

Fonbnk goes global with crypto-native financial services



Fonbnk is a Web3 company bringing Decentralized Finance (DeFi) to the masses across emerging markets. Fonbnk provides unbanked and underbanked users in mobile-first markets an onramp to digital money using prepaid airtime.

HOW CIRCLE HELPED

 USDC

 CIRCLE ACCOUNT

THE OPPORTUNITY

Breaking down barriers to financial inclusion

Christian Duffus is on a mission. Since graduating from the University of Virginia's Darden School of Business in 2000, Duffus has founded and led three separate ventures aimed at broadening access to finance, in addition to a stint at Goldman Sachs. Duffus was also an early blockchain adopter with the vision to see how Web3's inherent decentralization can eliminate friction and help boost global economic prosperity for billions of people.

Duffus's latest venture is Fonbnk, which fuses a range of innovative technologies to help people in underbanked markets convert prepaid SIM cards into virtual debit cards.

THE JOURNEY

M-Pesa paves the way for Fonbnk

Duffus conceived of Fonbnk in 2018, when a family member returned from a trip to Kenya with a SIM card connected to M-Pesa, a mobile money service now owned by Safaricom that was launched in 2007 and is used throughout Africa and beyond to transfer both prepaid minutes and financial value. The SIM card contained \$10 of airtime, which Duffus sold online, spurring the idea for his next venture.

Fonbnk, which launched in December 2019 is a blockchain-based marketplace for individuals and businesses around the world to trade prepaid airtime. Fonbnk users can on-ramp into Web3 as well as traditional financial services as easily as topping up their mobile phones. Using Fonbnk's wallet, any of the world's 8 billion prepaid mobile SIM cards can now be used as a financial OAuth or gateway by the 1.7 billion people globally who are currently unbanked.

“I see this as the future of banking. Circle has the potential to be a global institution on par with today’s megabanks. Their commitment to transparency and compliance is a clear differentiator and gives us the confidence to build a global business with them.”

Christian Duffus

Fonbnk Founder & CEO

THE SOLUTION

Dollar digital currency fuels opportunity

Duffus chose to run Fonbnk’s payments and treasury on Circle’s USDC, a dollar digital currency that is fully backed by cash and equivalents and short-duration U.S. Treasuries, so that it is always redeemable 1:1 for U.S. dollars. Each month, Circle publishes attestation reports by Grant Thornton regarding the reserve balances backing USDC.

“USDC is a reinterpretation of what financial value can be,” Duffus says. “It’s stable, programmable money that’s ideal for mobile transactions, which makes it foundational to the next generation of commerce. And because it’s so transparent and highly regulated, it’s easy to understand how it works.”

Fonbnk adds global scale with Circle account infrastructure

Circle’s payments and treasury enables Fonbnk to do things that can’t do with traditional payment systems. It starts with Fonbnk’s free Circle Account, which gives them global scale and integration right out of the box in ways that banks and other payments providers can’t match. Duffus uses Fonbnk’s Circle Account to mint USDC so its customers can send funds across the Ethereum, and Stellar blockchain ecosystems. USDC is available on 8 blockchains with more integrations expected, giving businesses the flexibility to reach hundreds of crypto wallets globally.

Fonbnk is also live with Circle’s Payments, Payouts and Accounts APIs, which let their users easily deposit and store funds within the platform and sweep balances back into their bank accounts when they wish. “API connectivity to dollar digital currency is an extremely elegant solution. The ability to plug and play with programmable money opens so many possibilities for new business models,” Duffus notes. Since the Stellar blockchain is extremely inexpensive, Fonbnk can transact in small dollar amounts with people around the world without network fees eating up too much of their margin.

Turning treasury into a profit center

Circle has also helped Duffus realize that Web3 is about more than faster, cheaper transactions that aren't bound by traditional banking limitations. For Fonbnk and others that want to evolve beyond yesterday's cash management paradigms, USDC opens a path for putting idle business capital to work in new ways that can amplify returns well beyond those currently available from traditional bank deposits and fixed income markets. This can be especially meaningful for venture-stage businesses like Fonbnk that need to extend cash runway and make their raises last longer.

Fonbnk has allocated a portion of its treasury into Circle Yield*, an investment built on USDC that offers fixed rates across a full yield curve. In addition to predictability, Circle Yield investments are overcollateralized with bitcoin. Circle Yield is accessible through a Circle Account, which helps eliminate the complexity of crypto investments through a UX that is comparable to leading corporate treasury portals.

“Prolonged low interest rates and new technology have opened up a new era for treasury,” Duffus notes. “Inertia is the only thing stopping many treasury teams from expanding into dollar digital currency investments. A small allocation can generate returns that are high enough to offset low returns on bank holdings and investment-grade fixed income.”



At Circle, we're helping banks and financial firms make the move to digital dollars by removing the complexity, managing the risks, and accelerating the speed to market. For banks that want to join the “money movement” from traditional to digital, it's the right time to get started.

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