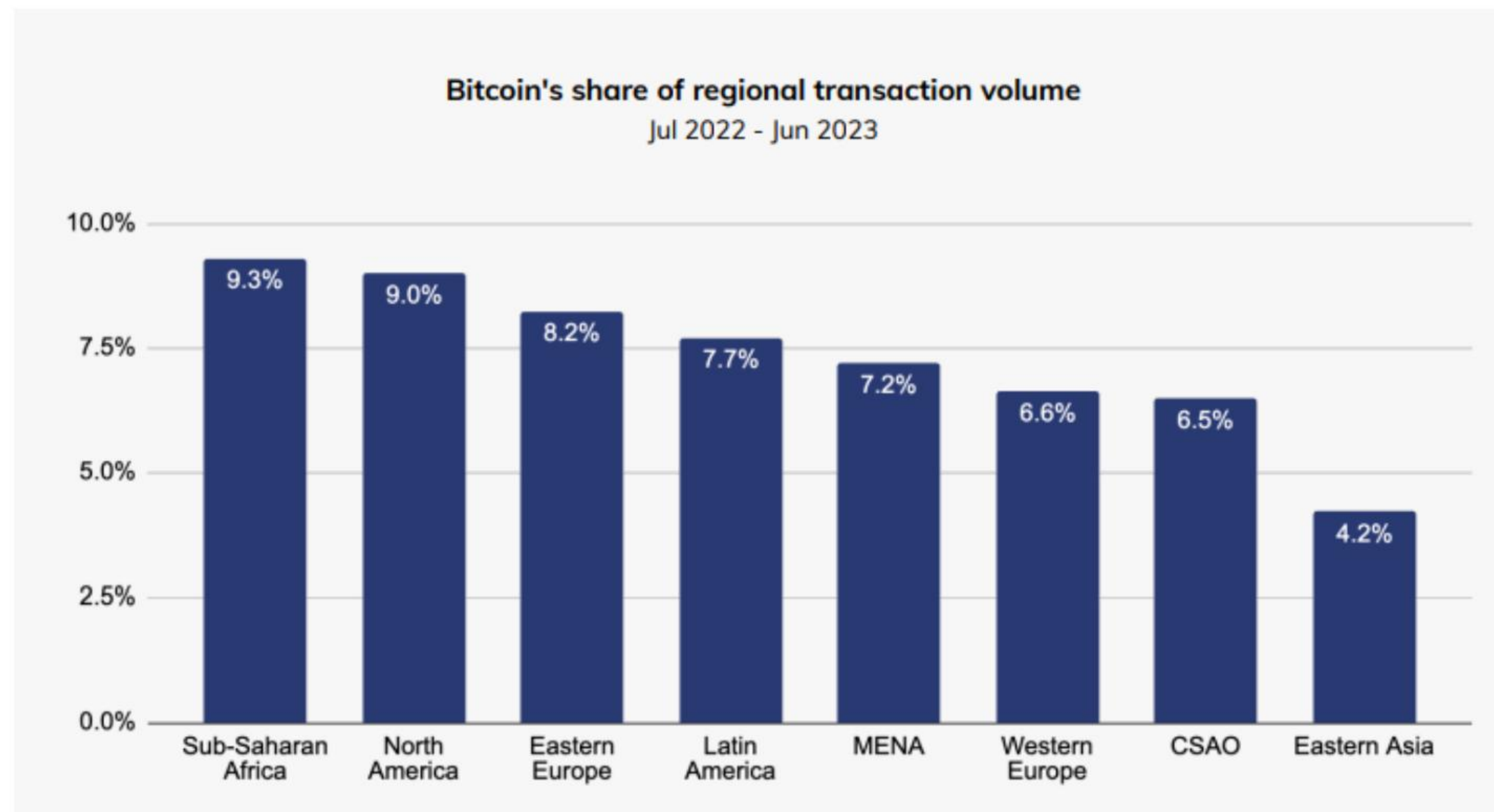
Africa has a large appetite for crypto boasting 3 of the top 10 countries (Kenya, Nigeria, and South Africa) holding Bitcoin as a percentage of GDP. In no region is Bitcoin more dominant than Sub-Saharan Africa, where it makes up a bigger share of transaction volume than in any other region<sup>2</sup>. The main drivers for this appetite for Bitcoin as well as stablecoins is the region's rise in inflation, debt and currency devaluations which make cryptocurrency an attractive means of storing value, preserving savings, and attaining greater financial freedom. In addition, the availability of relatively few financial

<sup>1</sup> <https://go.chainalysis.com/geography-of-cryptocurrency-2023.html>

<sup>2</sup> <https://go.chainalysis.com/geography-of-cryptocurrency-2023.html>



opportunities has made cryptocurrencies a viable option. Sub-Saharan Africa is the fastest growing crypto market with limited supply options providing a solid business case coupled with an impressive projected ROI.



Source: Chainalysis

A number of African nations are making notable advancements in regulatory frameworks to integrate cryptocurrency:

- Kenya has submitted a legislative proposal to regulate digital assets, known as "The Capital Markets (Amendment) Legislative Proposal of 2023<sup>3</sup>," which has passed its initial reading.
- Kenya implemented digital asset taxation in September 2023.
- Kenya is currently in the process of establishing a regulatory framework for Virtual Asset Service Providers (VASPs)<sup>4</sup>.

## PROBLEM

Few and complicated, on and off-ramp platforms in the African market cause high barriers to access & difficulty of use for most non crypto native consumers yet sub-Saharan Africa is one of the fastest growing crypto regions globally. Peer-to-peer exchanges currently dominate the space with fiat to crypto exchanges being much smaller now. We believe that fiat to crypto exchanges will be much bigger as they serve as the in-road for majority of people onboarding into the crypto economy.

<sup>3</sup> <https://www.kaplanstratton.com/wp-content/uploads/2023/06/Capital-Markets-Amendment-Bill.pdf>

<sup>4</sup> <https://www.sasra.go.ke/2023/11/20/communique-of-the-14th-retreat-of-the-joint-financial-sector-regulators-forum/>



P2P platforms suffer from a number of problems:

- Too difficult to use: Largely only accessible to more sophisticated users who have the technology and know-how for participating on crypto platforms.
- Long customer journeys which take hours into days to complete a trade.
- Traders are exposed to bad actors with easy access to deep crypto markets.
- Millions of dollars are lost without any form of customer protection parameters in place.
- Lack of good educational channels around crypto and exchanges.
- Cannot accelerate crypto accessibility to masses given transaction lag times resulting in no real scalable in-road from fiat to crypto.

## TAPSWAP BETA

We launched our Beta in Q3 2023 in the Kenyan market on web and android platforms with +2,000 users' despite near zero marketing dollars allowing users to buy Bitcoin in under 3 minutes. This phase of the product is limited to only Bitcoin allowing for limited deposit amounts and limited withdrawal amounts per user that are accessed via secure APIs by in-country mobile money applications.

[Beta Demo](#)

We have chosen to commence operations in Kenya initially due to our extensive understanding of the local market and its dynamics. Being based in Kenya provides us with a strategic advantage to appeal to Kenyan customers and expand our reach to other African markets. Leveraging our regional expertise, we aim to implement targeted rewards programs to enhance customer engagement and retention.

## TAPSWAP EXCHANGE

Having launched a Bitcoin only Beta, we are now upgrading to a fully-fledged spot crypto exchange with merchant payment capabilities. Our exchange is already under development and is scheduled to launch in early Q3 of 2024.

### Beta vs Exchange

	Beta	Exchange
Swapping	Kenya Shillings into Bitcoin only and vice versa.	Various local African currencies to a variety of cryptocurrencies and vice versa. Initial focus will be on major cryptocurrencies. More will be added based on credibility, user base and liquidity.



Deposits	Kenya Shillings via mobile money only. No on-chain deposits.	Various local African currencies via airtime, mobile money, card and bank transfer. On-chain deposits for crypto into TapSwap wallets.
Withdrawals	Kenya Shillings via mobile money only	Various local African currencies via airtime, mobile money and bank transfer. On-chain withdrawals for crypto to external crypto wallets.
Crypto Transfers	Not available.	Send and receive crypto in and out of your TapSwap wallets on various blockchains.
Staking	Not available.	Earn rewards (similar to a savings account) by holding onto certain crypto over a period of time. The crypto is committed towards supporting a blockchain network and confirmation of transactions.
Launchpad	Not available.	Host and support token sales for innovative projects looking to raise funds.
Payments	Not available	APIs to enable crypto capabilities for merchants to accept crypto payments.
Learning Center	Not available.	Build the biggest online education repository for blockchain and crypto. Earn learning points redeemable for the TapSwap token by participating in our learning center by completing tasks such as quizzes and sharing tutorials.
Multilingual Support	Not available.	Available 24/7 in all markets where we will have a presence.

Leaderboards	Not available.	Learning center and profitability leader boards available with monthly, quarterly and annual rewards to top performers.
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## Airtime Funding Option

In our beta stage, our only integration was mobile money in Kenya. While we have expanded funding choices for our exchange to include mobile money outside of Kenya, bank cards and transfers, we anticipate that airtime funding will be a transformative catalyst in our offering.

ATM machines	+4 million
Crypto wallets	+75 million
Bank accounts	+1 billion
Payment cards	+2 billion
Smartphones	+6 billion
Pre-paid sim cards	+8 billion

Source: GSMA

Many people in Africa, particularly the unbanked 40% in sub-Saharan regions struggle with digital currency access due to scarce on and off-ramp solutions. TapSwap creates a risk-free and seamless marketplace where users can on-ramp airtime into crypto as well as off-ramp crypto into airtime.

## Revenue Model

Centralized exchanges and fiat onramps have a clear path to revenue and profitability and we plan on implementing the following revenue sources while balancing value accrual to both the token and equity.

- Exchange fees: When trading on the platform, it will cost both sellers and buyers a small amount of their trading cryptocurrency as trading fee.
- Funding & FX fees: TapSwap will charge deposit fees on all mobile money deposits and airtime on-ramps, along with withdrawal fees on crypto and bank transfers. FX fees on local currency swaps to stablecoins.
- Listing fees: TapSwap will carefully curate a selection of innovative tokens and other assets for inclusion on the exchange, give our users more variety in what they can invest in. African focused projects will receive a 50% discount.



- Token sales: TapSwap will select innovative projects for its Launchpad in return receiving a percentage of funds raised while allowing our users more variety in what they can invest in. African focused projects will receive a 50% discount.
- Staking services: TapSwap will take a small portion of interest earned from users who participate in our staking services.
- Merchant fees: TapSwap will charge merchants a small fee to process crypto payments via our APIs.

## MARKETING DEVELOPMENT

- Our core value is user-centric: Prioritizing user experience and satisfaction in all aspects. Making web3 adoption easy for people who are new to the space. Initially we will focus on the local market expertise and user-friendly aspect of the platform, gradually amplifying the innovative features and security as the brand becomes more established.
- Positioning strategy: Distinguish ourselves as the most user friendly crypto exchange in the region, by putting an emphasis on education of blockchain basics, university campus tours, tangible benefits and customer support.
- Paid media strategy: Drive brand visibility and user acquisition by targeting potential users interested in cryptocurrency trading and investment. Generate leads and conversions through strategically placed ads that direct traffic to the TapSwap platform.
- On ground activations: Point of market entry activations across the region in major cities and towns with university campus tours, malls, community groups, business groups and finance trading groups. A similar strategy ran by WorldCoin in July 2023 across Kenya saw 350,000 registrations representing 25% of all global registrations<sup>5</sup>.
- Online education courses: Launch an online education course within the TapSwap exchange. This learning resources will be in relation to blockchain, cryptocurrencies, how to conduct market analysis, basic chart analysis as well as advanced concepts. We already have 70+ articles and over 800+ quiz questions being integrated to the platform. Our goal is to be the biggest online repository for blockchain and cryptocurrency educational material.
- Learn and Earn: Earn learning points redeemable for the TapSwap token by participating in educational resources and completing quizzes or watching tutorials and sharing. The earned tokens will also allow for gamifying features within the platform like avatars as well as redeemed to unlock new features such as joining an ambassador program where you can get money for people signing up.

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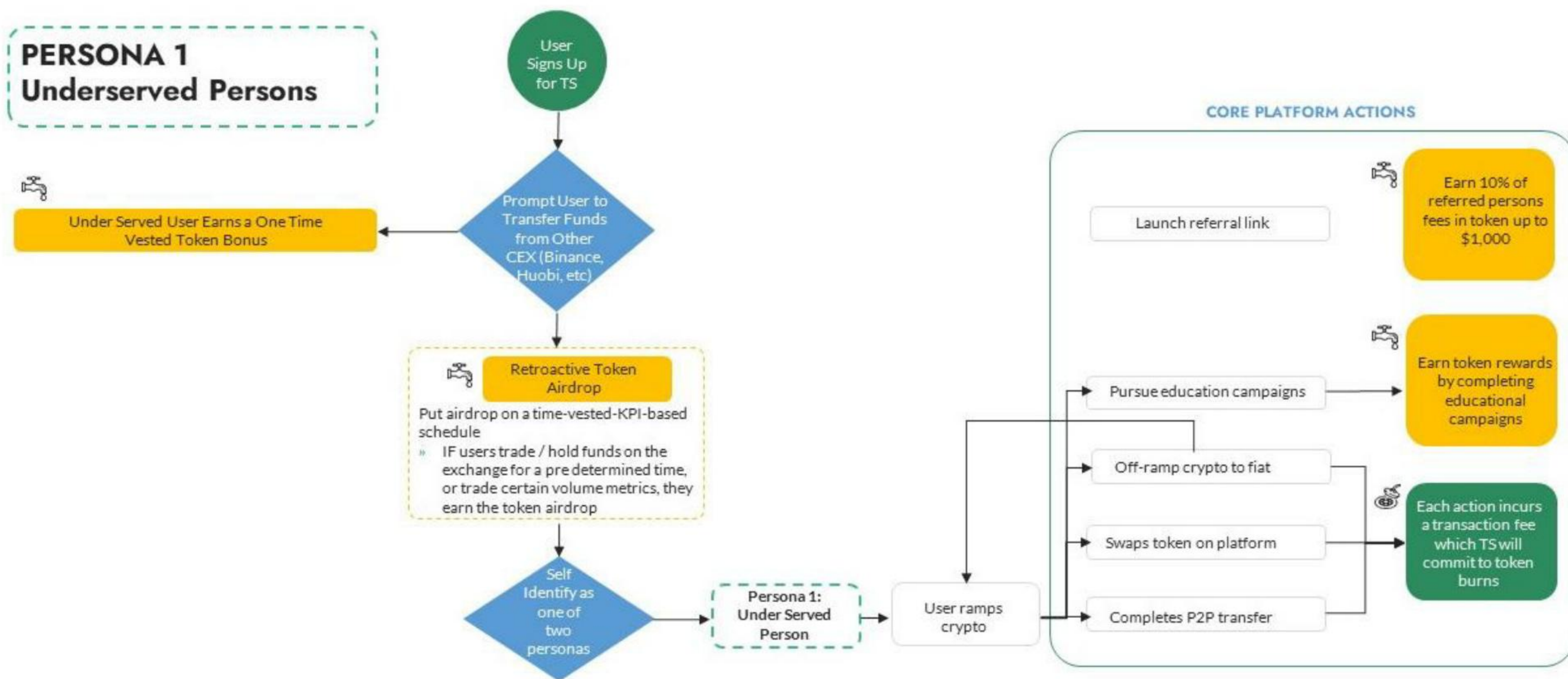
<sup>5</sup> <https://www.citizen.digital/news/over-350000-kenyans-sign-up-for-worldcoin-one-week-of-launch-n324661>



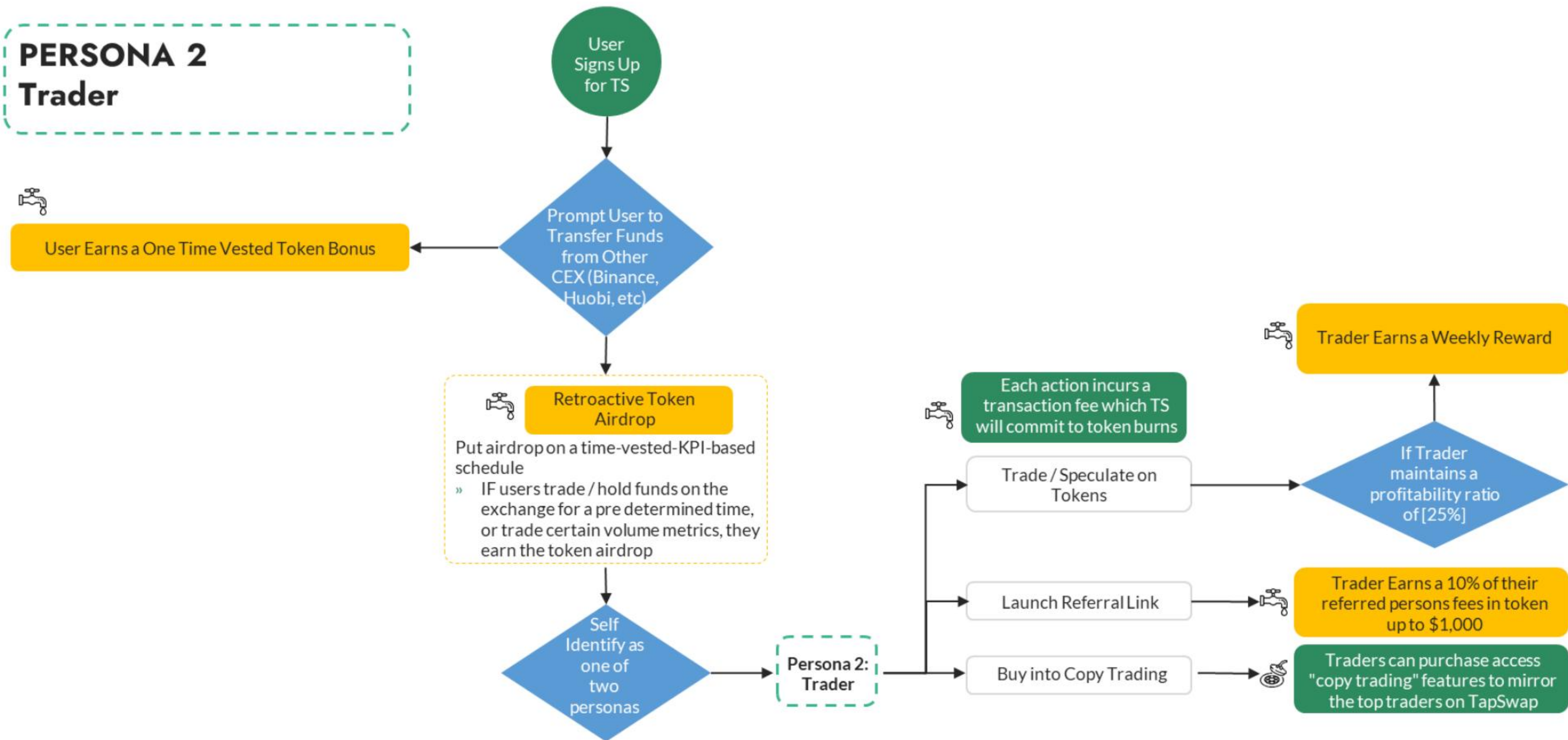
- Refer and Earn: Earn referral points redeemable for crypto when you refer a new user and they make a deposit on the platform.
- Profitability points: We have a points system that users can only acquire by making profitable trades on the platform, this points will be shown on a user's account and leaderboard as concrete proof of how good of a trader or investor they are. There will be monthly, quarterly, and annual rewards for top performers.
- Merchant tools: Businesses will instantly expand their customer base, unlock lower fees and less transaction times with enhanced security leveraging on blockchain technology for customer payments.

## TAPSWAP TOKEN (TAPS)

The TapSwap token is uniquely positioned to capture value from user growth on the platform. The below loops highlight both interaction points on the product and token.







You can use TAPS for any fees on our platform but not limited to

- Exchange fees
- Withdrawal fees
- Listing fees
- Merchant rebates
- Any other fees

In addition, you can earn TapSwap token through our learn and earn and/or refer and earn programs.

## Transfers, Swaps and on-ramps drive deflationary pressure on TAPS

### 1. Token Burn & Buyback

Every swap, on ramp & transaction will incur a fee that TapSwap will capture and redistribute among the equity and token at variable exchange rates that will change over time as the ecosystem matures. We plan to implement quarterly buyback and burns of the token based on pre-defined profitability metrics.

### 2. Referral Programs

We are building a robust weighted referral program in order to drive network effects and reward our early users that bring on high quality market participants.

### 3. Trader Centric Tools & Features



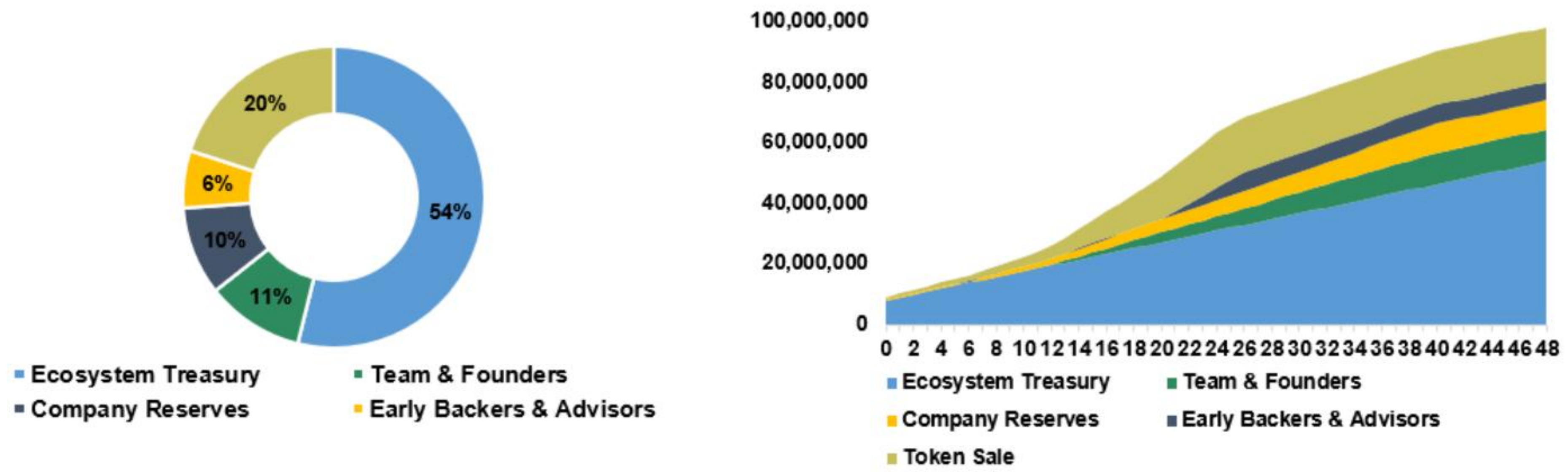
We are building robust and gamified trader-centric tools that will focus on healthy behaviors and the ability to “socially trade” with others, sport betting and other prediction markets.

#### 4. Tokenomics & Allocation

TapSwap has a total token supply of 100,000,000 (TAPS) tokens, providing a substantial foundation for ecosystem scalability and liquidity.

*Note: Final allocations are in draft form and subject to change.*

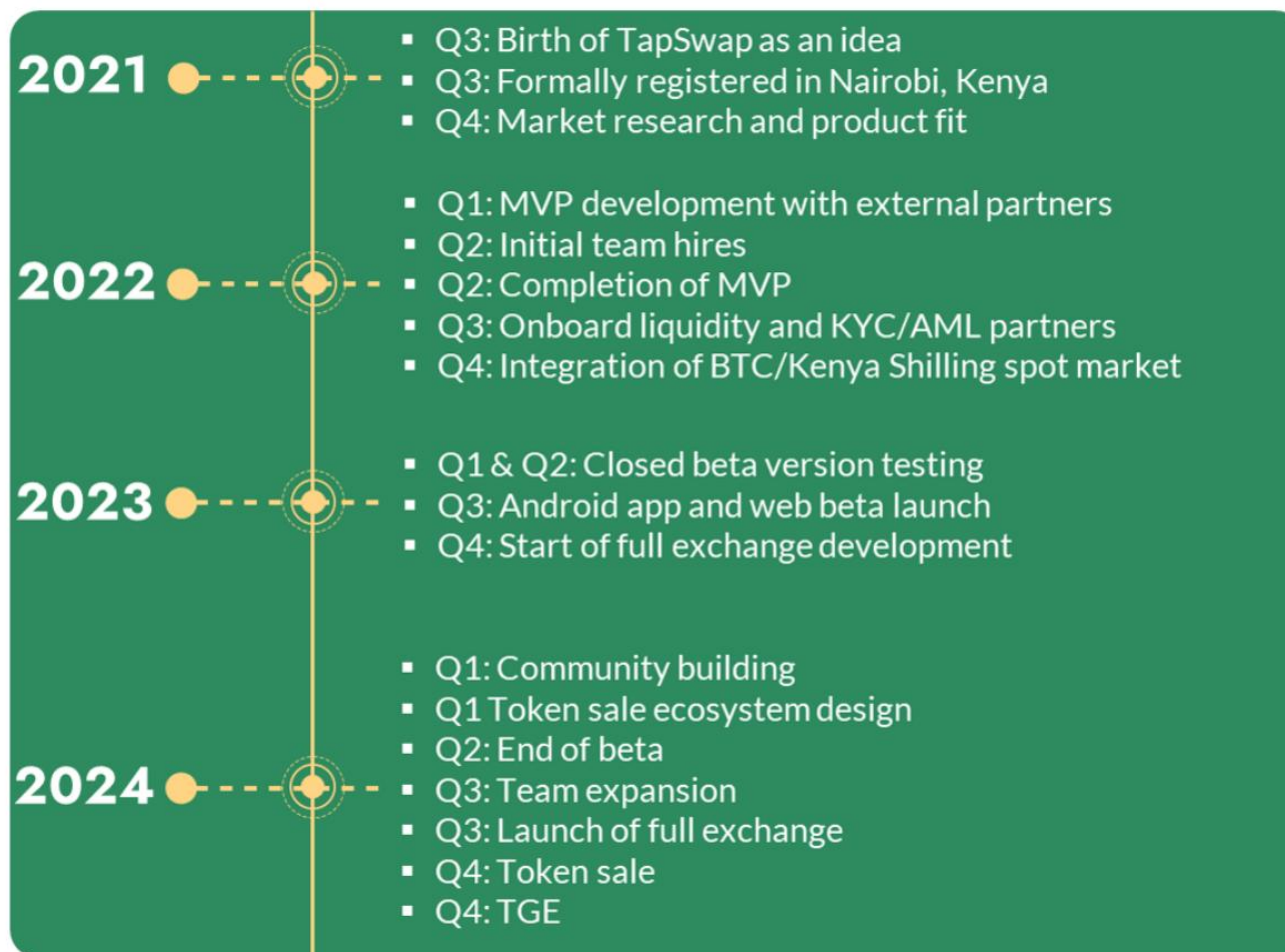
#### 5. Fully Diluted Tokens & Vesting Schedule



A carefully structured vesting schedule is in place, ranging from immediate releases to up to 48 months. This ensures long-term commitment from stakeholders and gradual market introduction of the tokens.



# ROADMAP



## Feature rollout

We plan to launch the platform in approximately the following sequence.

- Spot trading
- Staking
- Launchpad
- Payments
- Institutional clients



## RISK & RISK MANAGEMENT

TapSwap is exposed to various risk which we acknowledge. We place various measures in place to mitigate these risks so as to safeguard client funds and maintain integrity to capital markets. Some of the daily practices we carry out include but are not limited to:

<b>Practice</b>	<b>Mitigation</b>	<b>Risk</b>
Segregation	Maintain all client funds in segregated bank accounts	Regulatory and fraud risk
Reconciliation	Daily account client reconciliation: Segregate accounts vs traded assets	Regulatory and fraud risk
Indemnification	Client indemnification of loss caused by system malfunction	Operational risk
Education	Provide continuous education on product use but no advisory services	Market risk
Partnerships	World class asset price providers, client verification and ongoing monitoring	AML/CFT and liquidity risk
Settlements	A guaranteed settlement partner in TapSwap with adequate reserves	Counterparty and liquidity risk

Other mitigated risks which we have robust policies in place include: Cyber security and Data protection.



## **TAPSWAP LEGAL**

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