PROBLEM SOLVED:

Managing FX, interest rate and commodity price risks (FICC risks) is becoming more and more cumbersome due to ever-increasing complexity (e.g. unforeseeable geopolitical or other events like Brexit or the coronavirus disrupting global supply chains and their impact on FICC markets), regulation (e.g. EMIR, MiFID II,…), and finally treasury costs, having reached an average of 2.87 USD per 100 USD in revenues as per a recent KPMG study.

OUR SOLUTION:

RiskPool: The very first true, ERP-integrated, and fully automated quasi-mutual insurance for FX, interest rate and commodity price (FICC) risks based on a cross-customer netting approach.

You could also call it "matchmaking for financial risks wrapped into an insurance contract" or some kind of a "natural hedging platform where we assume and manage those risks on a macro rather than individual level".

Plus, as a side effect, we achieve the joint mission of the International Monetary Fund (IMF), the Financial Stability Board (FSB) and Bank for International Settlements (BIS) with a higher degree of efficiency and efficacy.
This said we effectively help to stabilize financial markets, reduce global poverty, and foster both international trade and sustainable economics.

SLIGHTLY SIMPLIFIED EXAMPLE EXPLAINING HOW RISKPOOL WORKS ON THE FX-SIDE:

Let us assume that a Californian company sells 100 million USD worth of goods in Europe each year.

The current FX rate is 0.9 USD / EUR.

Now assume that the FX rate rises over the next year to 1.1 USD / EUR and hence they will only receive 81.82 million USD on the due date instead of the planned 100M USD for the exported goods based on the changed fx rate. Thus, a potential 18.18 million USD currency-effect loss.

Therefore, the Californian company usually would buy derivatives (futures, forwards, or swaps) to protect its 100 million USD revenue stream from such fx risks. Using derivatives to hedge the fx risk currently costs companies on average 2.87% as per the mentioned KPMG study.

Thus, the downside protection in this case costs 2.87 million USD.

Plus, derivatives are not only costly but have a lot of other disadvantages as well *(e.g. complex and obscure markets, high uncertainty especially in times with unexpected events like a virus shaking everything up or political moves like Brexit causing financial woes, counterparty risks [can the derivatives counterparty really pay even in adverse markets?], special hedge accounting needs, regulatory reporting requirements like MIFID2 or EMIR, etc.)* and hence customers clearly prefer a simple and automated insurance policy over a somewhat risky and complex financial market transaction.

And that's what RiskPool is: The world's first true and fully automated quasi-mutual insurance for fx risk.

So, in the above case, RiskPool would match the risk position of the Californian company with a contrary one from a European company.

This said a European company importing goods worth 120 million USD per year from the US faces the exact opposite risk of the Californian exporter and hence would now save around 22 million USD based on the fx rate change.

However, since this market change is not sure *(i.e. uncertain gains which have nothing to do with the customer's core business)* they would usually hedge their potential fx downside risk with derivatives as

well just in case that the currency rate changes in the other direction. These hedging activities currently costs the European company 3.44 million USD (= 120M x 2.87%) .
Plus also bear in mind that most company bylaws forbid financial speculating and companies are usually better off focusing on their core business without any distractions, because statistically speaking even most F500 companies with their highly-specialised treasury departments are pretty bad when it comes to these hedging activities and end up with losses on average and hence RiskPool really changes the game here *(aggregated over the last 20 years nearly all F500 companies made a significant loss with their hedging activities)*.

RiskPool, however, assumes the risks of both companies, the European and Californian one, and therefore can offset the contrary risk positions.

Thus, we assume our customers' financial risks, guarantee both companies the current fx rate of 0.9 and offset the 120 million against the 100 million cash flow at risk and hence only need to hedge the remaining 20 million ourselves.

Hedging the 20 million USD costs us 0.574 million USD (20M x 2.87%).

Currently, we charge both customers on average 1.94% when assuming their fx risk. Thus, the Californian company pays us 1.94 million USD (1.94% x 100M) and in return no longer has any currency risk whereas the European company pays us 2.33 million USD (1.94% x 120M) and is then also on the save side.

Hence the Californian company now saves 0.93 million USD (2.87% for derivatives-based hedging vs. RiskPool costs of 1.94%) annually for sure and the European customer 1.12 million USD while we make an initial gross profit of 13.5 million (1.94M in premiums from the Californian customer + 2.33M in premiums from the European – 0.574M in own hedging costs + 0.64M insurance asset management gains + 11.45M investment / market making gains – insurance taxes 0.81M – regulatory reserve costs 0.43M – default risk contracts and some overhedging to protect us against black swan risks 1.1M).

But it gets even better for the customers since we operate in a mutual insurance like manner and hence cap our Gross Margin II at currently 15% *(further margin cap reductions can be earned by the customer with successful referrals)* a significant portion of these initial 13.5 million gross profits (i.e. the Gross Margin I) gets paid back to our customers based on defined allocation and pay-out metrics (such as uncertain fx gains foregone, different risk classes involved, volume transferred, etc.) after first deducting some additional cost items like insurance asset management fees, processing fees, sales commissions or some partner incentives.

In conclusion, the customers no longer have to worry about currency risks, have saved a lot of costs (and time) for sure compared to trying to hedge risks with complex and comparably unsafe financial markets transactions *(see aforementioned risks and thus the better risk-adjusted returns)*, and still benefit to a certain degree from potential market upsides thanks to the reallocation process at year-end, while we make a good amount of money as well.
Also note that things like fx effects are usually not considered when valuing a company based on its fundamentals and thus a company's management team doesn't need to worry about partially forgone fx gains as much as about financial risks assumed / risks-adjusted returns and efficiency (derivatives-based hedging vs RiskPool) and thus many investors support the implementation of RiskPool at their portfolio companies.

Thus, it is a win-win-win-situation.

RiskPool works the same way for interest rate and commodity price risks *(also accounting for overlay effects in this case)* and hence it is a comprehensive and cool product to manage financial market risks affecting globally active companies.

Plus, it works with both fiat and digital currencies used by companies to conduct international business and hence is future proof.

HOW RISKPOOL WORKS ON A MORE GENERAL AND ABSTRACT LEVEL:

1. Real-time tracking of all postings and thus exposures via ERP system plugins

2. Immediate transfer of identified exposures from the customers' balance sheet to our own one (-> thus we are assuming our customers' financial risks rather than selling them derivatives = true [mutual] insurance)

3. Maximizing total utility: Automatic and AI-driven rate, duration and volume setting (hence price optimization considering real costs – incl. point 4 previous months results – and aggregate customer benefits) and global netting process ("cross-customer" -> natural hedge / economic zero-sum game in FICC markets)

4. Hedging of residual risks (incl. minimal overhedging as well as some CDS' to account for potential defaults, or protect us against black-swan events) and market making as appropriate

5. Calculation of premiums depending on applicable risk classes, insurance asset management contribution, exposure transferred and mentioned real costs

6. Annual redistribution of excess premiums paid less our own margin (difference to the initial revenue-based monthly invoice of on average 2.25%; after this process customers currently only pay around 1.94% and the price will decline further with increasing size / network effects).

CUSTOMER ADVANTAGES OF RISKPOOL:

1. EBITDA boost for customers

Significant network and scale effects coming from our cross-customer hedging and netting approach (thus the matchmaking process for financial risks) paired with the insurance asset management contribution can increase our customers' EBITDA by up to 12% p.a. (i.e. our risk pooling process resulting in strong network effects) which again is equal to an increase of 16% in sales. Now add to this selected commodity upsides, e.g. various sorts of steel or rare earths which thanks to RiskPool become hedgeable for the very first time, by creating synthetic positions, and you might see up to an 80% annual net profit increase in total. Hence with RiskPool the customers' EBITDA and net profit will go up sharply.

As an example, Tesla alone can increase its EBITDA by more than 200 Million USD annually as they currently spend around 600 million USD per year on treasury management whereas our solution, in this case, is only a 400 million USD charge per year. For larger companies, the numbers become even bigger due to our revenue-based pricing as described below. For example, Microsoft is currently spending 3.2 billion USD on financial risk management while our solution RiskPool would decrease this annual bill to 2.1 billion USD and hence result in savings in excess of 1bn USD each year. Other analyses have shown the following savings: Amazon 2,14bn USD, KKR 1.36bn, Tencent 0.74bn USD, Samsung 0.52 USD, LVMH 0.56bn USD, Volkswagen Group 1.71bn USD, Airbus 0.53bn USD, Nestle 0.85bn USD, Glencore 2.02bn USD, Atlas Copco 0.42bn USD, McDonalds 0.25bn USD, Exxon Mobile 2.18bn USD, Morgan Stanley 1.62bn USD, Alibaba 1.65bn USD, Tiffany's & Co 0.1bn USD, IBM 0.59bn USD, BCG 0.25bn USD, Ralph Lauren 0.06bn USD, Siemens 2.4bn USD, Johnson & Johnson 2.84bn USD, AT&T 0.31bn USD. Hence if you note that these number are just the savings and thus equal to an average 0.92 percentage points (the difference between an average 2.86% today and our pricing of 1.94%) you can easily see what our average 1.94% invoice means in terms of gross premiums / revenues and finally potential net income (at our current 15% gross margin rate).

2. Simple and clean insurance solution

RiskPool reduces compliance burdens tremendously. Just think of MiFID II, EMIR, and the likes, which for an insurance policy are no longer applicable from a customer's perspective. At the same time, customers are also getting rid of all potential legal litigations over contract details (e.g. derivatives pricing) as they relate to hedging transactions.

3. Works with all leading ERP systems

Our close collaboration with major ERP system providers ensures a seamless integration and stable processes. For now, RiskPool and our other products – such as the complementary fincato marketplace - work with the following systems: SAP R/3, SAP S/4 HANA, Oracle ERP Cloud, MS Dynamics 365, Odoo, Datev, Netsuite, J.D. Edwards, Sage, Intacct, Quickbooks

4. Seamless integration with complementary products

RiskPool is seamlessly integrated with other products including our fincato marketplace where third parties can offer their solutions in other areas of finance such as Corporate Finance, Cash Management, Payments, Trade Finance and Insurance since this way we can achieve the maximum utility for our customers. This said, cross-border transactions and financings or other international finance solutions won't be a complex or challenging issue anymore thanks to the clever combination and integration of RiskPool and fincato. At the same time, finacto allows us to grow much faster worldwide with strategic partnerships based on attractive barter deals (i.e. we take over financial risk management *[many banks try to get out of / reduce this business anyway]* and they get better access to [new] customers via fincato and/or parts of the insurance asset management business).

5. No treasury department needed anymore

Customers now enjoy an increased focus on their core business with automation taking all the financial risk management hassles (e.g. now being able to go global without worrying about FX rates) and potential human errors out. Additionally, the use of artificial intelligence and the business model inherent insurance asset management contributions are improving results further.

6. Counterparty risk and overlay effect optimized

Our approach is holistic since the algorithms account for FICC and other non-FICC-related overlay effects reducing costs further and effectively mitigate counterparty risk since all risks are pooled (broader base in terms of counterparties compared to single-party derivative transactions) and hence as outlined before only the post-netting residual risk needs to be hedged with derivatives which has another advantage namely a significant reduction in financial institution counterparty risks which is an important aspect considering recent market conditions.

7. No forecast dependency (especially important and beneficial in the currently uncertain times)

It's especially tough to manage financial risks when markets are in turmoil (e.g. due to Covid-19-related uncertainties, political tensions/elections, trade wars, etc) since most customers will find it hard to predict their revenues and other KPIs in these times and hence struggle even more to buy the right amount of derivatives to hedge financial risks. Additionally, derivatives usually become more expensive in these times as uncertainty drives their prices and hence the challenge to mitigate financial risks becomes even more severe. RiskPool on the other side changes all that since it's ERP-integrated, AI-driven (macro-perspective for best results), and revenue-based with a reliable pricing scheme where excess premiums paid are given back at year-end (so even if our own costs to manage the residual risk might increase and potential shifts in the ALM structure might be a thing for us, the initial pricing definitely holds for customers and only the reimbursement of excess premiums paid might differ a bit yet that still means more reliability, efficiency and safety for our customers all while saving costs compared to derivatives-based hedging).

SOCIAL IMPACT ANALYSIS:

1. Financial markets stability:

With increasing international scale, we can offset a growing volume of contrary risk positions and hence we can set more and more long-term FX and interest rates as well as commodity prices on the RiskPool platform which again stabilizes financial markets. The latter goes so far as to enable us to help central banks and governments to entirely mitigate financial crises by spotting, assuming and netting falling and surging risk positions across various asset classes, countries, industries and company stages and as a result to give our customers the aforementioned long-term and reliable rates in exchange for a small percentage *(currently 1.94% and declining over time with our own growth due to the mentioned network effects and setup as quasi-mutual insurance)* of their revenues which is a lot cheaper than they could hedge these market risk on their own (2.87%).
This said we can also help central banks to keep fiat currencies attractive and competitive in a time with a growing number of crypto projects.

Plus, with increasing size, we are also put in a position to drive socially accepted change from old to new industries since we become the institution bearing the spread and making the market between the two different required rates. Higher rates will drive creative destruction and hence benefit younger, innovative companies while low interest rates drive asset prices and keep a lot of “zombie” companies alive. For that, it is also a chance to end Quantitative Easing (QE) and thus bring things back to normality where central banks can take actions more effectively again.

2. Fostering international trade and counteracting unhealthy politics

Since customers using RiskPool do no longer have to worry about FX rates they can expand and trade more easily across borders which again will foster the global exchange of goods and services and hence lead to sustained growth for all. It might over time even be possible to approach real free trade with fair rates targeting hegemonistic actions since free trade increases prosperity for the citizens of all participating nations by allowing consumers to buy more, better-quality products at lower costs. It also drives economic growth, enhanced efficiency, increased innovation, and greater fairness that accompanies a rules-based system. These benefits increase as overall trade—exports and imports—increases. Thus, Mount Wish will as mentioned strive to counteract hegemonistic policies, currency manipulation and unhealthy subsidies in close collaboration with international institutions such as the International Monetary Fund (IMF), Bank for International Settlements (BIS), World Bank Organization, World Trade Organization (WTO) and/or International Chamber of Commerce (ICC).

3. Sustainable economics and mitigating financial crises

The longer-term we can set the FX and interest rates as well as commodity prices by assuming the risks from all parties the more sustainable the entire economy becomes as market risks become quasi-extinct or at least very limited. Beyond this, we can act with increasing size like an independent global central bank and thus set terms on our platform which benefit society as a whole and drive sustainable growth as we bear and offset all financial risks. And as said previously it will also allow us to drive socially accepted change from older to newer, more progressive industries while giving others enough time to adapt.

4. Ending poverty and hunger

Poverty alleviation and fair market access happens via two aspects: First RiskPool is allowing entrepreneurs in developing and emerging markets to tap into abroad funding more easily since they do no longer have to spend insane amounts on hedging FX rates which again leads to the effect that their national interest rates adjusts to and stabilize at a more global level as well and hence their overall economy will grow. Plus, it also helps local banks in developing countries to refinance themselves more easily and at better terms and hence gets them in a better shape to help their own

local customers again.
Secondly, it happens via our complementary and seamlessly integrated marketplace for cash management, corporate finance, trade finance, payments and many other financial products (fincato) allowing them to interact more easily with banking, insurance and finance partners around the world and hence really receive the best solution for their needs. Thus, banks in established countries benefit indirectly as well by getting access to new customers. Beyond this, we can and will use our increasing power (this includes both comprehensive in-kind giving and significant use of internal capital resources) to impact FICC prices in a way that it benefits society as a whole (fair exchange and interest rates as well as reasonable commodity price levels).

5. Global peacekeeping, innovation, and prosperity

By assuming all financial risks and netting them across customers, regions and industries and providing open and transparent financial services marketplaces we deliver an important part of peacekeeping since global inequality and hence migration and war is (often) a result of current financial policies and limitations acting in a hegemonistic, counter-innovative and old-industry-focused manner. Thus, low interest rates are neither in the interest of creative destruction nor international trade where countries exchange goods based on their specific strengths and consequently grow their economies. Instead current politics have led to an asset bubble.

Hence RiskPool in combination with its complementary financial services marketplace (fincato) can help to drive global trade and innovation while also hedging current terms for its mature industry customers *[thus buy them some time]* and where necessary make a market between the needs of these very different stakeholders. This said our solution will lead to economic growth in critical regions and hence help to solve migration crises and distribution wars since it will benefit younger, innovative industries in established countries as increased global trade tends to compromise older industries which are consequently moving to these emerging markets. Over the long run we will then see that conditions and industrial bases harmonize globally and hence the key differentiator will be innovation only. At the same time, it buys industrialized countries enough time to adapt *(yet force them into the required change)* without hurting the growth of developing countries. Beyond this, long-term global harmonization will be a driver to sustainable and modern social policies as they are required with increasing automation. Thus, we will provide the way into an innovation-driven world with socially fair and inclusive conditions for all.

This said, our solution and thus contribution to global peacekeeping and fighting extremism will be even more important in the expected, upcoming financial crisis as this crisis otherwise might have the potential to give rise to global security and social issues by worsening general conditions for large parts of the global population. With regards to all customers (no matter where they are or what they do) our solution will also help them to get better through the next financial crisis as major risks are born by us and netted on a macro-level which means that they do not have to worry about volatility or plummeting markets. The macro-level risk pooling and netting will also help to keep financial markets a lot more stable in general and thus make it more unlikely to see extreme financial crises in the future. And as we all know, stable economies lead to stable and sustainable politics. Hence, we can achieve the joint mission of the IMF and World Bank with a far higher degree of efficiency and efficacy.

Beyond this, our unique access to data at large scale paired with world-class analytics capabilities enables us to work with security and intelligence agencies to detect and fight white collar crimes.

6. Our 5%-Initiative:

Since January 2019 all customers are now per contract required to give at least 5% of the cost savings achieved with our products to social causes or impact investors.

Speaking of the previously mentioned Tesla example the savings of 200m USD per year would mean that Tesla must donate (tax-deductible) 10m USD to social causes and thus still would save 190 million USD every year.

The above Microsoft example respectively would mean 50+ million USD going to charity.

Hence, we drive a lot of capital into social projects and impact investments: We are expecting that 200+ billion USD by 2022 will go to social causes via this initiative alone.

MARKET SIZE AND SALES

Market size:

16 trillion USD (including Financial Services customers) since we replace derivatives-based hedging almost entirely. Thus, we are creating an entirely new market and truly disrupt the financial risk management industry.

4.7 trillion USD excluding financial services customers.

Sales channels:

Our key sales channels are currently word-of-mouth (due to our referral program), sales partnerships with banks and other financial institutions (often including barter deals; e.g. giving them parts of the insurance asset management business in return for the brokered clients, data-sharing or special terms on our fincato platform -> thus able to scale quickly worldwide) as well as direct sales (the latter is most comparable to what you would see in traditional corporate and investment banking).

Summary and USP

We are creating an entirely new market and replace derivatives-based hedging altogether.
Hence Mount Wish is truly disrupting financial risk management (fx, interest rates and commodities) with a fully automated, quasi-mutual insurance approach (we are having a stronger macro-focus based on actuals rather than trying to sell less effective and comparably unsafe derivatives in masses based on individual forecasts) which as a side effect also achieves the joint mission of the International Monetary Fund and Bank for International Settlements with a higher degree of efficiency and efficacy. Hence we effectively help to stabilize financial markets, reduce global poverty, and foster both international trade and sustainable economics.
This said, our multi-award-winning core product RiskPool automatically assumes our customers FICC risks via ERP system plugins and nets contrary positions so that we only need to cover the residual risk which again allows us to offer customers in all industries a much safer, more convenient and straight forward solution at a significantly cheaper price compared to derivatives-based hedging which they had to use in the past.

Awards & Recognition

Mount Wish

2020

Finovate Awards

Innovator of the Year

Finalist (Global Top 5)

2020

Hong Kong Fintech Week
Global Fast Track Programme

Insurance
ERP/TradeTech
Global Top 10 in both categories
(final results still open)

2020

To be announced in due time… stay tuned as we are not allowed to reveal the results just yet

2020

To be announced in due time… stay tuned as we are not allowed to reveal the results just yet

2020

To be announced in due time… stay tuned as we are not allowed to reveal the results just yet

2020

To be announced in due time… stay tuned as we are not allowed to reveal the results just yet

2020

Sibos / SWIFT

Conference

Discover Partner

2020

To be announced in due time… stay tuned as we are not allowed to reveal the results just yet

2020

Benzinga
Global FinTech Awards

New Product of the Year

Finalist
(final results still open)

2020

To be announced in due time… stay tuned as we are not allowed to reveal the results just yet

2020

To be announced in due time… stay tuned as we are not allowed to reveal the results just yet

2020

World Economic Forum

New Champion

Admitted Community Member

2020

HBS

OPM Program

Admitted Participant

2020

To be announced in due time… stay tuned as we are not allowed to reveal the results just yet

2020

To be announced in due time… stay tuned as we are not allowed to reveal the results just yet

Awards & Recognition

Mount Wish

2019
Reuters Events
Insurance Nexus Awards
New Product of the Year
Finalist

2019
RuhrSummit
B2B Startup Pitch
Finalist

2019
Singapore FinTech Festival Awards
Global Category
Finalist

2018
Embassy of the Republic of Singapore in Berlin & German Accelerator
Startup Night
Finalist

2018
WirtschaftsWoche
Neumacher Awards
FinTech
Top 5

2019
Red Herring
Top 100 North America
Invitee

2018
Money 20/20 USA
Startup Academy
Selected Participant

2018
Benzing
Global FinTech Awards
Best FX Platform
2nd Place

2017
KPMG
Smart Start Awards
Best FinTech
Top 10

2016
LMU & German Accelerator
Cashwalk
FinTech Finalist

2018
TechCrunch
Disrupt San Francisco
FinTech
Top Pick