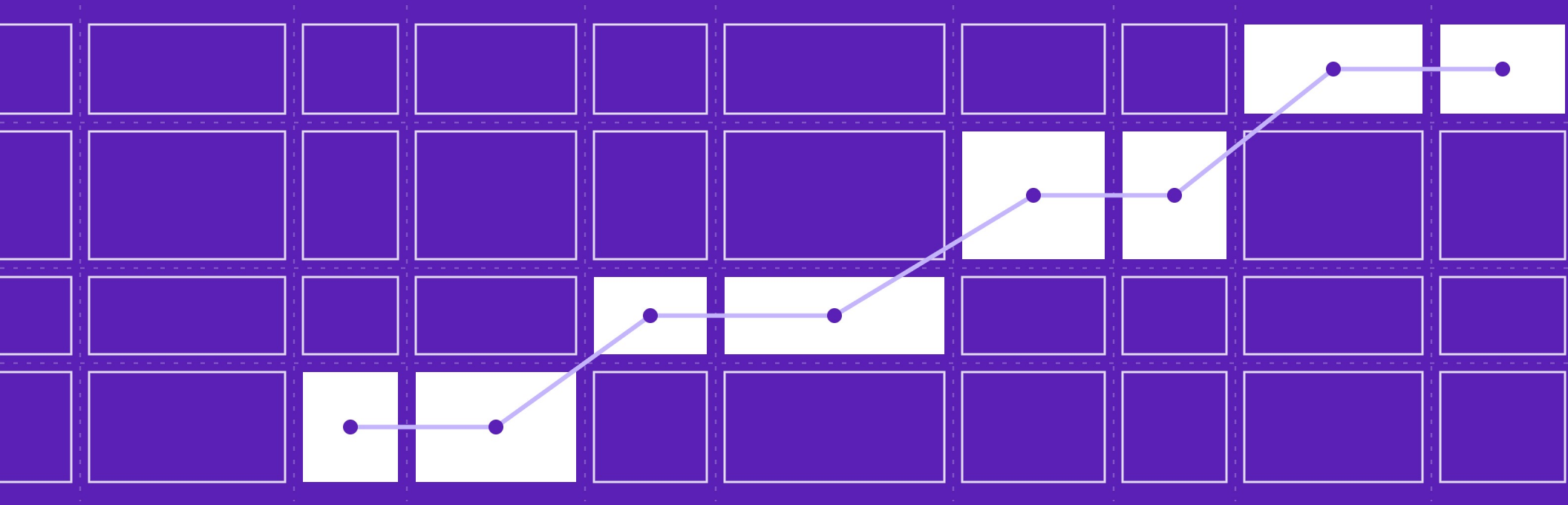
Finance-On-Chain

How does a business's today meet finance?



A series in four parts. Each part continues the one before it, and each can be read on its own.

September 2026

Where Our Gaze Turns

World

Everything made, cultivated, discovered, and exchanged across the earth.

Life

The living rhythm of human effort unfolding in the present moment.

Capital

The force that decides what begins, what endures, and what grows.

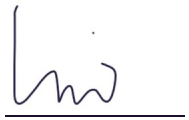
Our gaze turns toward a horizon where capital meets life at the very moment life unfolds—wherever effort begins, wherever value takes shape, and wherever human hands create.

Capital is among the strongest forces humanity has shaped. It determines which seeds are planted, which ideas cross from thought into reality, and which parts of the world expand. Yet for centuries, capital has waited for life to finish speaking before deciding whether to listen—looking for static proof while everyday work already sustains itself through its own motion. To change commerce is a modest aim; the deeper task is to change how life itself is supported as it moves. Capital belongs alongside everything that is grown, crafted, taught, and lived on this earth, whatever its scale and wherever it stands.

A chain makes this meeting possible, and its worth is measured by a single standard: how closely it is bound to reality. A chain that speaks only to itself remains a closed circle. A chain tied to the living world carries the weight and motion of the world—creating a common ground where producers, financial institutions, markets, and public bodies can read from the same reality. Every real effort that joins it gives it substance, and that connection to reality is the only strength that endures.

In this way of seeing, vision, expression, and understanding belong in the open. Anyone may read them, question them, refine them, and carry them further. This is our Open World perspective.

World-On-Chain sets this perspective down in four parts. This third part turns to capital: how it meets the world as it lives today, and how value returns from the movement of life itself.



Muhammed Hosrev · Founder, Iventect

FINANCE-ON-CHAIN · PART THREE OF FOUR

Finance-On-Chain: Overview & Contents

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1. Reality & Transparency: Events become records as they occur, removing the opacity where hidden risk grows.

2. Frictionless & Standardized Flow: Daily revenue streams become standardized instruments accessible at any scale.

3. Flow-Aligned & Rule-Bound: Repayment moves with the natural pace of work under open rules, preserving independence.

4. Shared Ecosystem: Businesses, banks, markets, payment rails, and public bodies connect to the same verified sequence.

WHAT THIS DOCUMENT IS ABOUT

How does a business's today meet finance?

Every day, businesses sustain most of their work through the cash, advances, and surpluses their own activity generates. When agreements, deliveries, and payments are written onto an open chain as they happen, that daily work becomes a visible, standardized flow. Banks, factoring firms, exchanges, payment providers, and investors can connect to it without high intermediary costs, rigid calendar traps, or hidden risk.

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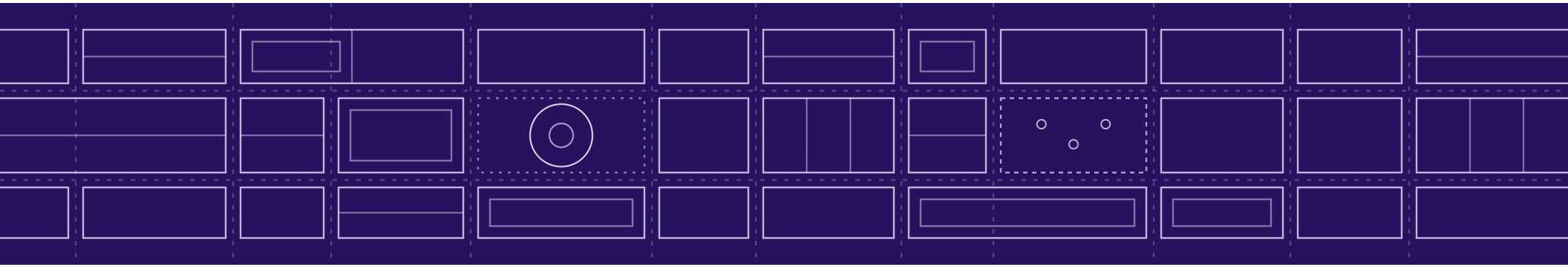
1 The city with no lights on



Imagine a city. Its streets are flawless, its buildings are new, its security systems are complete. The ownership right of every house is sharp and clear; there is not the slightest doubt about who owns what. Transferring a house from one hand to another is as easy as opening and closing a door.

Yet no one lives in these houses.

The houses are bought not to live in, but to hold. Some buy hoping the price will rise; others look for a safe place to keep their money. Because no one lives inside, no rent flows from any house. The only thing that sets the price of a house is how much the next buyer is willing to pay.

When no one lives in the houses, there is no life in the city. No one walks the streets; shops do not open. There is no production, no earnings, no trade —no wheel turning.

You might think this city was built on Mars. It was not. This city is in our world, and its name is **crypto**.

Crypto today is just like this city: its value arises not from real flows, but from supply and demand.

This picture changes when the wheel begins to turn on the chain and life comes to the city. Then the source of value shifts: from the expectation of the next buyer to the work turning inside the city.

This is a philosophy and a way of seeing: **the value of a chain is measured by how closely it is connected to reality.** Every new flow makes the chain stronger; the more closely the chain is tied to reality, the stronger and more unique it becomes.

Everything begins with a question. The way you ask the question decides how you look at the matter. Even when you ask, *"How will on-chain payment change the world?"* the horizon widens: payment becomes a movement where borders and intermediaries are redefined. When you ask, *"How does a business's today meet capital?"* the matter goes beyond payment: every flow a business produces becomes the source of its growth. This document follows the second question.

Why, then, have these flows not moved to that city until today? The answer lies in where the flows stand today, and where capital looks at them from.

2 What a business does every day

Every day, a business sustains itself through its own motion—agreeing, delivering, and collecting—yet these acts sit in separate places, leaving outside finance with only past summaries.

WHERE THE FLOWS SIT TODAY · EVERY DAY, AS IT HAPPENS

1 **Agreement**
A customer and the business agree on what will be given and at what price.
Kept in · contract and order systems

2 **Delivery**
Goods are shipped, work is done, or a service is provided.
Kept in · warehouses, carriers, and project records

3 **Payment**
The customer pays—before, at once, or after delivery.
Kept in · banks and payment points

>

WHAT FINANCE IS USUALLY SHOWN · PREPARED AFTERWARDS

A Balance Sheet
What the business owns and owes on one past date.

Statements of Past Periods
Revenue and costs of months or years already closed.

Assets That Can Be Pledged
Static property the lender can claim if the loan is not repaid.

A business is a repeating pattern of three acts. It agrees with a customer on what will be given and at what price. It delivers: it ships the goods, does the work, or provides the service. And the customer pays. Through this repeating cycle, a business generates the cash receipts, customer advances, and retained surpluses that keep its wheels turning every day.

Today each act is written down in a different place. The agreement sits in an order system, the delivery in warehouse or carrier logs, and the payment in a bank or payment rail. No single place holds the whole story, and no one outside the business can verify or connect to it without costly manual review.

Because connecting to scattered daily operations is expensive and uncertain, external finance steps back and relies on after-the-fact summaries: a balance sheet, closed period statements, and physical collateral. These records describe what was accumulated in the past, but they cannot carry the rhythm of what the business is producing right now.

A chain closes this distance. It records each act at the moment it happens, in a shared sequence that banks, payment providers, auditors, and capital markets can read with permission—turning agreement, delivery, and payment into one continuous account while the business works.

When agreement, delivery, and payment link on a chain, the resource a business generates every day becomes visible and reachable—allowing external finance to join the flow rather than stand outside it.

3 Where capital looks—and why a gap remains

The main instruments of external finance have served the economy for generations. They have become digital and faster, yet each one still begins by asking what the business has already accumulated:

Instrument	How it works	What it primarily looks at
Bank Loans	A bank lends money for a fixed term on a fixed schedule.	**Balance sheet, pledged collateral, credit history.**
Bonds	A debt instrument is sold to institutional or public investors **[1]**.	**Credit rating, audited financial statements.**
Equity Sale & IPO	Ownership shares are sold privately or listed on an exchange **[2]**.	**Valuation, past traction, audited public disclosure.**
Leasing	Equipment or property is provided for a fixed term against regular payments.	**Resale value of the asset, past statements, credit history.**
Factoring	An issued invoice is turned into cash before its due date **[3]**.	**Invoice documentation and historical standing of the debtor.**

Why Looking Backward Is Only Part of the Problem

Finance does not look at past statements out of habit alone—and businesses do not avoid external finance merely because they are turned away. Five practical barriers keep external capital and daily work apart:

1

Opacity & Verification Distance

Where live activity is not transparent, hidden risk grows—forcing lenders to wait for closed audits and past reports.

2

Transaction Cost & Scale Wall

Legal review, paperwork, and intermediary handling cost nearly as much for a small contract as for a large loan, locking out smaller flows.

3

Collection & Control Risk

Even when a lender sees a real order, it cannot be sure incoming cash will repay the debt—so it demands real estate or asset pledges instead.

4

Rigid Calendars vs. Independence

Loans demand fixed monthly payments even if deliveries shift, while equity takes permanent ownership—pushing firms to rely on their own cash.

5

Capital Lock-Up & Lack of Standard Form

Banks, funds, and exchanges cannot easily deploy capital into scattered business flows because bespoke contracts lock capital in without a standardized structure to measure risk or transfer positions.

4 What the world needs capital for

Capital is needed wherever people live, produce, and build. Across the seven universal areas of the economy below, enterprises and institutions already carry most of their daily work through the cash and surpluses their own operations generate. The published figures show both the scale of active investment and the gap where internal resources reach their limit and external capital fails to connect:

	CAPITAL GROUPS (REFERENCE CLASSIFICATION)							
Sector	Working	Equip.	Infra.	Real Est.	Human	Natural	**Size of the need, as published**	**Source**
Food & Agriculture Seed, inputs, tools, storage	●	●	·	·	·	●	A finance gap of **more than US$200 billion a year** for smallholder farmers, who produce nearly 30% of the world's food.	**ISF [8]**
Industry & Production Materials, machinery, facilities, staff	●	●	·	●	●	·	**65 million** formal businesses in developing countries have an unmet financing need of **US$5.2 trillion a year**.	**IFC [4]**
Energy & Natural Resources Power plants, grids, storage	·	●	●	·	·	●	**US$3.4 trillion** invested worldwide in 2026, of which **US$2.2 trillion** in clean energy.	**IEA [6]**
Infrastructure & Built World Roads, electricity, water, buildings	·	●	●	●	·	·	**US$94 trillion** needed worldwide by 2040 (**US$97 trillion** with UN water and electricity targets); **US$18 trillion** unfunded.	**GI Hub [7]**
Trade & Supply Chains Stock, wages, materials, transport networks	●	·	●	·	·	·	The global trade finance gap is **US$2.5 trillion a year** for goods moving between buyers and sellers.	**ADB [5]**
Health Clinics, equipment, staff, medicines	●	●	●	·	●	·	An extra **US$200 billion a year** for primary health care in low- and middle-income countries by 2030; 2 billion people face cost hardship.	**WHO [9, 10]**
Education & Services Schools, teachers, learning & service delivery	·	·	●	●	●	·	A financing gap of **US$97 billion a year** on average, 2023–2030, in 79 low- and lower-middle-income countries.	**UNESCO [11]**

The six capital groups in this table—working, equipment, infrastructure, real-estate, human, and natural capital—are the classic groups. They are written here only as a reference. A dot marks the group a need mainly falls in, as the author reads it; the figures and their sources are as published. Across every group, closing the gap depends on connecting external finance to the active flows businesses already generate within their daily work.

4 How external finance meets sector needs: three examples

When businesses turn to external finance, each sector in the table on the previous page uses a different mix of the instruments from Chapter 3, matched to the capital groups it calls for:

1. TRADE & SUPPLY CHAINS

Table need: Working & Infrastructure



45%	Bank Loans
35%	Factoring
12%	Equity Sale
8%	Bonds

Capital need & instrument: Calls for *working* and *infrastructure* capital to hold stock, pay wages, and move goods across networks. External finance comes mainly through **bank loans (45%)** and **factoring (35%)** [5], [18].

2. INDUSTRY & PRODUCTION

Table need: Working, Equip., Real Est., Human



38%	Bank Loans
27%	Leasing
20%	Bonds & Equity
15%	Factoring

Capital need & instrument: Calls for *working*, *equipment*, *real-estate*, and *human* capital. External finance is shared across **bank loans (38%)**, **leasing (27%)**, **bonds & equity (20%)**, and **factoring (15%)** [4], [17].

3. ENERGY & NATURAL RESOURCES

Table need: Equipment, Infra. & Natural



42%	Bonds
33%	Bank Loans
18%	Equity & IPO
7%	Leasing

Capital need & instrument: Calls for long-horizon *equipment*, *infrastructure*, and *natural* capital. External financing is raised through **bonds (42%)**, **bank loans (33%)**, and **equity / IPOs (18%)** [6], [7].

Yet all of these external instruments together represent only one part of how businesses actually fund their work. A far larger source sits inside the business itself.

5 Where a business's capital comes from: inside and out

Before a business ever turns to a bank, a bond market, or an outside investor, its largest source of finance is the resource it generates from its own work. Across the global economy, enterprises fund roughly two-thirds of their operations and investments from internal sources, and one-third from external finance [16], [17], [20]:

1 · TOTAL BUSINESS FINANCING MIX (GLOBAL SHARE)

Self-generated internal flow vs. all external instruments



68% INSIDE 32% OUT

65%–70% (avg. 68%)	Internal sources: operating cash flows, customer advances, retained earnings
30%–35% (avg. 32%)	External finance: bank loans, bonds, leasing, factoring, equity sales

2 · INSIDE THE INTERNAL SHARE (BY SOURCE)

Operating cash flow (58%) & in-business accumulation (42%)



58% FLOW 42% RESERVE

30%	Direct sales & service receipts (operating)
14%	Customer prepayments & advances (operating)
14%	Supplier credit & working cycle (operating)
26%	Retained earnings (in-business)
16%	Shareholder equity & cash reserves (in-business)

The Five Internal Sources—and How Each Connects to the Chain

1

Direct Sales & Service Receipts

Operating cash flow

Cash entering the business from delivered goods, completed work, or active leases, used immediately to cover wages, materials, and the next order. When recorded on-chain as payments arrive, this everyday cash stream becomes a live, verifiable record that external financing can join and expand.

2

Customer Prepayments & Progress Advances

Operating cash flow

Order deposits, advance subscriptions, and staged progress payments received before or during delivery so the customer's payment funds production. Linked on-chain to delivery milestones, these advances show both customer commitment and reliable execution.

3

Supplier Credit & Working Capital Cycle

Operating cash flow

Buying inputs on 60–90 day payment terms while collecting from buyers in 15–30 days, keeping working cash inside the business. When agreements, deliveries, and invoices connect on-chain across suppliers and buyers, trade terms move as one transparent supply chain.

4

Retained Earnings

In-business accumulation

Net profit left inside the company after operating costs, supplier bills, and taxes are paid. When the daily flows that produce those profits are already visible on-chain, lenders and markets do not have to wait for year-end statements to back the business's expansion.

5

Shareholder Equity & Cash Reserves

In-business accumulation

Capital committed by owners and cash reserves set aside for renewals or contingencies. On-chain, a business can place a small portion of these reserves as a locked first-loss share in a flow-backed instrument—unlocking outside capital while keeping full ownership.

5 How internal sources power each sector

Every sector relies on a different combination of its internal sources and the capital its shareholders provide, depending on how it produces, delivers, and collects payment. The table below shows which sources carry the heaviest weight across the seven universal sectors:

	CAPITAL	OPERATING CASH FLOW			IN-BUSINESS ACCUMULATION			
Sector	Shareholder Debt or Capital	1. Direct Sales	2. Customer Advances	3. Supplier Credit	4. Retained Earnings	5. Equity & Reserves	**Sector pattern & published share**	**Source**
Trade & Supply Chains Wholesale, retail, distribution	·	●	·	●	●	·	**35%–45%** from daily sales receipts, **25%–30%** from supplier terms and inventory turnover, and **20%–25%** from retained earnings.	WBES **[20]**, ECB **[17]**
Industry & Production Manufacturing, machinery, materials	●	●	·	·	●	●	**30%–40%** from retained earnings, **25%–35%** from ongoing sales receipts, and **over 20%** from capital reserves and owner equity.	WBES **[20]**, BACH **[21]**
Energy & Natural Resources Power generation, grids, resources	·	●	·	·	●	●	Corporate balance sheets fund ~65% of energy investment: **35%–40%** from utility/offtake cash flows and **25%–30%** from retained surpluses and reserves.	IEA **[6]**
Infrastructure & Built World Construction, civil works, housing	●	·	●	●	·	●	**30%–40%** of project outlays are funded by buyer prepayments and staged progress billing, **20%–25%** by subcontractor/material credit, and **20%+** by equity.	BACH **[21]**, WBES **[20]**
Food & Agriculture Farming, inputs, food processing	·	●	·	●	●	·	**35%–40%** from harvest and food sales receipts, **20%–25%** from seasonal seed/fertilizer trade credit, and **25%–30%** from retained farm surpluses.	ISF **[8]**, Fed **[16]**
Health Clinics, hospitals, medical supply	●	●	·	·	●	●	**40%–50%** from ongoing patient and insurer reimbursements, **25%–30%** from retained earnings, and **over 20%** from equity and R&D reserves.	WHO **[10]**, BACH **[21]**
Education & Services Schools, software, business services	·	●	●	·	●	·	**30%–45%** from upfront tuition, retainers, and advance subscriptions, **30%–35%** from recurring service billing, and **20%–25%** from retained earnings.	Fed **[16]**, ECB **[17]**

Note on the >20% threshold: A dot marks each source that accounts for more than 20% of internal and operational financing in that sector, based on enterprise survey and harmonized balance-sheet benchmarks **[6]**, **[16]**, **[17]**, **[20]**, **[21]**. The Capital column follows the equity shares in the same benchmarks; shareholder loans are not published separately.

WHERE INSIDE AND OUTSIDE MEET

External finance remains at one-third of business funding not because capital is scarce, but because traditional loans and bonds cannot easily plug into the two-thirds where businesses actually live: their sales receipts, customer advances, and trade cycles. When those internal flows move onto an open chain, banks, factoring firms, leasing companies, exchanges, and funds can connect directly to the business's own engine—without forcing rigid schedules or taking away ownership.

6 In the moment

Finance can look at the past, which is already closed, or at the future, which is only promised. A chain gives it a third place to look: the present moment, where the act and its record are one.

THE PAST

A Finished Report

Written after the event is over. It is trusted only as far as the institution that prepared it is trusted.

>

IN THE MOMENT

The Event Is the Record

An action and its record come into being together. Capital sees work and revenue as they happen, without waiting for a report.

>

THE FUTURE

An Unproven Forecast

A plan or projection on paper. No one can verify it until the work actually takes place.

The Event and Its Record Are One

Today, a transaction and its record are two separate things. First, goods are delivered or a payment is made; later, an invoice or ledger line is created to describe it. Every audit delay, intermediary fee, and reconciliation cost comes from this gap. On a chain, this separation disappears: the instant an order is confirmed or a payment moves, its record already exists in the same source for everyone with access.

The Power of Linked Records

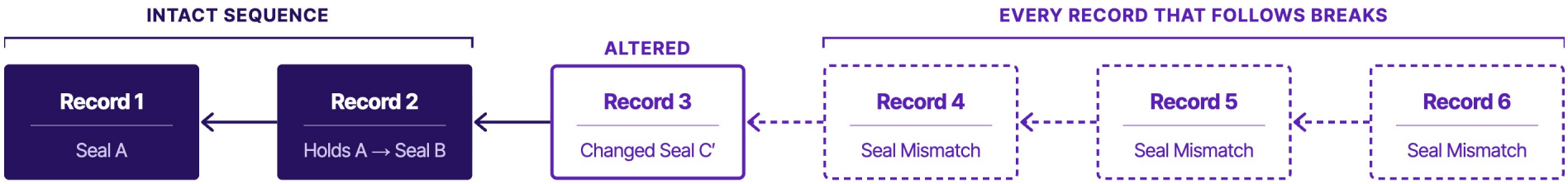
A single record shows only a single moment. When each record on a chain is linked to the ones before and after it, they form a visible flow. A flow reveals what an isolated invoice never can: whether customers return, how regularly cash receipts arrive, and whether deliveries match agreements. Each new record adds meaning to the earlier ones and gains weight from them.

Dimension	Conventional practice	On-chain reality
Transaction and record	Separated in time; recorded afterwards	**Created together in the same instant**
Settlement certainty	After bank and ledger reconciliation	**In the moment of execution** [1]
Visibility to finance	At month-end or year-end closing	**Continuous and live**
Link between events	Reconstructed later during audits	**Connected from the very start**

[1] Finality follows the terms of the agreement. Even when a step awaits customer acceptance or a delivery milestone, its live status can be followed continuously.

7 Why a chain is a chain

On a chain, each record is bound to the one before it. Change a single past record, and every record after it no longer matches—producing both unbroken integrity and shared transparency.



How the bond works: Every record holds a unique seal formed from its contents, together with the seal of the record before it **[15]**. If a single figure or date in an earlier record is changed, its seal changes, and every record that follows immediately shows the mismatch.

Integrity, Transparency, and Lower Risk

What this bond produces is integrity: a record is not only accurate on its own, but consistent with every record around it. And integrity brings a second effect just as vital to finance: shared transparency. Where transparency is absent, hidden risk accumulates—whether from double-pledged invoices, silent delays, or unverified claims. As more transactions, banks, insurers, and public registries rely on the same sequence, opacity vanishes and risk drops across the entire flow from transaction to asset.

What Cannot Pass Through a Chain Today Still Joins It

Agreements with public institutions, tax or customs settlements, and traditional bank transfers that cannot yet pass directly through a chain are not left outside. By setting up an on-chain financing instrument for that flow, the business binds those collections to the chain's sequence. Even when money moves through a conventional bank account, its record stays consistent with every other record on the chain.

1 Transaction > 2 Assurance > 3 Finance > 4 Capital > 5 Asset

8 Finance on-chain

When a business's daily flow takes place on a chain, finance reads what is happening right now—connecting external capital to the business's own engine without friction or rigid calendar traps.

Classic instruments—bank loans, bonds, leasing, and factoring—keep their place, and every institution behind them—**commercial banks, factoring companies, payment infrastructure providers, stock exchanges, funds, and public bodies**—can plug directly into the chain. Instead of relying only on past balance sheets, they read four live qualities in the flow itself:

AMOUNT

How much revenue arrives across orders and invoices.

FREQUENCY

How often payments come in—daily, weekly, or monthly.

CONTINUITY

Whether the stream continues steadily without gaps.

ORDER

How cleanly deliveries and payments follow agreements.

How Finance Connects to the Flow in Four Steps

01

Reality

Activity is recorded as it happens

Orders, deliveries, and customer payments are written to the chain at the moment they occur through existing payment and order systems.

02

Frictionless Connection

The flow is standardized

Linked records turn scattered daily work into a standardized, readable stream—removing the audit and paperwork costs that lock out smaller flows.

03

Sizing & Independence

Capital follows the flow

Banks, factoring firms, or market investors extend financing sized to the verified stream—reinforcing the business's own cash without taking ownership.

04

Flow-Aligned Repayment

Settled from the rhythm of work

Where chosen, a share of each incoming payment settles the financing as cash arrives—breathing with the business's real pace rather than a rigid calendar.[1]

[1] Automatic settlement from incoming payments is one option the chain makes possible; depending on the sector and institution, parties may also use on-chain flows for live credit monitoring, lower collateral requirements, or exchange-traded instruments. Where a flow cannot yet pass directly through a chain (such as public tenders), the business sets up a financing instrument for that flow and ties collection to it.

9 Which front ends it connects to

The chain connects to a flow at three concrete points: where the agreement is made, where delivery takes place, and where the money arrives.

A front end is the everyday system where an act of the business is first written down—an order portal, a customs or logistics system, a bank or payment gateway. Every flow passes through three moments: the agreement carries the **expected** flow, the delivery carries the **earned** flow, and the payment carries the **realized** flow. Connecting all three brings businesses, payment providers, logistics carriers, customs agencies, and banks onto one shared record.

POINT 1 · AGREEMENT

Carries the Expected Flow

FRONT ENDS
Contract management systems
Order management software
Public tender & procurement portals
Online & trade marketplaces
Subscription & billing platforms

POINT 2 · DELIVERY

Carries the Earned Flow

FRONT ENDS
Warehouse & shipping logs
Logistics & cargo tracking
Customs clearance registries
Delivery & project progress records
Service usage & access points

POINT 3 · PAYMENT

Carries the Realized Flow

FRONT ENDS
Payment points & store tills
Virtual POS & payment gateways
Commercial bank accounts
Digital wallets & payment rails
Cash-on-delivery collections

ONE RECORD, SIDE BY SIDE

EXPECTED
From the agreement when the order or contract is signed.

EARNED
From delivery when goods ship, clear customs, or work is handed over.

REALIZED
From payment when the money arrives through the payment rail or bank.

10 Financeable flows

Four questions describe any revenue flow and determine how it is standardized for financing.

QUESTION 1 Where does revenue come from?	QUESTION 2 When is payment made?	QUESTION 3 What is the flow like?	QUESTION 4 What framework does it rest on?
Product	Before delivery	One-off	Fixed term
Asset	At once	Recurring fixed	Open-ended
Service	After delivery	Recurring variable	Framework agreement
	Over time	Staged	Partial vs. delivery
		Conditional	Continuous

Everyday Examples: How the Four Answers Combine

Real-world activity	1. Revenue	2. Payment	3. Flow	4. Framework
Product Sales (Wholesale & Supply)	Product	After	Recurring variable	Framework agreement
Retail & Direct Product Sales	Product	At once	Continuous / One-off	Continuous
Rental & Equipment Leasing Income	Asset	Over time	Recurring fixed	Fixed term
Construction & Staged Production	Service / Product	After	Staged	Partial against delivery
Regular Maintenance & Service Contracts	Service	Before / Over time	Recurring fixed	Open-ended / Fixed term

LESS RECURRING, LESS PREDICTABLE — MORE RECURRING, MORE PREDICTABLE

Answering these four questions turns any bespoke activity into a standardized profile—allowing banks, funds, and exchanges to evaluate and finance it rapidly.

11 What is sold, what is offered

Every revenue arises from one of three sources: a product is sold, an asset yields a return, or a service is provided.

The first question to ask of any flow is what is given in return. A product transfers ownership, an asset stays with its owner while yielding a return, and a service carries out an activity or provides access. Because the nature of the revenue differs in each case, the document that anchors the flow on-chain differs as well:

SOURCE 1 · PRODUCT

A Product Is Sold



When a product is sold, ownership passes from seller to buyer. Revenue arises with this transfer and is completed in a single moment; the transfer is documented by the sales invoice.

REVENUE

Transfer of ownership

ANCHORING DOCUMENT

Sales invoice

SOURCE 2 · ASSET

An Asset Yields a Return



The owner of an asset keeps ownership and receives its return. Money lent earns interest, shares earn dividends, property or equipment let out earns rent, and a right granted for use earns licence fees, royalties, or franchise fees.

REVENUE

Interest, dividends, trading gains, rent, licence fees, royalties

ANCHORING DOCUMENT

Bank statement, contract, rent invoice, licence invoice

SOURCE 3 · SERVICE

A Service Is Provided



In a service, ownership does not change hands; an activity is carried out, or access or assurance is provided. Subscriptions and tickets pay for access, usage fees for use, progress payments for completed work, and premiums for assurance.

REVENUE

Subscriptions, tickets, usage fees, progress payments, commissions, premiums

ANCHORING DOCUMENT

Service invoice, progress statement, commission invoice, insurance policy

The source of the revenue determines which document the flow is tied to—and how its continuity is read on-chain.

12 When does value return?

Value returns to the business as payment at one of four times in relation to delivery. The timing of payment shapes how far the business's own cash cycle reaches and what form of external financing it calls for:

1. BEFORE DELIVERY



e.g. Subscriptions, insurance, tickets, pre-orders, advance rent.

Customer prepayments fund work upfront while the obligation to deliver remains in place.

2. AT ONCE



e.g. Supermarket, retail store, restaurant, cash on delivery.

Direct sales receipts arrive immediately; financing supports stock velocity and new capacity.

3. AFTER DELIVERY



e.g. Sale on credit, project delivery, staged progress payments.

The business delivers first and waits; financing bridges the gap without stalling production.

4. OVER TIME



e.g. Property rent, equipment leasing, interest, long-term maintenance.

Value returns in regular instalments spread across an agreed multi-period term.

In traditional finance, bridging the distance between delivery and payment often subjects the business to rigid calendar schedules or heavy collateral requirements. On-chain, factoring firms, commercial banks, leasing companies, and bond markets can align repayment directly with the timing of the flow:

Where capital is needed in the cycle	Financial instruments used	Published scale & role in the economy
A delivered order, payment still to come	Factoring and invoice finance	**€3,781 billion** of factoring turnover worldwide in 2023 (preliminary), 68% of it in Europe [18].
Goods crossing a border before payment	Trade finance & letters of credit	A global trade finance gap of **US$2.5 trillion**, unchanged from 2023 [5].
Stock held and running costs paid before cash arrives	Working capital loans, lines of credit, trade credit	US small employer firms: **38%** applied for a loan or line of credit; **17%** for trade credit; **56%** sought financing to meet operating expenses [16].
Investment in machinery, vehicles, and working stock	Term bank loans, equipment leasing, credit lines	Euro-area enterprises' purpose of financing: **40%** for inventories and working capital, **37%** for fixed investment in machinery and facilities [17].
Long-term facilities, infrastructure, and expansion	Corporate bonds, syndicated loans, project finance	Debt instruments issued to investors and multi-year credit facilities repaid from ongoing project and operating revenues [1], [7].

13 Trust written into the rules

Trust is not added afterwards through physical mortgages or lengthy litigation. It is written into the rules of finance from the start through three safeguards that resolve collection risk and capital lock-up.

Rule	Safeguard	How it works
01	**First-Loss Share & Lock**	The business commits a portion of its own reserves into the financing instrument, locked until the flow is complete. If the flow falters, losses are absorbed from this part first—aligning the business's internal capital with outside capital.
02	**Rule-Bound Redemption**	The rules for how the financing closes are fixed at the start. As payments land on the chain, the financing settles in proportion—removing collection and diversion risk without rigid calendar pressure.
03	**On-Chain Reputation & Cycle**	Every successful closing creates a permanent record that cannot be transferred to anyone else. In the next cycle, the business's required first-loss share is smaller, its financing cost is lower, and closed amounts can roll smoothly into the next flow.

THE SAFEGUARDS IN PRACTICE: DELIVERING A STAGED ORDER OR PROJECT

1

Setting Up the Instrument

A producer or builder agrees to deliver a multi-stage order and sets up a standardized financing instrument against the contract, placing a locked first-loss share from its own reserves.

2

Repayment From the Flow

The buyer pays as each stage of goods or work is delivered and accepted. Each payment lands on the chain and settles the financing in proportion as the work moves.

3

Lower Cost Next Time

At the final payment, the completed closing is recorded as on-chain reputation. For the next contract, the business's required reserve share is smaller and its cost of capital is lower.

Together, first-loss share, rule-bound redemption, and reputation turn a business's daily flow into a standardized, verifiable instrument that banks, factoring companies, exchanges, and funds can trust and hold without locking capital into opaque risk.

14 How is security provided?

Security arises from openness. Where there is no transparency, hidden risk grows; when nothing is concealed, trust becomes a verification anyone can perform.

1

VISION, TELLING & UNDERSTANDING

Not only our way of seeing, but the way we explain it and the way we understand it are open source. Anyone may read them, question them, refine them, and carry them further.

2

RECORDS ARE OPEN

The business, the bank, the investor, the auditor, and the market see the exact same record at the exact same moment—eliminating information asymmetry and duplicate pledging.

3

RULES ARE OPEN

How financing is set up, how it settles from the flow, and what conditions govern it are kept where every participant with access can read and verify them.

Openness is where our Open World vision begins: what is built in the open is built more carefully, and is trusted more easily. The more participants can look, the harder it is to hide a fault, and the sooner any fault is found. Integrity strengthens with use; security strengthens with openness.

15 Layers

Finance is the third of five layers. Rather than serving only end-users or individual investors, the chain connects the entire institutional world—allowing every global stakeholder to plug into its layer on the same unbroken sequence:

LAYER 1
Transaction

Payment infrastructure providers, banks, customs & public registries, logistics, marketplaces, notaries, e-invoice platforms.

LAYER 2
Assurance

Insurance and reinsurance companies, credit guarantee institutions, banks, independent auditors.

LAYER 3
Finance

Commercial banks, factoring & leasing firms, bond issuers, flow-backed financing instruments.

LAYER 4
Capital

Stock exchanges, institutional funds, venture capital, pension funds, private equity, sovereign funds.

LAYER 5
Asset

Banks, asset managers, public land & property registries, life and pension funds, enterprise and individual assets.

16 How does a business's today meet finance?

On an open chain, a business's today meets finance as a standardized, flow-backed instrument: uniting the internal flow the business produces every day with external capital, governed by open rules, and repaid from the work itself.

REALITY & ZERO FRICTION

Agreements, deliveries, and payments become records the moment they occur—removing opacity and structuring costs so flows of any size can meet finance.

A STANDARDIZED INSTRUMENT

The business places a locked first-loss share, repayment moves with incoming cash rather than a rigid calendar, and full ownership stays with the business.

CONNECTED INSTITUTIONS

Payment rails, customs and public bodies, banks, factoring firms, and stock exchanges connect to the same open sequence—turning trust into verification.

NOT TOKENIZATION It resembles tokenization only in that it lives on-chain. Nothing is converted into speculative tokens and nothing is sold off: the flow stays the business's own, and it is the real flow of revenue that settles the instrument.

The Complete Shift: How Finance-On-Chain Resolves All Five Barriers

BARRIER	CONVENTIONAL SEPARATION (INSIDE VS. OUTSIDE)	FINANCE-ON-CHAIN (WHEN TODAY MEETS FINANCE)
1. Visibility & Risk	Opaque operations force lenders to wait for closed balance sheets and past audits.	**Reality & Transparency:** Event and record are one; shared visibility removes hidden risk.
2. Cost & Scale Wall	High legal, audit, and intermediary costs make smaller operational flows uneconomical.	**Frictionless Connection:** Front ends write directly to the chain, lowering setup costs across all scales.
3. Control & Collection	Fear of payment diversion forces reliance on real estate mortgages and hard pledges.	**Rule-Bound Execution:** First-loss alignment and proportional settlement from incoming payments.
4. Rhythm & Ownership	Rigid calendar debt threatens cash flow, while equity demands permanent ownership.	**Flow-Aligned Repayment:** Financing breathes with real receipts while ownership stays intact.
5. Institutional Reach	Scattered business flows lock capital in and keep banks, markets, and funds apart.	**Standardization & Reputation:** Flow-backed instruments connect banks, exchanges, and public bodies, building lasting standing.

Sources and notes

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