

Finschia

Service Contribution
Reward Policy

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Goal

The goal of the service contribution reward policy is to

- Build a token economy tailored to Web3 by creating a virtuous cycle whereby active service and user participation feed into higher FINSCHIA value.
- Support healthy competition based on transparency and fairness to create a sustainable ecosystem.
- Attract many potential services and users through Finschia Token Economy's differentiated reward policy.

Key Principle

Contribute first, get rewarded later

- Rewards are given only for actual contributions.
- This is to prevent the issue of reckless grants raised among many of other projects.

Focus on on-chain data

- Contribution is assessed in a transparent and fair manner.

Definition

Terms

- Service Contribution

An action or its result contributing to increasing the value of FINSCHIA. It can be classified as direct contribution and indirect contribution. The definition of 'contribution' is subject to change.

- Service Contributor

A Finschia-based web service or app that fulfills the requirements as a service contributor and entered into an agreement with the Finschia Foundation.

- Service Contributor Group

A group of service contributors, managed by the Finschia Foundation.

- Service Contributor Reward

Rewards distributed, depending on the value of on-chain payment and transaction, for direct/indirect contributions to the value of the Finschia Ecosystem. Base rewards are distributed for direct contributions, and bonus rewards for indirect contributions.

- Service Contribution Reward Pool

The community pool where the service contribution rewards for the contributors are managed. The on-chain governance process is required to withdraw and use the funds in the service contribution reward pool.

- Onchain Receipt

A kind of cash receipt, recording a part of off-chain FINSCHIA payment information as on-chain NFT. This allows an off-chain payment to be acknowledged as a direct contribution eligible for rewards on an exceptional base. (To be notified later).

Parameters

Parameters of this policy are subject to change by policymakers of the Token Economy 2.0, based on the vitalization of the Finschia Ecosystem, such as inflation level, service contributor group size, and payment and transaction volume.

Parameters	Description	Initial value (%)	Note
P_1	A minimum rate of user rewards out of the total service contribution rewards	60	This rate should be equally applied to base rewards and bonus rewards.
P_2	A rate allocated to base rewards out of the service contribution reward pool balance as of the end of the previous month	100	At the beginning of the operation, all service contribution reward pool balances are allocated as base rewards. The bonus reward rate ($1-P_2$) will be adjusted later when necessary, considering the circumstances of the Finschia Ecosystem.
P_3	A recommended reward rate for buyers' on-chain FINSCHIA payment	10	

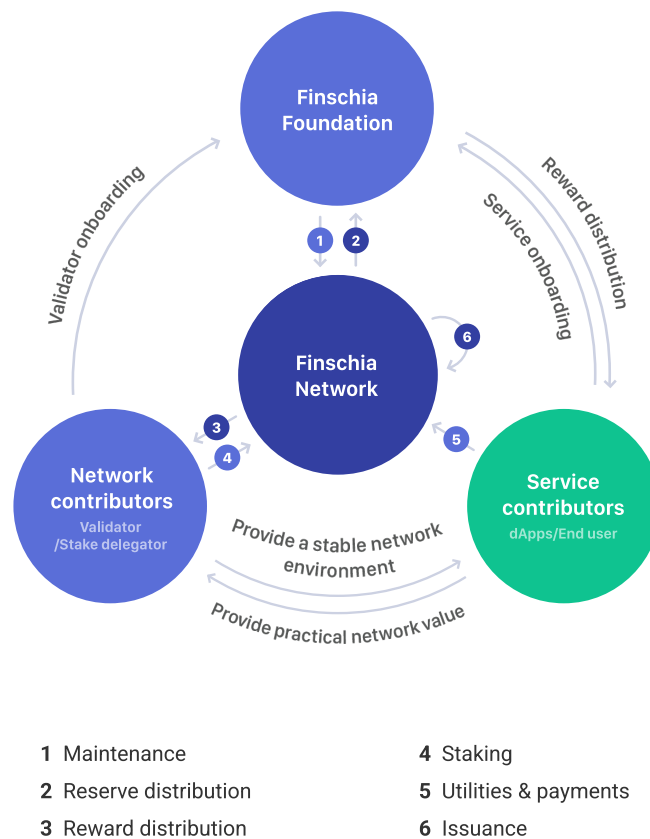
Summary

ⓘ Service contributors must meet the following requirements to qualify for rewards.

Refer to the service contributor section for more information.

- Service contributors must legitimately develop and provide a feature to enable service users to directly or indirectly contribute.
- Service contributors must be able to submit an account address for a FINSCHIA payment or an NFT transaction. Yet, it cannot be redundantly used with other service contributors.

At the beginning of the operation, only the base rewards for the direct user contribution are distributed. The policy for the bonus reward will come into effect later when necessary, considering the circumstances of the Finschia Ecosystem. Refer to each section for more information.



Category	Base reward	Bonus reward (TBA)	Note
Definition	Rewards for direct contribution	Rewards for indirect contribution	Reference : Service contribution rewards
Contribution type	Direct contribution : Making an on-chain FINSCHIA payment	Indirect contribution : Engaging in an on-chain NFT transaction	Reference : Service contribution
Allocation	100% of the service contribution reward pool balance as of the end of the previous month (P_2)	0% of the service contribution reward pool balance as of the end of the previous month ($1 - P_2$)	Reference : Parameters
Assessment	A rate of the given service's FINSCHIA payment(V) out of the total payment	A rate of the given service's NFT transaction($T \times U$) out of the total transaction volume	Reference : Contribution assessment
Calculation	Calculated based on the rate of direct contribution(C_{Base}) per service contributor	Calculated based on the rate of indirect contribution(C_{Bonus}) per service contributor	Reference : Reward amount calculation

Category	Base reward	Bonus reward (TBA)	Note
Distribution process	<ol style="list-style-type: none"> 1. The Finschia Foundation extracts on-chain data. 2. The Finschia Foundation quantifies contribution per service contributor. 3. The Finschia Foundation calculates the actual reward amount per service contributor. 4. The Finschia Foundation releases the reward calculation result, and the service provider reconciles the result. 5. The Finschia Foundation submits an on-chain proposal to distribute rewards. 6. The proposal is voted on and approved through on-chain governance. 7. The Finschia Foundation completes the rewards distribution for each service contributor. 	Same as base rewards	Reference : Reward settlement

Category	Base reward	Bonus reward (TBA)	Note
Settlement interval	Settled monthly (Rewards distributed in the next month for the contribution that occurred this month)	Same as base rewards	Reference : Reward settlement
Usage	User rewards: At least 60% (P_1) of the total rewards Operating costs: Less than 40%(1- P_1) of the total rewards	Same as base rewards	Reference : Reward usage guideline, Parameters

Service Contribution

Service contributions are divided into direct contributions and indirect contributions.

Direct contribution

Making an on-chain FINSCHIA payment is classified as a direct contribution. Contribution reward will be assessed according to the on-chain FINSCHIA payment(~~I~~) of the given service.

ⓘ Those off-chain payments in compliance with the on-chain receipt protocol, which will be introduced in the future, can be counted in as direct contributions.

Direct contributions can have the following effects.

- Active FINSCHIA payment activities directly boost the value and demands in the Finschia Ecosystem, which leads to attracting more users, creating a virtuous cycle.
- Participation from more services and users will make the Finschia Ecosystem healthier and more sustainable, leading to higher retention of the existing users.

Indirect contribution

Engaging in an on-chain NFT transaction is classified as a direct contribution. Contribution reward will be assessed according to the on-chain NFT transaction volume of the given service($T \times U$). It can be double-counted with direct contribution(C_{Base}).

ⓘ At the beginning of the operation, only the base rewards for the direct user contribution are distributed. The policy for the bonus reward will come into effect later when necessary, considering the circumstances of the Finschia Ecosystem.

The effects that can be expected from indirect contribution are as follows.

- Active NFT transactions will lead to higher usability of the Finschia chain, creating opportunities for various NFT-based businesses. In turn, it will increase the value of the Finschia Ecosystem.
- Consequently, the Finschia Token Ecosystem will be able to embrace various payment methods and achieve its vision of 'becoming a blockchain for everyone.'

Example

Payment method	Product	Direct contribution	Indirect contribution
FINSCHIA (on-chain)	NFT (on-chain)	✓	✓
	Non-NFT (e.g., physical product)	✓	✗
Others (e.g., FINSCHIA (off-chain), fiat money, or ETH)	NFT (on-chain)	✗	✓
	Non-NFT (e.g., physical product)	✗	✗

Service Contributor

Key Requirements

Only those services that fulfill the key requirements can enter into an agreement with the Finschia Foundation and acquire qualifications as service contributors. In addition, service contributors are obligated and responsible for consistently maintaining the key requirements.

Key requirements for service contributors are as follows.

- Service contributors must legitimately develop and provide a feature to enable service users to directly or indirectly contribute.
- Service contributors must be able to submit an account address for a FINSCHIA payment or an NFT transaction. Yet, it cannot be redundantly used with other service contributors.
 - FINSCHIA payment processing account : Account for processing on-chain FINSCHIA payments (including contracts)
 - NFT transaction processing account : Account for processing on-chain NFT transactions (including contracts). FINSCHIA payment processing account can be used for NFT transactions as well.
 - Reward settlement account
 - Account dedicated to receiving and paying service contribution rewards (including contracts)
 - Use another protocol provided by the Foundation if it's difficult to receive rewards directly due to regulatory reasons (To be notified separately)

Priority among service contributors

Just one service contributor can be assessed and rewarded for a single contribution. When there are two or more stakeholders for a single contribution, the final service contributor is determined based on the following criteria.

- Service contributors must be in the contributor group at the time of contribution. If a service contributor is not registered to the contributor group, it isn't eligible for contribution assessment.
- A service that directly triggered or provided a cause for the given contribution will be prioritized. The lowest priority is assigned to a service that simply relays a payment (e.g., wallet or payment intermediary).

Example

Service type	Description	FINSCHIA payment processing account	NFT transaction processing account	Service contributor	Note
Marketplace	Services specialized in B2C or C2C transactions	✓	✓	✓ (Direct +indirect)	A marketplace operator can receive rewards as a service contributor. Rewards are distributed to sellers and buyers according to the Finschia Foundation's reward usage guideline.

Example

Service type	Description	FINSCHIA payment processing account	NFT transaction processing account	Service contributor	Note
General service (Standalone)	Services offering a stand alone payment or transaction feature	✓	✓	✓ (Direct +indirect)	Contribution is assessed based on the account submitted (a FINSCHIA payment processing account or an NFT transaction processing account). If the service turned in a FINSCHIA payment processing account, only the contribution related to FINSCHIA payment would be considered.
General service (Non-standalone)	Services offering a payment or transaction feature through another service, such as a marketplace	✗	✗	✗	Rewards can be redistributed from a marketplace operator if the service provides a payment or transaction feature through a marketplace.

Service type	Description	FINSCHIA payment processing account	NFT transaction processing account	Service contributor	Note
Wallets	Services relaying and supporting on- chain transactions	×	×	×	
Payment gateway	Services relaying and supporting off- chain transactions	×	×	×	Those off-chain payments in compliance with the onchain receipt protocol, which will be introduced in the future, can be counted in as direct contributions.
Infra services	Services offering utilities for developers	×	×	×	
Exchange	Exchange	×	×	×	

Onboarding Process

Applying and registering as a service contributor involves the following steps :

1. Apply for a service contributor

Any Finschia-based service can freely apply for a service contributor any time. Send the inquiry and application to the official Finschia Foundation email (contact@finschia.org). The following information must be submitted.

- FINSCHIA payment processing account address or NFT transaction processing account address
- Reward settlement account address

2. Assess by the Finschia Foundation

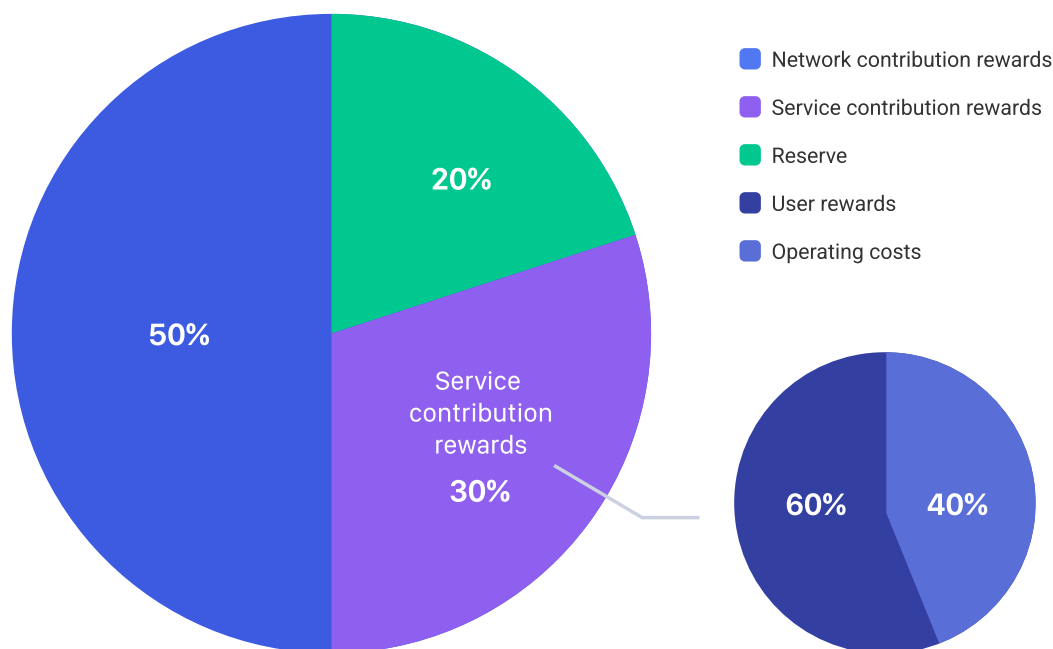
The Finschia Foundation evaluates if the applicant meets the key requirements as a service contributor.

3. Register as a service contributor

The Finschia Foundation enters into an agreement with the services that pass the assessment and adds them to the contributor group. Services registered to the contributor group become eligible for contribution assessment from the month of registration. For example, if a service is registered on April 20, it is assessed for its contribution for the entire month of April.

Services could be excluded from the contributor group if they violate the contractual requirements or fail to fulfill their obligations or responsibilities.

Service Contribution Rewards



Service contribution rewards refer to those distributed for users' direct or indirect contributions. At the beginning of the operation, only the base rewards for the direct user contribution are distributed. The policy for the bonus reward will come into effect later when necessary, considering the circumstances of the Finschia Ecosystem.

The rewards are managed in the service contribution reward pool; 30% of FINSCHIA automatically issued (i.e., inflation) or collected as a fee are used as the financial resources of the service contribution reward pool. The on-chain governance process is required to withdraw and use the funds in the service contribution reward pool. (Proposal submitted by the Finschia Foundation → On-chain governance vote → Proposal enforced)

Overview

Base reward

Category	Description	Note
Definition	Rewards for direct contribution	
Reward provider	Finschia Foundation	
Eligible recipients	Valid service providers (with reward settlement account) registered to the contributor group	
Allocation	100% of the service contribution reward pool balance as of the end of the previous month (P_2)	Reference : Parameters
Assessment	A rate of the given service's FINSCHIA payment(V) out of the total payment	Reference : Contribution assessment
Calculation	Calculated based on the rate of direct contribution(C_{Base}) per service contributor	Reference : Reward amount calculation
Settlement interval	The rewards are settled monthly, which means the rewards are distributed in the next month for the contribution that occurred this month.	Reference : Reward settlement

Category	Description	Note
Distribution process	<p>Rewards are assessed and distributed as follows.</p> <ol style="list-style-type: none"> 1. The Finschia Foundation extracts on-chain data. 2. The Finschia Foundation quantifies contribution per service contributor. 3. The Finschia Foundation calculates the actual reward amount per service contributor. 4. The Finschia Foundation releases the reward calculation result, and the service provider reconciles the result. 5. The Finschia Foundation submits an on-chain proposal to distribute rewards. 6. The proposal is voted on and approved through on-chain governance. 7. The Finschia Foundation completes the rewards distribution for each service contributor. 	Reference : Reward settlement

Category	Description	Note
Usage	<p>Within the boundary of the Finschia Foundation's reward usage guideline, each service provider can establish its own reward usage guideline for users and utilize the rewards for users or operations.</p> <p>User rewards : Use for the following purposes only</p> <ul style="list-style-type: none"> • Rewards for users (or buyers) who engaged in a FINSCHIA payment or an NFT transaction • Rewards for users who have not directly engaged in a FINSCHIA payment or an NFT transaction <ul style="list-style-type: none"> - Users related to the given payment (e.g., C2C sellers, IP holders, or transaction intermediaries) - Users who contributed to the sophistication or facilitation of the service (e.g., registered users with a history of activities) • Rewards for members to increase the number of direct or indirect contributors (e.g., rewards offered as part of a one-time event for registered users) <p>Operating costs</p> <ul style="list-style-type: none"> • Use for the sophistication and facilitation of the service, such as human resources, online or offline marketing, or R&D 	

Bonus reward

ⓘ The policy for the bonus reward will come into effect later when necessary, considering the circumstances of the Finschia Ecosystem.

Category	Description	Note
Definition	Rewards for indirect contribution	
Reward provider	Same as base rewards	
Eligible recipients	Same as base rewards	
Allocation	0% of the service contribution reward pool balance as of the end of the previous month ($1 - P_2$)	Reference : Parameters
Assessment	A rate of the given service's NFT transaction ($T \times U$) out of the total transaction volume	Reference: Contribution assessment
Calculation	Calculated based on the rate of indirect contribution (C_{Bonus}) per service contributor	Reference : Reward amount calculation
Settlement interval	Same as base rewards	
Distribution process	Same as base rewards	
Usage	Same as base rewards	

Contribution assessment

Contribution type	Key indicator	Formula	Description	Note
Direct contribution	V : FINSCHIA payment amount	$CBase = V / \sum V$	A rate of the given service's on-chain FINSCHIA payment (V) out of the total FINSCHIA payment amount ($\sum V$) from all service contributors	
Indirect contribution (TBA)	T: Number of NFTs traded U : Number of unique buyers excluding users who traded a NFT twice or more	$CBonus = \log_{10}(T \times U) / \sum \log_{10}(T \times U)$	A rate of the given service's on-chain NFT transaction ($T \times U$) out of the total NFT transaction volume ($\sum(T \times U)$) from all service contributors	It can be double-counted with direct contribution($CBase$). Normality has been enhanced by applying \log_{10} so that all service contributors can get evenly rewarded.

Example

Service		A	B	C	Sum
Given data	V	200	300	500	1000
	T	100	50	30	180
	U	50	70	60	180
C_{Base}		$200/1,000=0.2$	$300/1,000=0.3$	$500/1,000=0.5$	1.0
C_{Bonus}		$\log_{10}(100*50)/$ $(\log(100*50) +$ $\log(50*70) +$ $\log(30*60))=0.35$	$\log_{10}(50*70)/$ $(\log(100*50) +$ $\log(50*70) +$ $\log(30*60))=0.34$	$\log_{10}(30*60)/$ $(\log(100*50) +$ $\log(50*70) +$ $\log(30*60))=0.31$	1.0

Reward amount calculation

Reward type	Key indicator	Formula	Description
Base reward	<p>S : Balance of the total service reward pool</p> <p>P_2 : Rate allocated to base the base rewards</p>	$S * P_2 * C_{Base}$	<p>The base reward amount is calculated by multiplying the rate allocated to the base rewards(P_2) and contribution per service (C_{Base}) by the balance of the total service reward pool(S).</p>
Bonus reward (TBA)	<p>S : Balance of the total service reward pool</p> <p>P_2 : Rate allocated to base the base rewards</p>	$S * (1 - P_2)$ $* C_{Bonus}$	<p>The bonus reward amount is calculated by multiplying the rate allocated to the bonus rewards ($1 - P_2$) and contribution per service(C_{Bonus}) by the balance of the total service reward pool(S).</p>

Example

Service	A	B	C	Sum	
Given data	S			100	
	P_2			0.7	
	C_{Base}	0.2	0.3	0.5	1.0
	C_{Bonus}	0.35	0.34	0.31	1.0
Base reward (FINSCHIA)	$100 \cdot 0.7 \cdot 0.2 = 14$	$100 \cdot 0.7 \cdot 0.3 = 21$	$100 \cdot 0.7 \cdot 0.5 = 35$	70	
Bonus reward (FINSCHIA)	$100 \cdot 0.3 \cdot 0.35 = 10.5$	$100 \cdot 0.3 \cdot 0.34 = 10.2$	$100 \cdot 0.3 \cdot 0.31 = 9.3$	30	

Reward Settlement

Rewards are settled based on the contribution assessment of each service, which has an agreement with the Finschia Foundation. The Finschia Foundation distributes rewards to each service provider first, and service providers redistribute rewards to users.

- ⓘ Rewards for the current month are distributed in the next month. It is settled on a monthly basis.
 - The minimum reward amount is 0.000001 FNSA.
 - All values in the calculation process are truncated to the 7th place after the decimal point.
 - In case of a refund, the amount is deducted from the contribution for the next month.

Rewards settlement and distribution procedures are as follows.

1. The Finschia Foundation extracts the following on-chain data to settle service contribution rewards.
 - FINSCHIA payment(V) made on the FINSCHIA payment account of each service
 - NFT transaction volume($T \times U$) made on the NFT transaction account of each service
 - Number of NFTs traded(T)
 - Number of unique buyers(U)
2. The Finschia Foundation assesses the contribution of each service based on the extracted data. (Reference: Contribution assessment)
3. The Finschia Foundation calculates the service contribution reward amount for each service. (Reference: Reward amount calculation)
4. The Finschia Foundation releases the calculated reward amount for each service. Each service provider should reconcile the reward calculation result within 5 business days.

5. When the appeal period (5 business days) ends, the Finschia Foundation submits an on-chain proposal to distribute rewards to each service provider. This proposal includes the transaction for distributing the calculated rewards to the reward settlement account of each service*.

* Each service must provide the reward settlement account (including contracts) to the Finschia Foundation.

6. Finschia Governance reviews the proposal, and it is approved through on-chain governance. It may take up to 24 hours after the proposal is submitted until the rewards are distributed through an on-chain governance vote.

ⓘ The Finschia Foundation takes responsibility until Finschia Governance is set up.

7. Service contribution rewards are distributed to the reward settlement account of each service. Then, each service provider redistributes service contribution rewards according to the reward usage guideline established by the Finschia Foundation.

Reward Usage Guideline

Each service provider can execute and use the rewards for user rewards and operating costs according to the reward usage guideline of the Finschia Foundation, as explained in the table below.

User rewards

Within the boundary of the Finschia Foundation's reward usage guideline, each service provider can establish its own reward usage guideline for users, including relevant policies and schedules, and execute in compliance with their guidelines.

⚠ Parameters P_1 and P_3 are subject to change by policymakers in the future. See Parameters.

1. Service providers **must** maintain the distribution rate of user rewards(P_1) at least 60% in the long term or on average.
2. It is recommended to offer rewards equivalent to 10% of the payment(P_3) made by the buyer directly engaged in a FINSCHIA payment or an NFT transaction.
3. User rewards **must** be executed for the following purposes only.
 - Rewards for users (or buyers) who engaged in a FINSCHIA payment or an NFT transaction
 - Rewards for users who have not directly engaged in a FINSCHIA payment or an NFT transaction
 - Users related to the given payment (e.g., C2C sellers, IP holders, or transaction intermediaries)
 - Users who contributed to the sophistication or facilitation of the service (e.g., registered users with a history of activities)
 - Rewards for members to increase the number of direct or indirect contributors (e.g., rewards offered as part of a one-time event for registered users)

Operating costs

The remaining rewards, excluding user rewards, can be spent as operating costs for the sophistication and facilitation of the service, such as human resources, online or offline marketing, or R&D. In principle, it is prohibited to use it for other purposes. Consult the Finschia Foundation if necessary.

As for a service provider being a marketplace, it can share the operating costs ($1 - P_2$) with B2C shops in the marketplace. Service providers can establish and enforce its own reward distribution guideline.

FAQ

Service Providers

Q1. I want to become a service contributor.

Send the inquiry and application to the official Finschia Foundation email (contact@finschia.org).

Q2. There was a refund.

The refund amount is deducted from the contribution for the next month.

Q3. Who decides the service contribution reward policy of the token economy 2.0?

In principle, Finschia Governance establishes overall policies while the Finschia Foundation enforces those policies. Yet, the Finschia Foundation takes responsibility until Finschia Governance is set up.

Q4. What is the timetable in terms of service contributor registration and reward distribution?

- Service contributor application and registration: April 2023
- First settlement of the service contribution rewards: May 2023

Q5. When is the onchain receipt protocol applied?

The schedule will be notified through the official Finschia Foundation channel.

Users

Q1. I have a question about the service contribution reward policy, including eligible recipients, reward settlement cycle, and reward amount.

Within the boundary of the Finschia Foundation's reward usage guideline, each service provider can establish its own reward policies and schedule. Refer to the notice from each service provider or contact the service provider for more information about the user rewards.

Q2. I want to find out if the service I'm using is registered as a service contributor.

The Finschia Foundation manages and discloses the service contributor group list transparently. Refer to the service contributor group list.

Q3. I made a payment. When can I get the rewards?

The Finschia Foundation distributes service contribution rewards on a monthly basis. If the payment is made in the current month, the corresponding rewards will be distributed in the next month. Reward amount and the schedule can vary as each service has its own reward distribution policy and schedule. Usually, the rewards will be distributed to users after the Finschia Foundation distributes the rewards to service providers. Contact each service provider for more details.

See the following for an example of the settlement and distribution schedule.

- Date of the actual user payment (A): April 5
- Date of the reward distribution to service providers by the Finschia Foundation (B): May 15
- Date of the reward distribution to users by each service provider (C): June 8

Q4. Is an NFT airdrop considered a contribution?

No, a free NFT airdrop is not counted as a contribution as it does not involve a payment or a transaction with the currency.

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