

Insights Into Crypto Business Models

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Centralized vs Decentralized exchanges Part 1

	Centralized	Decentralized		Centralized	Decentralized		
Arbitrage possibility	✗	✓	Dexes tend to have rather limited liquidity and can be subject to price spikes resulting in off market quotes	Crypto-Fiat Pairs	✓	✗	On DEX there is no possibility to use and exchange fiat funds
Margin Trading	✓	✗	DEX do not offer leverage for trading in comparison to centralized exchanges	Large Set of Assets	✓	✗	On centralized exchanges the set of assets is way larger more-over on DEX non-popular instruments are commonly exchanged
KYC And AML Policy	✓	✗	DEX are quite often used for money laundering therefore are chased by governments due to suspicious activities	Non-Consistent Trading Fees	✗	✓	In case of DEX fees are based on blockchain network load therefore may rise up in hundreds of times
Funds Custody	✓	✗	The user's funds are not stored in one centralized place in case of DEX	Increased Hacking Possibility	✓	✗	All the client's funds are located on their own wallets, i.e. there are no 'common hot' and 'cold' wallets
Fiat Transactions	✓	✗	Due to the nature of DEX it's impossible to use any fiat funds	Higher Privacy	✗	✓	Centralized exchanges have regulatory obligations and report about users with high volume or suspicious transactions
On-Chain Transactions	✗	✓	DEX work as p2p (peer-to-peer) using the cross-chain atomic swaps and smart-contracts	Counterparty Risk	✓	✗	The clients' funds are stored on the side of the organization in case of centralized exchange that may be a subject for fraud activities by owners
No Recovery Ability	✗	✓	Users store private keys on their own. If they lose it - then the funds will be lost forever	Low Trading Fees	✗	✓	In general the trading fees are lower on DEX
Deep Liquidity	✓	✗	It might be not enough volume to exchange the desired assets on DEX				

Centralized vs Decentralized exchanges

Part 2

	Centralized	Decentralized		Centralized	Decentralized		
Immediate Execution	✓	✗	Due to transactions in DEX are held in blockchain it takes time to execute them	Simplicity for End-Users	✓	✗	DEX are more complex for the understanding of the customers and therefore are less popular
Variety of Order Types	✓	✗	Centralized exchanges have limit, stop, trailing, etc orders while DEX have only market orders in common	Availability for Corporate Clients	✓	✗	Companies do not and even can not sign agreements with DEX because there is no registered entity behind DEX
Maker/Taker Fee Structure	✓	✗	On decentralized exchanges there is no difference between the maker and taker	Marketing	✓	✗	Google, Twitter and other Advertising networks require licensing for the cryptocurrency exchange that is not applicable for DEX
Features Availability	✓	✗	Centralized exchanges offer spot/margin/futures trading, staking options, cloud mining pools etc, while DEX are used purely for trading	Frequent Updates	✓	✗	Centralized exchanges tend to improve the UX way more often in comparison to DEX
User-Friendly	✓	✗	For end-users the interface of the centralized exchanges is way more familiar in comparison to DEX	Commissions Ladder	✓	✗	Centralized exchanges commonly use commissions ladder while on DEX it is impossible to set it because the transactions are on-chain
Obligatory Registration	✓	✗	In centralized exchanges the registration is mandatory while DEX do not store any client's data and there is no registration in its sense	Industry Standard	✓	✗	On CoinMarketCap there are almost 500 centralized exchanges versus 75 decentralized ones
Popularity	✓	✗	The majority of users prefer to use centralized exchanges due to various reasons	Variety of API Methods	✓	✗	REST, WebSocket and even FIX are available on centralized exchanges while DEX have quite scarce API or even don't have any

Types of Crypto Liquidity

	Spot	Spot Margin	CFD	Futures	Perpetual
Commissions	High (0.1% average)	High (0.1% average)	Varies greatly (0.025% B2Broker)	Low (0.04% average)	Low (0.04% average)
Extra rollover charges for carrying position over time	No	Continuous interest rate	Swap rates every day. Almost always negative for a trader	No	Funding rate changes multiple times a day. Can be positive for a trader
Expiration	No	No	No	Yes	No
Price discovery process	True supply and demand fluctuations	True supply and demand fluctuations	Linked directly to base asset	Fact of expiration helps drive the price to fair value	Convergence to spot via funding rate mechanism
Physical delivery of asset	Yes	Yes	No	At Expiration	No
Insurance fund	No	No	No	Yes	Yes
Leverage	No	Yes	Yes	Yes	Yes
Auto-deleveraging	No	No	No	Yes	Yes
Short position	No	No	Yes	Yes	Yes
Can be traded along other asset types on one account	No	No	Yes	No	No
General ease of trading	Very simple	Very simple but sound leverage management is required	Leverage and swap rate management but overall easiest out of all derivatives	Leverage and expiration management	Funding rate and leverage management
Liquidity customization opportunities	No	No	Can include any liquidity including aggregated pool. Allows backups	No	No
Liquidity	On average above \$100 trillion crypto is traded on spot each day (a lot of volume is fake)		Traditionally derivative contracts support more liquidity. At least 4 times as large as spot but depends on exchange.		

Ways to create Crypto-Liquidity

	Organic Liquidity	Market Makers Services	MarksMan Liquidity Hub	Ad-hoc Connection
Liquidity				
Liquidity Available From The Start Of Operations	✗	✓	✓	✓
Trading Can Start Even With A Single User On The Venue	✗	✓	✓	✓
High Availability / Failover	n/a	✓	✓	✗
On-The-Venue Liquidity	✓	Post-exec	Post-exec	Post-exec
Sufficient Volume Of Supplied Liquidity	✗	✓	✓	Depends on a venue
Extensive Selection Of Trading Instruments	✗	✗	✓	✗
Synthetic Symbols	✗	✗	✓	✗
Price Constructor	✗	✓	✓	✗
Trades Execution and Hedging				
Price Risk Hedging	n/a	✓	✓	✓
Post Execution (A.K.A. Risk Warehouse Execution Model) Available	n/a	Depends on market makers	✓	✓
Pre-Trade Execution Control Available	n/a	✓	Coming Soon	Depends on developmet
Venue Type Applicability				
Brokerage Platforms (MetaTrader 5, B2Margin, And Similar)	✗	n/a	✓	✓
Exchange Platforms (Matchig Engine Based, Such As B2Trader)	✓	✓	✓	✓
Technical Considerations				
No Integration Required Via APIs And/Or FIX Protocol	✓	✗	✓	✗
Fees				
Hedging Trade Volume Is Free Of Charge	n/a	✗	✓	✓
Liquidity Provision Is Free Of Charge	✓	Depends on market makers	✓	✓
Minimum Monthly Fee Is Required	n/a	Typically tens of thousands of USD	Starting at USD 500	✗

Crypto processing and blockchain wallets solutions

Business aspect	Merchants Solution	Enterprise Solution	White Label
Full product documentation	✓	✓	✓
24\7 Technical support	✓	✓	✓
Constant deployments	✓	✓	✓
Monitoring blockchain nodes and microservices	✓	✓	✓
Detailed reporting	✓	✓	✓
New blockchains integrations	✓	✓	✓
Visual branding	✗	✗	✓
Custom features development	✗	✗	✓
Blockchain level management	✗	✗	✓
Perfect for	FX Broker, E-commerce, Regulated Gambling	Crypto Exchange, Bank Broker, Custody, Wallet Provider	Payment Providers, Technology Providers, Card processing businesses

White Label vs Source Code vs Custom Development

	White Label	Source Code	In-house / Outstaffing	Outsourcing
Starting Cost	Low	Highest	High	Medium
Ongoing Cost (Maintenance)	Low	High	High	High
Evolution Speed	High	Low	Medium	Medium
Time to Market	Low	Medium	High	Medium/High
Customization freedom	Low	High	High	High
Customization and additional development cost	Medium	Medium	High	High
Team Complexity	Low	High	High	High
Autonomy	Low	Medium	High	Medium
Integration options	High	Medium	Medium	Medium
Security options	High	Medium	Medium	Medium
Management challenges	Low	High	Medium	Medium

Ecosystem of B2Broker as of 11 October 2021

Technology



Trader's Room, Back Office
RCRM, Client's Portal
b2broker.com/products/b2core-traders-room



Matching Engine for
Spot Crypto Exchanges
b2broker.com/products/b2trader-cryptocurrency-exchange-software



Money Management
Platform
b2broker.com/products/copy-trading-platform



Spot Liquidity Hub
b2broker.com/products/marksman

White Lable MT 4/5

Complete brokerage
infrastructure
b2broker.com/products/mt4-white-label
b2broker.com/products/mt5-white-label

Liquidity



Global Regulated European
multy asset Prime of Prime
B2Prime.com



Spot exchange for professional
and corporate clients
B2bx.exchange



Prime Securities
Brokerage House
PBSR.ru

B2BROKER.COM

B2BINPAY.COM

Ecosystem

B2Broker.com

Payment



CryptoCurrency Payment
Provider for Merchants
& Enterprise Clients
B2BinPay.com



Digital Online Bank



Banking solutions

BAAS



Brokerage and exchange
as a service
B2Broker.com

M&A



Venture capital fund
b2broker.com/products/b2broker-vc/

Marketing



Design agency and
Video Production
B2Broker.studio

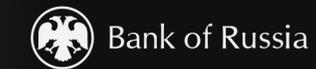
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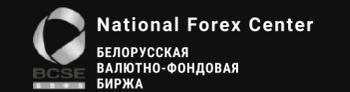
Fully Authorised AEMI provider



Fully Authorised Provider
of a Virtual Currency Service



Membership



Offices

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Employees

230 +



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