



Euphoria

Whitepaper 2.0

Table of Contents

1. Introduction.....	3
2. From cryptocurrencies to blockchain economy.....	4
3. Bitcoin - changes over time.....	6
4. Other cryptocurrencies.....	8
5. E-commerce.....	11
6. The e-commerce market in numbers.....	12
7. What is Euphoria?.....	12
8. Euphoria token (EPH).....	14
9. Payment methods.....	14

1.Introduction

The development of the Internet is one of the most important phenomena affecting changes in the functioning of society and the economy, also in spatial terms. From the very beginning, the Internet has become useful for millions, and thanks to the popularisation of the World Wide Web (WWW) for billions of users. For nearly 30 years of existence, the WWW network has contributed to profound changes in almost every aspect of human functioning. Also the Internet itself and the WWW network change very quickly. In a short time there were many significant innovations, which include social networking sites, virtual encyclopedias, electronic payments, wireless Internet, Internet of Things. One of the extensions of the Internet's functionality are cryptocurrencies (cryptographic currencies), ie virtual (digital) financial means, available to everyone and accepted in many online stores, service outlets and public institutions.

The Internet should be treated as a factor influencing the improvement of community activities at various reference levels. The basis for the functioning of society, also in the economic dimension, is trust. It is necessary to create subjective ties that enable the functioning of the community, and thus also the economy. The importance of trust in the economy has found its expression in the emergence of the concept of social capital. This concept emphasizes that the ability to cooperate and take joint action is an important resource that is based on trust. It is worth considering whether, in the face of the ongoing technological changes and an increasing number of new solutions that affect the shaping of relations between people and business entities, trust and cooperation still have the same meaning.

2. From cryptocurrency to blockchain economy

The history of cryptocurrencies begins in 2008, when a person or group of people using the name Satoshi Nakamoto presented the idea of a currency independent of central institutions, but functioning through a peer-to-peer network (direct exchange network). The operation of bitcoin is based on three foundations: cryptography - enabling transactions to be protected; block chain (blockchain) - the register of all transactions since the creation of bitcoin; proof of work - a mechanism preventing the falsification of transactions¹. From the perspective of further development of cryptocurrencies and other related issues, the idea of a block chain is particularly important. The transaction register constituting the block chain is stored in all peer-to-peer nodes. Such a database (called a distributed database) is designed to track the status of all transactions that take place within the entire bitcoin system. Thanks to such a solution, the functioning of cryptocurrency is based on the involvement of volunteers who make their computers available to be network nodes. The key difference with traditional currencies is that supervision (distribution, verification of the validity of transactions) over the functioning of cryptocurrencies is not dependent on central institutions, but on the community of persons forming network nodes. Bitcoin is therefore not centralized (emitted and managed by one institution or person), it has no restrictions as to the conditions of its use. Referring to the idea of the functioning of cryptocurrencies and the implemented chain block mechanism, one should notice their important feature in the context of trust in the economy. In the case of currencies issued by governments, users rely on trust in issuing institutions, as the so-called Fiduciary currencies do not have coverage in material goods. One of the most important problems associated with fiat currencies is that

they can be emitted in excessive numbers, which causes inflation and, as a consequence, results in a lack of confidence in a given currency. Cryptocurrencies, being an alternative to traditional (official) currencies, are characterized by a change in the direction of trust of their users. The use of the block chain in cryptocurrencies means that the trust component (including identity, rights, membership, ownership) is stored in it.

Confidence is therefore placed on the network - it is decentralized, there are no central points of trust. Another important element related to building confidence in cryptocurrencies is the final number of currency units (so-called coins) that will be issued. In the case of bitcoin, it is to reach 21 million. It is also worth emphasizing that the use of bitcoin and other cryptocurrencies largely allows for anonymity, which is usually impossible in the case of on-line operations related to official currencies. This had a significant impact on the development of the so-called black market functioning in darknet. Cryptocurrencies allow illegal trade (including arms, drugs, false documents), which is possible due to the functioning of special auction sites or online stores. Other financial transactions related to criminal and terrorist activities are also carried out using cryptocurrencies. However, as noted by P. Tasca et al. (2016), a particular intensification of this type of transaction took place in 2012-2013, followed by diversification of the use of cryptocurrencies and the increase in the share of legal payments and currency exchange. Observing the phenomenon of bitcoin and the underlying idea of the block chain, some researchers began to formulate a thesis about the formation of the blockchain economy or crypto-economics. The block chain is to constitute the main element of the functioning and development of the economy, and its application is to extend beyond cryptocurrencies and concern many areas of economy and life. Services based on a block chain, like cryptocurrencies, function without central control. The usefulness of

the block chain is seen, among others in fields related to economy, governance, security issues, medicine, science, culture and the arts.

3. Bitcoin - changes over time

The development of bitcoin in almost 10 years allows you to notice its two key features. The first is the strong reaction of the course to events in the economy and politics. The second is the large increase in its significance, expressed, inter alia, an increase in the number of users, institutions accepting payments in this cryptovalla and the creation of numerous other cryptocurrencies. Both features are interrelated. In the initial period of cryptocurrencies, its course was gradually growing, but it was at a low level. At the end of 2010 it amounted to USD 0.3, for the first time crossing the USD 1 limit at the beginning of February 2011. The following important thresholds were reached: USD 10 - June 2011, USD 100 - April 2013, USD 1000 - November 2013. In August 2017, the bitcoin exchange rate increased to over PLN 4,000. USD, two months earlier, for the first time reaching 3,000 USD, and in May 2017 - 2 thous. USD. Paying attention to several important increases in bitcoin quotation, one can refer to his connections with events in the real world. One of the first significant periods of bitcoin increases was April 2013. The blockade of bank accounts and ATMs in Cyprus resulted in investors turning to bitcoin as a currency not subject to central supervision. Exceeding the 1000 USD barrier was associated with the increasingly popular acceptance of bitcoin as a fully-fledged payment instrument. In November 2013, Baidu (the most popular Chinese Internet search engine) accepted payments in the cryptographic exchange. The same was done by Virgin Galactic. The increase in bitcoin is also associated with changes and geopolitical events. In 2016-2017 the exchange rate increased several times as a result of the reaction to the emergence of

uncertainty (increased risk of investments in traditional currencies, their potential depreciation) in the functioning of the economy. We should mention events such as: the decision to leave Great Britain from the European Union (referendum in June 2016), the election of Donald Trump as US president (announcement of activities leading to inflation of the dollar), intensification of the conflict between the USA and North Korea in August 2017. All of these events are joined by the fact that due to increased uncertainty - weakening of confidence in central institutions, cryptocurrency is becoming a safer alternative to traditional ways of investing and saving. In addition, the fact that Bitcoin is accepted by an increasing number of institutions, including state governments, strengthens the trust in cryptocurrency.

The acceptance by state institutions of bitcoin has, on the one hand, an impact on the increase of the exchange rate, on the other hand, a greater interest in exchange transactions with the currency of a given country. The acceptance of bitcoin by Japan as a legal tender (April 2017) influenced the fact that in August 2017 the share of yen exchange with bitcoin was the largest in relation to the total number of transactions (36%). In the following places there was a dollar (30%) and euro (13%) - according to Bitcoincharts bitcoincharts.com. For comparison, in March 2014 the dollar dominated (82%), with around 2% yen. The shares of particular currencies in February 2017 looked interesting. At that time, the Chinese yuan dominated (35%), followed by the dollar (30%), the euro (14%) and yen (13%). The popularity of bitcoin in China was then related to the tightening of the Chinese government's policy towards the purchase of foreign currencies, international transactions and the fall in the value of the yuan.

In addition to the price of exchange of bitcoin through the prism of exchange prices, attention should be paid to other parameters. The consequence of the increase in the bitcoin value and the increase in the number of bitcoins in circulation is the increase in the market capitalization of cryptocurrencies. On August 13, 2017, it reached USD

68 billion (Blockchain, blockchain.info). The daily number of transactions also grew steadily over a longer period - exceeding 50,000. transactions per day in June 2012, reaching the maximum value of 300 thousand. transactions at the turn of 2016/2017. In August 2017, the number of transactions ranged from PLN 200,000 to 300,000. daily. This translated into an overall average daily transaction value of around USD 1 billion. At present, this is not a significant share in the global economy. It is worth noting, however, that while in the solutions related to the chain of blocks in 2016, 0.025% of global GDP was stored, it is predicted that in 2027 it will be a share of 10%.

4. Other cryptocurrencies

Interesting conclusions are provided by the analysis of other cryptocurrencies, especially the dynamics of their development and the specificity associated with their locality. It is important that after the popularity of bitcoin, other cryptocurrencies have begun to appear quickly and in large numbers. According to CoinMarketCap (coinmarketcap.com) data, in mid-August 2017 at over 5,000 Cryptocurrency exchanges were recorded for 850. Three years earlier, almost 502 fewer were recorded. A noticeable effect of the increase in the number of new cryptocurrencies and - what is important - the increase in their confidence in them is the growing market capitalization. On August 17, 2017, the market value of all cryptocurrencies was over USD 140 billion, and in 2014 (August 6) - USD 8 billion.

Until March 2017, the bitcoin value was around 80% to nearly 100% of the total cryptocurrency market. Only periodically, some competitive cryptocurrencies managed to achieve shares up to 10%. As of March 2017, however, a steady increase in the market value of other cryptocurrencies (mainly Ethereum, Ripple) is noticeable, which

led to a decrease in the share of bitcoin to 40-50% (according to CoinMarketCap, coinmarketcap.com). It should be noted that some solutions based on a block chain (eg Ethereum) have better mechanisms implemented compared to bitcoins, e.g. a shorter period may be needed to confirm transactions, as well as other applications than only cryptocurrencies. For this reason, the cryptocurrency market becomes less dominated by one of them. An important trend related to cryptocurrencies is noticeable, namely taking over the idea of a block chain to create currencies that are related to a specific town, region, state or ethnic group. The location of some cryptocurrencies is expressed in different ways. HullCoin issued by the authorities of the British city of Kingston upon Hull serves to reward volunteers who perform various jobs for the benefit of the local community. Its issue is therefore to support the creation of social capital. Some cryptocurrencies have clearly expressed relationships with the state. PLNcoin, referred to as the Polish virtual currency, is available in the number of 38.5 million, which refers to the population of Poland. Another cryptocurrency - Auroracoin was created as an Icelandic alternative to bitcoin and the Icelandic crown. Each Icelandic citizen was allocated the same share of half of the total coin pool. IrishCoin in 7% is to be donated to organizations supporting Irish tourism. In the case of parts of cryptocurrencies, they are treated as one of the elements of "nationalizing" communities without their own state. An example may be MazaCoin, a cryptocurrency recognized as the official currency of Siuksów Ogalala and other sovereign American tribes. It is worth noting that the mere occurrence in the name of cryptocurrencies of terms referring to a given state, region or city does not always have to mean a close relationship with a given spatial unit. Sometimes it is an attempt to capitalize the reputation of a given city or state by the creators of cryptocurrencies, eg NewYorkCoin.

The selected aspects of cryptocurrency market functioning presented in this report enable to formulate several general conclusions. The

very idea of a block chain, gaining more and more applications, forms the basis for the emerging blockchain economy. An important aspect related to the observed phenomena is the direction of trust in the economy towards a decentralized network of users of a given resource. As with any of the resources based on mutual exchange networks, as the number of participants sharing time, resources and capital increases, the network becomes more useful and valuable for them. Changes in the value of the bitcoin course are a very good example of the connections between processes in the real space and the digital space. It is connected with the growing role of the Internet in the everyday existence of people and the operation of the economy, and with increasing uncertainty as to the basics of their functioning. The emerging economic crises and the uncertain geopolitical situation mean that solutions based on the block chain create a "new" form of trust. They allow trusting the users of these networks in transparent processes and the lack of central control as the basis for the operation of society. For this reason, new cryptocurrencies appear, which are not only intended to play the role of a global payment instrument (eg bitcoin), but also to be a cohesion tool within territorial communities. Therefore, the term "capital in digital space" appearing in the title of the study refers not only to financial capital, but also necessary for the functioning of the community and the economy of social capital. The functioning of cryptocurrencies is an example of how the idea of the Internet - the connection of equivalent nodes - is used in economy and society. The maintenance of the bitcoin network depends on the involvement of units operating within the peer-to-peer network, not central institutions. On the basis of the analysis of spatial differences in the distribution of Bitcoin network nodes, it can be said that trust is administered by the inhabitants of the richest countries, who are capable of maintaining it from a technological perspective and human capital resources. Strong concentration of network nodes in several countries also carries the risk of network centralization. The future of

solutions related to the chain of blocks, according to some researchers of this phenomenon, is promising and this solution should transform many spheres of life in a significant degree. These changes can be as deep as those related to another layer of the Internet - the WWW.

5. E-commerce

It consists in concluding transactions related to economic activity, which are implemented using modern technological and telecommunications solutions.

The most popular form of E-Commerce are online stores, thanks to which it is possible to reduce the costs of running business due to the lack of necessity to rent or buy premises used as a point of sale. Activities related to e-commerce cover not only the exchange of goods and services, but also promotional and marketing campaigns. These are all activities related to the direct conclusion of commercial transactions, as well as those leading to them, using ICT resources.

The dynamic development of the Internet, which initially served only for communication, made it possible to make the first online shopping in 1979. The importance of online stores grew rapidly when in 1992 in the United States the ban on using the Internet for commercial purposes was eliminated. E-Commerce gained importance around 2000. Currently, many stores operate only via the Internet, but online stores also have brands with stationary sales points.

6. E-commerce market in numbers

In 2014, online stores sold goods worth approximately USD 840 billion. A year later, global sales reached over USD 990 billion, which gives a year-on-year increase of almost 15%. The largest e-commerce market is the Chinese market - online stores in the Middle Kingdom sold goods worth 426 billion dollars. The US ranked second (305 billion). The last place on the podium was taken by the United Kingdom - 82 billion dollars. 77% of online consumers buy electronics, and 76% purchase various types of services online. We also have clothing (76%) and books (73%). The least, and it probably is not a surprise, we buy groceries - 45%. 75% of Indians using the Internet shop online. In turn, the Swiss, which is a surprise, they buy on the Internet very rarely - only 45% of Swiss who have access to the Internet do shopping using it.

7. What is Euphoria

Euphoria is an online trading platform that allows you to carry out transactions. It enables, first of all, putting on sale items held by users, as well as offering services and making payments using cryptocurrencies.

Using the Euphoria platform, we have two types of accounts to choose from: a regular account and a company account. Each of them is intended for a different type of activity, has its own specificity and a different registration process. Register a regular account if you act as a private person and a company account if:

- you are an entrepreneur, you sell and you want to partially or completely transfer it to Euphoria,
- you are a member of the board, a plenipotentiary (employee) of the company, an organizational unit entered into the register of entrepreneurs (foundations, associations, etc.) and want to conduct sales and purchases on its behalf and on its behalf.

The purpose of Euphoria

Although cryptocurrencies are increasingly entering the sphere of social life, their practical application is still lacking. The aim of Euphoria is to create a platform where users will be able to buy goods by paying for them cryptocurrencies.

Pros of Euphoria

- No fees for issuing the offer;
- No sales commission;
- Low costs of promoting offers;
- Ease and speed of setting up an account;
- Decentralized payments (BTC, EPH);
- The possibility of cryptoproject advertising (ICO, exchange, etc.).

Euphoria - good for starters

If you intend to trade on the Internet and you are an advocate of using crypto-currency, I suggest you start with Euphoria. Why? Because it is much easier and cheaper than configuring your own store, in your own

domain and on the server. After setting up an account, you can start selling right away - you list your items at the auction, set the price, delivery method and all you need to do.

8. Euphoria Token (EPH)

Our token is based on Ethereum smart contracts, thanks to which transaction fees you pay are much lower than transaction fees when using Bitcoin. Transactions made with the Euphoria token are based on the Ethereum block chain, which makes them much faster than Bitcoin transactions. We created the Euphoria token using intelligent Ethereum contracts because we wanted to be open source, so we thought Ethereum would be the best choice for us.

Platform: Ethereum

Type: ERC20

Total supply: 33,000,000 EPH

Token distribution

- 33% Airdrop
- 30% Future Development
- 25% Marketing/Advertising
- 10% Founders/Team
- 2% Bounty

9. Payment methods

- **PayPal (USD)**

Offering payment services enabling entrepreneurs and consumers who have an e-mail address to send and receive payments via the Internet. PayPal works on the principle of a virtual purse (digital wallet). In PayPal, customers can pay by credit card or PayPal

account balances, which can be credited with transfers from a bank account or other PayPal account.

- **Euphoria (EPH)**
- **Bitcoin (BTC)**

As independent digital assets, BTC, ETH and XRP all enable global reach and accessibility with fast settlement. Unlike digital assets issued by financial institutions and central banks, global accessibility of independent digital assets is not limited for geopolitical or competitive reasons. Moreover, because they're not backed by cash, they don't create liabilities as a bank-issued digital asset does. BTC settlement takes up to 60 minutes or longer. EPH settles faster than BTC (five minutes on average).

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