

INVEST*Plus*TM

Version 1.0

A novel investment cum savings scheme using commodities

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INVESTPlus – Concept

- INVESTPlus is a totally different way of looking at investment cum saving for people who do not have high disposable income. Instead of saving in Rupees, they can be offered to save their funds as “virtual chunks” of commodities. These Units are “sold” at an affordable price (say around Rs 1,000 a unit).
- The definition of these virtual chunks – known within INVESTPlus as Units – varies according to the actual commodity used and the operating strategy of the scheme. For instance, if Rice is considered under INVESTPlus, one type of RiceUnit can be 10kg of Samba rice. If the current retail price is Rs 75 per kg and wholesale price is Rs 70, a RiceUnit can cost Rs 700 as the bank “buys” rice in bulk. However, a margin of, say 2%, is added as bank charges. So the consumer price would be Rs 714 per RiceUnit.
- People can “buy” Units according to funds available to them. There are no obligations to actually own the physical commodity. All the customer gets is a Guarantee Letter (or a Surety Letter) from the bank for the money s/he paid.
- The bank always sets a BUY price (the buy-back price which is paid to the customers when buying the Units back) and a SELL price (the price which the customers pay to purchase Units from the bank). These prices will vary from time to time according to the market prices. Since the bank has total control over it, the bank can always make sure that the customer is protected and the bank’s margins are made.
- The bank maintains an agreement with suppliers of the selected commodities. This agreement stipulates the purchase/re-purchase rates. Ideally, they are linked to the market rates to reflect market conditions within the system. The commodity does not leave the supplier warehouse (unless physical redemption is requested). Only the funds move between the bank and the supplier. The supplier is obliged to maintain sufficient stock to cover the total position of commodities “bought” by consumers.
- Physical redemption is allowed on certain commodities under terms and conditions set by the bank.
- The only risk in the scheme is the probability of commodity prices decreasing. Careful selection of a mix of commodities would minimize this risk. The bank can offer a minimum return for the customers to protect their investment. In addition, the government may step in to re-finance the risk in commodities of national interest (eg. Rice).

Advantages to the customer

- More value for his/her money when compared to standard savings accounts
- A form of investing even with a very small amount of disposable income which was not possible for lower income groups up to now
- Extremely flexible monthly payments (ie. buy when they can) without ANY obligations
- The facility to withdraw at ANY time (at the BUY rate set by the bank)
- A better bet against inflation
- Concept of “buy tomorrow’s commodities today”
- Flexibility of consuming the actual commodity OR converting to cash at current market rates

Advantages to the bank

- Attract a new breed of customers (ie people who want to invest rather than just saving)
- Increase deposit base
- Very low initial setup cost (since the bank only needs to reach an agreement with the commodity supplier)
- Can utilize existing knowledge of the commodity supplier to plan better.
- The bank always has collateral (ie the commodity). Therefore there is a great amount of security.



- Total control of setting the prices (SELL and BUY)
- High customer retention (as the customer can only purchase from and sell back to the bank)

Features of INVESTPlus

- Based on proven technology and methodology (J2EE, Oracle/SQLServer/MySQL)
- Fully fledged trading platform with a comprehensive, complex trading rules engine
- Complete configuration to suit your environment
- Secure, Easy to use interfaces
- Disaster recovery
- Web interface available to consumers (to check prices, buy/sell over the web etc).

INVESTPlus Modules

- Branch module : For Tellers and supervisors
- Head Office module : Control module for centralized HO operations
- Administrative module : Control panel for systems administration
- Market Administrator module : price monitoring and setting BUY/SELL prices
- Member module : secure, web based module for trading and balance checking

About INVESTPlus

- This is a concept developed by ITF (IT-Front [Pvt] Ltd.).
- What is shown above is merely the summary of the entire scheme. For a detailed presentation, please call **Supun Perera** on **286 5219/071 363 4274** or email to **info@it-front.net**
- Cost:
 - Option 1 → one time fee
 - Option 2 → setup-fee and a nominal revenue share percentage
- ITF has implemented similar schemes before. Therefore, we possess the necessary skills in implementing a complete software solution to manage the scheme. At the same time, we work together with the bank's staff to share the domain knowledge to maximize the returns for everyone.

About ITF

- Incorporated in 2006 as a software consulting and solutions provider
- 30+ person-years industry experience
- Core areas of software domain knowledge
 - Banking/Financial
 - GPS based tracking
 - E-commerce platforms (payment gateways, m-commerce)
 - Mobile applications
 - Hi-tech and other services
- Key clients
 - Sri Lankan Airlines (corporate intranet)
 - USAID (complete back-office system)
 - GeoTrack (GPS based skiing performance measuring tool)



- hSenid Business Solutions (software consultants for Ceylinco Seylan GoldHeart system)