

# Tokenomics

Updated as of January 2024.

## What is Tokenomics?

Tokenomics, derived from the words "token" and "economics," is the study of the supply, demand, distribution, and valuation of cryptocurrencies. The definition of tokenomics encompasses everything from the issuance and burning of a cryptocurrency to its utility and beyond. It is a complex and multidisciplinary subject.

Investor users delve into tokenomics to assess whether a token has a sustainable economic design. Under certain conditions, a cryptocurrency may lose its value over time if its supply is too high, especially if it lacks anti-inflationary mechanisms.

## What is a Token?

A token is a cryptocurrency issued for a specific purpose or used as a means of exchange on a specific blockchain. It can have multiple use cases, security incentives, transaction fee payments, and eventually may include collaborative governance.

Regarding the supply, some cryptocurrencies have coded issuance schedules, such as Bitcoin, while in other cases, it may depend on governance or transactionality. This allows users to predict the number of tokens in circulation at any given time. The issuance schedules are crucial factors in determining a token's inflation rate, as well as its eventual dependence on real or virtual underlying assets. Recently, smartcoins reflecting user behavior in their issuance are being created.

# Key Features of Tokenomics

Let's take a closer look at the characteristics of a cryptocurrency that play influential roles in its supply and demand.

## Issuance

Issuance is the process of creating a new cryptocurrency that did not exist before. Some important questions to consider when studying tokenomics are:



SHA 256 hash: b35e68b84836a5c2e3ec52c6cc8614861987894014d2fd9cfe35b706424448f

- How is the token issued?
- What consensus mechanism does its blockchain follow?

For example, Bitcoin (BTC) and Ether (ETH) serve as examples for studying tokenomics. The Bitcoin blockchain uses the proof-of-work (PoW) consensus mechanism. New BTC is created each time a miner adds a new block to the blockchain. The new BTC enters circulation through miners at a predetermined rate (discussed later as Halving). Meanwhile, the Ethereum blockchain uses the proof-of-stake (PoS) consensus mechanism. Here, validators lock 32 ETH to have the opportunity to validate transactions and create new blocks. The newly created ETH is distributed to active validators in each epoch based on their performance. However, not all cryptocurrencies have such complex issuance mechanisms. Some projects create their entire token supply at the time of origin or inception, typically sold in Initial Coin Offerings (ICOs), which are currently heavily scrutinized in the United States due to regulatory non-compliance.

## Maximum Supply, Circulating Supply, and Market Capitalization

Tokenomics defines its maximum supply and circulating supply. A crypto can be designed to have a limited or infinite supply. For example, BTC has a limited supply of 21 million coins, while ETH has an infinite supply. BTC's limited supply is considered one of its value propositions, acting as a hedge against inflation and often referred to as "crypto gold" due to its limited supply. The circulating supply of a token is the number of coins currently in circulation. The market capitalization (or market valuation) of a cryptocurrency is equal to the product of its unit price and its circulating supply.

## Distribution

Several crypto projects disclose detailed summaries of their token distribution. These tokens are typically distributed to early investors and venture capitalists for fundraising (ICO) and to founders and team members as incentives. Tokens may be distributed gradually with vesting periods and cliffs. The issuance of these tokens can impact the token price if a holder decides to sell their stake in the market.

## Burning

Burning is the process of sending cryptocurrencies to an irrecoverable wallet address to remove them from circulation. Token burning can help control inflation by reducing the circulating supply, especially when the dependence on supply and demand is total, as is the case in most instances. Token burning can vary from one token to another. Projects may choose to burn a certain percentage of their circulating supply at random or predetermined intervals. Some blockchains, like Ethereum, have encoded the burning of a portion of each transaction fee incurred by users. Not all cryptocurrencies have burning mechanisms (e.g., BTC). Some may even be updated to introduce a burning mechanism, as Ethereum did in August 2019 with the "London upgrade."

## DeFi Incentives

Decentralized Finance (DeFi) platforms offer users returns for locking their tokens in liquidity pools or staking pools. This process can be a burning, which is the process of sending cryptocurrencies to an irrecoverable wallet to reduce the circulating supply of a token and even alleviate selling pressure.

## Utility

The utility of a token drives its demand, though not necessarily the supply/demand ratio but that of an underlying asset, ultimately impacting the token's price, market capitalization, and even circulating supply (in the case of ETH due to gas fee burning). For example, the demand for ETH comes from its use to pay gas fees on Ethereum. Users cannot engage in DeFi platforms, buy NFTs, or play blockchain games on Ethereum without ETH in their wallet to pay for transactions. Investor speculation can also drive the demand for a token, although some cryptocurrencies have been designed to discourage speculation, not always achieving this goal. This is especially true during bull markets, as investors seek to profit from cryptocurrency trading. Other use cases for a token include payments, governance, investment, collateralization, and yield farming.

## Technical Aspects

Unique technical differences can help cryptocurrencies stand out from the rest. The Bitcoin protocol undergoes an event called Halving, which is the halving of the reward for validating nodes approximately every four years, reducing the number of new BTC created with each block by half. This halving mechanism ensures that BTC inflation decreases over time.

Why is Tokenomics Important?

Traditional asset valuation methods used to assess assets like stocks are not entirely compatible with cryptocurrency investment, especially for next-generation cryptocurrencies, due to the significant disruption they pose. Each cryptocurrency comes with its unique set of monetary properties – supply, issuance, and technical aspects. Therefore, investors seek to study the tokenomics of a cryptocurrency before deciding to mine or trade it. Investors can identify warning signs, unsustainable crypto projects, and high-risk tokens by analyzing tokenomics. Some important questions to reflect on include:

- What is the utility of the token?
- Is there a natural demand for this cryptocurrency that helps it survive in a bear market?
- Is the concentration of tokens in early investors and founding members a risk to investment?
- Which token is more resistant to inflation among the wide array of tokens available?

## Conclusion

Tokenomics is a fascinating subject. It is dynamic and evolving. This field combines economics, game theory, market psychology, computer science, and much more. There are many moving parts that investors need to analyze when studying a token.

# Bettercoin tokenomics

- **How is Bettercoin issued?**

Bettercoin is issued through a transactional mining process, as part of CWR's transactional intelligence technology (U.S. private company). This concept implies that with each Bettercoin transaction, a corresponding amount of BETTER is generated, applying a criterion that depends on the type of transaction. This generation serves to offset expenses like GAS fees on the Ethereum network. Complementary minting methodologies encompass a variety of Airdrop and DEX (decentralized Exchange) strategies designed to cultivate the Bettercoin community by means of initiatives such as donations, cryptocurrency events, trade, educational support, web3 games, and various other endeavors focused on the adoption of Bettercoin, smartcoins, and cryptocurrencies in general.
- **What consensus mechanism does its blockchain follow?**

PoS. Proof of Stake is a consensus algorithm used in Ethereum blockchain networks to validate and authenticate transactions and create new blocks. In PoS, validators are chosen to create blocks and validate transactions based on the amount of cryptocurrency they hold and are willing to "stake" as collateral.
- **Maximum Supply**

Mining Vault: 950 Billion Bettercoin (950,380,952,381 BETTER). Adoption Vault: 2 Billion Bettercoin. Exactly total maximum supply: 952,380,952,381 BETTER
- **Circulating Supply**

At Jan1, 2024 the circulating Bettercoin was 2,200,445.26129 BETTER. In <https://etherscan.io> was visible as a differential between Overview MAX TOTAL SUPPLY (2,000,083,184.58865 BETTER) and Adoption Vault (1,997,890,470.327273).
- **Market Capitalization**

At Jan 1, 2024 the MarketCap was \$ 26,933,450 (Price USD 12.24 \* 2,200,445.26129 BETTER)
- **Distribution for early investors**

No. There were no investors for the development and no investors for the launching of Bettercoin.
- **Distribution for venture capitalists (ICO)**

No. Bettercoin did not make an ICO (Initial Coin Offering).
- **Distribution for founders**

Yes, the only one Vault available for that is the Adoption Vault, that is a part of Partner Program.
- **Distribution for team members as incentives**

Yes, the Adoption Vault is focused on Partner Program.
- **Burning Bettercoin to an irrecoverable wallet.**

The designated address for the burning of Bettercoin to fulfill legal obligations within the U.S. is: 0x2a85f10Ca47A551Ad4B739364D3A69E16C2487A0  
There is no automatic or systematic burning process within the Bettercoin ecosystem.
- **(DeFi) platforms returns for locking Bettercoin in liquidity pools or staking pools.**

No.

- Use cases of Bettercoin include secure and smart transactions.  
The Double Transaction capability enables the retrieval of transferred Bettercoin in the event of default; secure payments using Bettercoin reduce counterparty friction; intelligent tokenization provides new real estate business options; collateralization using Unpaid information tokens from the Bettercoin ecosystem; the automated payment platform PayForBetter.eth ensures commission payment guarantees; crypto-winter protection based on BetterOne, as well as numerous innovative crypto features leveraging Transactional Intelligence technology
- Unique technical differences help Bettercoin stand out from the rest in favor of its adoption.  
Bettercoin's automatic virtual price arbitrage provides fantastic protection against price manipulation, inflationary decontrol and cost increases through intermediaries. The double transaction mechanism enables trustless business relationships to be established globally without intermediaries. Gas expense compensation is an exceptional way to optimize cost in the division of labor, an essential condition for good money. The new generation of cryptocurrency named **Smartcoin** will set a new standard for digital goods trade.
- What is the utility of Bettercoin?  
Secure transactions provided by Bettercoin ecosystem will increase digital trading.
- Is there a natural demand for Bettercoin cryptocurrency that helps it survive in a bear market?  
Yes, in many business dimensions. BetterOne is part of the Bettercoin ecosystem and exists to protect users from crypto winters or rapid industry price declines, often caused by aggressive trading strategies. This doesn't affect Bettercoin since exchanging between Bettercoin and BetterOne is free, allowing users to convert their entire fund balance to its equivalent in dollars. This can even be done with a time delay because BetterOne follows the concept of **BUR (Bettercoin Underlying Reference)**, which is the average price of Bettercoin from the previous day for the conversion. To use this feature, one must be mindful of the UTC 00:00 time. People and businesses always experience friction in trading of almost any kind. Bettercoin reduces the natural distrust between two parties trading based on conflicts of interest, starting with the feature that one party can transfer its BETTER and get it back if it does not receive the demanded payment, eliminating the counterparty problem.
- Is the concentration of Bettercoin in early investors and founding members a risk to investment?  
No. Bettercoin is designed to be a trusted global cryptocurrency, which is why its design incorporated the condition that it be obtained without privilege, so there were no initial investors and the founders acted as benevolent dictators on behalf of all crypto-users people.
- Is Bettercoin more resistant to inflation among the wide array of cryptocurrency available?  
Yes, it was created precisely for that purpose. The combined outcome of all its protective features aims directly at being the quintessential anti-inflationary currency that does not allow for price manipulation; its appreciation serves as an indicator of the global adoption of cryptocurrencies, represented by the combined demands for Bitcoin and Ether.