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AFRICA

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Breaking
it down
Blockchain,
Decentralised
Finance

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THE XEND
FINANCE
CROSS-CHAIN
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COMPOUND INTEREST

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CO-FOUNDER, XEND FINANCE

UGOCHUKWU
ARONU

Crypto 101:
Getting straight to the point





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Fearless

This was a last-minute shot taken post-kayaking, a rowing experience that underscored four main entrepreneurial lessons for me:

1. Do it afraid: Despite being a strong swimmer, and wearing a life jacket, my heart was in my mouth as my rowing partner and I descended into that confined space, and were pushed out to sea.

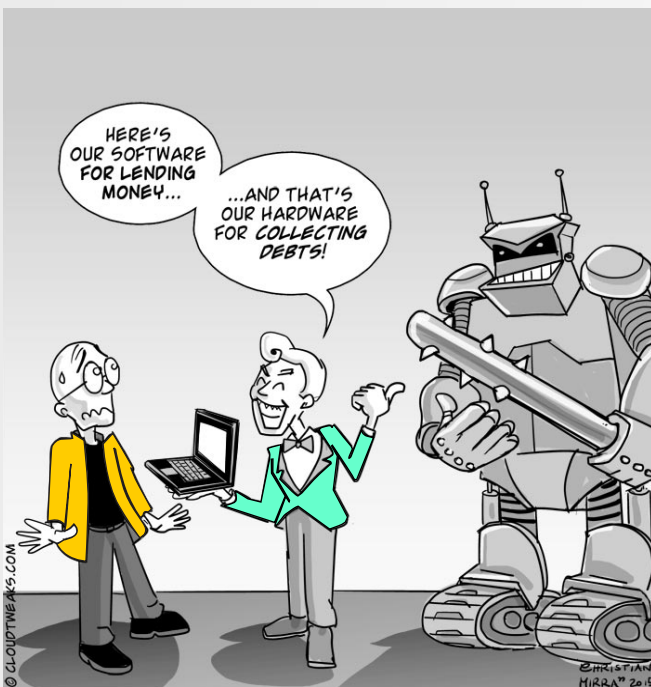
2. Collaboration gets results + when you fall, get right back up: As we paddled and rowed at cross purposes, we hit a cement wall. It required stopping, quickly analysing, and re-strategising TOGETHER to row in harmony. This got us out of trouble, and successfully back on course.

3. In times of turbulence, sit still and ponder for a bit. No knee jerk reactions: Our thoroughly experienced kayak coach clearly advised that when hit by waves, we were to stop rowing, sit still, and ride it out before resuming paddling.

4. Take advantage of the experience of a mentor, coach, advisor: Our coach taught us how to grasp the paddle, how and at what angle to thrust it into the water, how to row backwards, forwards or just on one side – in order to move in four different directions. Every little detail counts when navigating the treacherous waters of business. It pays to be guided by more experienced people, and then execute strategies the right way, and at the right time.

Now, I was inspired by our interviewee, **Ugochukwu Aronu**, to re-iterate Lesson 1 above - be fearless! 'Ugo' answered our readers' questions (about **cryptocurrency**) with relish, speed and confidence. When asked what seemed to be really trivial questions, Mr. Aronu painstakingly delivered. No waffling. We hope you enjoy his **Crypto 101 Q&A** across the following pages.

Anne Nguzi
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Co-Founders, Xend Finance: Ugochukwu Aronu (L), Chima Abafor (R)

Crypto 101

As rising inflation and recession make the future of global markets uncertain, there seems to be more pain in store for economies around the world. But, in comes the rather convincing co-Founders of Xend Finance, Ugochukwu Aronu and Chima Abafor, who promise clients up to 15% interest on their investment – in an environment where returns on savings barely make the 3% mark. In our chat with 'Ugo', he does three really interesting things:

- Breaks down the concepts of cryptocurrency, blockchain and Decentralised Finance (De-fi), which enable Xend offer a more inclusive population wider options for saving, lending and investing – all in a secure space.
- Explains how the Xend **Cross-Chain High Yield Aggregator** and **Mobile App** make opportunities that were once only available to only the savviest **crypto** investors, accessible to just about anyone - individuals, cooperatives or credit unions – from a **mobile device**;
- Shares a simple-to-understand formula that helps anyone immediately appreciate the value (and magic) of **compound interest** - earning a return not only on your original savings or investment, but also on the accumulated interest.

Let's hear Ugo's thoughts as he attempts to tackle a major economic issue, in the simplest way possible:

Please break down the 'mysterious' concept that is crypto!

Simply put, **cryptocurrency** is a new form of digital money that everyday people can save and invest in to make good returns, or lend and borrow at reasonable rates. Its name comes from the fact that all of its transactions are highly encrypted, which makes cryptocurrency exchanges highly secure.

There are many cryptocurrencies (Bitcoin, Ethereum, LiteCoin, BitcoinCash, and so on) – with each currency varying in price, availability, demand, transaction speed, fees and the technology that supports it.

To invest (or stake) in the Xend Finance platform, what our clients would therefore do is to first exchange their **fiat currency** (this refers to the usual legal-tender money) for Xend's extraordinarily stable cryptocurrencies. Apart from earning multiple levels of interest on their savings, the benefits to our members for storing their crypto in our insured bank, include:

- Easily converting local currency to a stable cryptocurrency that is pegged to the US dollar. It means that the value of this currency is equal to one dollar, making it non-volatile, indispensable for business

transactions, and countering currency devaluation, especially in developing regions;

- Saving or staking your crypto and earning up to 15% interest! Traditional banks only reward you with about 1% – 2% annually. Your savings are insured, so you never have to worry about someone “stealing your wallet”!

While still the market leader in Nigeria, Xend Finance recently opened its global banking platform to deposits in Ghanaian Cedis and Kenyan Shillings, and more currencies are on the way.

One more thing: When cryptocurrencies become mainstream, you may be able to use them to pay for goods and services electronically, just like you do with traditional currencies.

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What technology makes cryptocurrencies different from fiat money?

It is called **Blockchain** technology, a special kind of secure database (think about a traditional ledger, which is actually the foundation of accounting and is as old as writing and money). Every Bitcoin transaction, for example, is recorded in a **blockchain** network with encrypted keys, which allows users remain anonymous, while establishing trust, accountability, and transparency. Transactions can be made with no middlemen – meaning there is no need to go through a traditional FIAT-based bank.

And Decentralised Finance (DeFi)?

Decentralised Finance basically implies a **group of financial tools** that allow anyone with Internet access to lend, borrow and bank without going through middlemen. The Xend DeFi platform has been audited several times by leading blockchain auditing firms

to ensure that our customers' savings are secure, and without any vulnerabilities to hackers. Our mission at Xend Finance has always been to bring (DeFi) opportunities to underserved regions around the world, particularly those bearing the brunt of constant currency devaluation.

How is Xend able to offer higher-than-normal returns on savings and investments?

The Xend Finance **Cross-Chain High Yield Aggregator** is the first product in the industry that automatically scans and ensures the highest yields are obtained across multiple chains.

Our Auto-Yield platform (i.e. Cross-Chain High Yield Aggregator) ensures that investors and **yield farmers** - a person that visits different 'DeFi' websites to look for the best performing yield protocol so they can earn the best interest at that time - won't have to go through different platforms in search of the best yields. It gives the highest rates in the market. The approach is that our system searches and finds the most recent and best rate in the market, finds out what approach is used to get that rate, and builds on it to beat the rate.

Within a few short months of launching the Xend mobile app, we have surpassed over 100,000 users on the platform.

Xend APY - the magic of compound interest

The Xend APY (Annual Percentage Yield) refers to the real rate of return earned on an investment, taking into account the effect of **compounding interest**.

Unlike simple interest, compounding interest ensures that you earn interest on both the original funds saved (either a savings or investment account) and on the interest accumulated. This means that as your savings or investment grows, you earn interest on a bigger and bigger amount of money.

On the Xend Finance App, the compound interest is calculated

and paid on a daily basis. For example, if the APY rate is 10% and the amount deposited is \$10,000 let's calculate the earnings below:

The formula to calculate the actual yield is given as:

$$I = P \left(1 + \frac{(R/100)}{365} \right)^{\frac{(365 \times D)}{365}} - P$$

Where: I = Interest Earned; P = Amount Deposited; R = APY Rate; D = Number of days to save.

But what does this mean in simple terms, using the parameters given above:

Day 1 interest = $(10,000 \times 0.1)/365 = \2.7397

This means that on the first day, the user will get \$2.74 paid into his / her wallet for a deposit of \$10,000. This amount will be added to calculate Day 2 interest.

Day 2 interest = $(10,002.7397 \times 0.1)/365 = \2.7405

This interest will be added to the overall to calculate Day 3 interest.

Day 3 interest = $(10,005.48 \times 0.1)/365 = \2.7412

You get the point now. At the end of the savings period, let say 365 days, the interest will be:

Day 365 interest = $10,000 \times (1 + 0.1/365)^{365} - 1 = \1051.5578

So, by compounding the interest for 365 days we get \$1051.55 in interest, instead of \$1000 at a flat rate. The benefits of compounding interest are seen over the long term.

To further reward our members, we continuously gift \$XEND tokens in recognition of those who actively save, invest and perform various operations on the network.

Questions?

Xend is happy to walk you through the crypto maze:
hello@xend.finance

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