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Issue: March 11, 2019

CEOCFO Magazine

Building both Hardware and Software for the Financial Industry utilizing only Blockchain, GreenBox POS is enabling Point of Sales Systems to conclude or settle Transactions Instantly

Ben Errez
Executive Vice President
and Chairman

Fredi Nisan
Chief Executive Officer

GreenBox POS
(OTC PINK: GRBX)

Contact: CEOCFO Magazine 570-851-1745

Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine

CEOCFO: *Mr. Errez, what is the idea behind GreenBox POS?*

Mr. Errez: GreenBox is a company that was established about two years ago and set out to do just one thing: we build systems, both hardware and software for the financial industry utilizing only blockchain. The idea behind doing that is to harness the exclusive benefits of using a block, like reliability, privacy and extendibility and things of that nature, to financial systems. One of the most important features that the block enables is the ability to conclude or settle transactions instantly. Therefore, no longer do you have to wait three or four days before you get paid by the card provider or the card issuer for a transaction that was just happening. Right now, you have the ability to settle that transaction and see the result of that sale in your bank account instantly.

CEOCFO: *When did you recognize that blockchain was going to be viable, was going to be real, usable and something that you should focus on? How did you know?*

Mr. Nisan: That is a great question. For me personally, about three years ago, I did an exit in the ERP and Point of Sale systems. The challenges that we had were in the financial side of the business. When I started researching solutions, I came by the blockchain. As the capabilities of blockchain and its fit to the financial world become clearer, I realized how important it is and what we can do to have a changing financial system infrastructure with that technology. From that, GreenBox was born to marry the blockchain capabilities with the growing needs of the financial world.

CEOCFO: *Why a separate system? Why not part of a system that accepts other forms of payment?*

Mr. Errez: That is a question that I really like. I will give you an anecdote that just happened on the last Black Friday to a very reputable and respected company called Macy's. Macy's was processing payments during Black Friday until their processing system crashed from over demand. As a result, they had to do their Black Friday on the following Wednesday. This is a great example, because it shows the differences between the traditional systems and blockchain systems. Blockchain is extendable. That means that the processing bandwidth that you need can be available to you all the time and in any amount. The reason for that is that its computation is distributable, so we can do portions of the transactions on machines that are remote to the transaction itself. What that cause is the ability to process many more concurrent transactions than any standard system. The second anecdotal evidence is demonstrating that the result of these transactions on existing systems would not have reached the merchant's bank accounts until days later, where if that transaction was conducted on our system, they would have seen Black Friday revenues on the same day- in real time. These are a couple of examples from the merchant's perspective. From the consumer's perspective, there are other

interesting things that are really important. For example; privacy. The fact that blockchain is completely private, no one owns the data, no one has unauthorized access to the data. Blockchain is nearly un-hackable in its original design; all of these instill confidence in consumers, and they are drawn to that system. Therefore, all around, blockchain is the better choice for financial systems and the entire world is going in that direction right now.

CEOCFO: You recently released a new API. What is your offering today and who is using it?

Mr. Nisan: GreenBox's goal is to not change the consumer's behavior – in most cases, both consumer and merchant behave exactly as they did before connecting to us and can continue to use the same hardware they invested in. We take care of all connectivity to our ecosystem seamlessly. We built APIs that make it is very simple to implement full integration with someone running a simple WordPress or WooCommerce website, and also most Point of Sale companies. We want to be the engine for all of that, so we offer the APIs for those businesses, free of charge in most cases. These companies integrate with us, so we can absorb more customers and increase revenues. However, the other side of it, the actual point of sale companies that integrate with us, can now offer to their customer's different solutions that they cannot offer today. We offer our APIs for other companies to be part of our ecosystem, so everybody can benefit, both consumers and merchants. We reached critical mass of users by focusing on the merchant side, but the benefits on our ecosystem is shared between the two distinct groups: merchants get their money faster. Consumers are much safer and transact privately. The information on blockchain is 100% accurate and is never changed. Everything we do is very open, visible to everybody including the customer and this is why we offer, for example, the new API.

“Our main contribution to this field of business is by way of utilizing blockchain for what it does better than anything else.”- Ben Errez

CEOCFO: How do you help a company overcome some trepidation about something new and something they may not fully understand?

Mr. Errez: This is interesting from both the consumer's and merchant's perspective. I say that because it is a common problem when new technology is introduced. All new technologies succeed or fail on their path of obtaining critical mass. You can get critical mass of users, or you can get critical mass of merchants. This can be done via regulations; changes in the law that necessitates certain performance criteria or certain reporting methods that are only available from a new system. Our approach was different. We got the merchants on board by not scaring them to think that they now have to go to training with every one of their clients. Clients have no change in their behavior. They still operate in front of the machine that looks exactly the same and their purchasing behavior is unchanged. Our blockchain system works its magic in background and removes issues usually associated with traditional internet payment system. The second important change is leveling the playing field. a particular type of legal product or service that maybe before had trouble obtaining reasonable payment services support, can now operate like any other business on our ecosystem. This approach caused mass migration onto our ecosystem very, very quickly. We see that in the new legal space of CBD for example. We see this migration in droves, because our system takes this offering and makes it available and equal to everybody.

CEOCFO: What type of regulation, if any, do you fall under? Are the standards different because of blockchain? Where or how does that come into play?

Mr. Errez: That is another interesting question. The payment system is a regulated industry to begin with. In some cases you have to have a money transmit license. You have to register with the data that money transmits business sometimes. You have to comply with the regulations such as the patriot act, the bank secrecy act, unusual transaction report and other regulations and all of those interesting things. There are a few ways to operate in that field. We believe in complete transparency and openness towards everybody. We partner with several very large money transmitting businesses and we utilize our technology to do record settlements on top of their traditional licenses to do actual money transfer. Further, I want to point out one difference between standard internet money or merchant services technology and blockchain technology: blockchain has a sort of dual life. It processes all of the transactions that pass through it in a virtual world. In the physical world, where physical dollars live and transmit and transact, they are under the responsibilities of standard commercial banks and licensed operators. Our main contribution to this field of business is by way of utilizing blockchain for what it does better than anything else, any other system. If your next question is going to be how do they handle fraud, for example, I would direct you to one of our patents, which is called TrustGateway. I will tell you that transacting using blockchain TrustGateway is different. The gateway itself, the engine that concludes the transaction, knows who you are. It has your biometrics, it has your fingerprint, you picture, you habits, your location, the average ticket that you buy and things like that. Therefore, assuming false identity, which is a major part of fraudulent transactions, on our system, is a very, very difficult undertaking. In fact, it is nearly impossible! That is the difference.

Mr. Nisan: Everybody knows Excel. If I give you an Excel file in an email and I send it to you and you take this Excel and open it and change a cell containing one thousand dollars to five hundred dollars, folks receiving the file down stream

from me can't tell it was changed. Bad actors sometimes do that in research, if it doesn't show what they want. On the block, you cannot do that! Fidelity of data is an absolute. Transparency is not only possible but also mission critical on blockchain. That means that even if tomorrow, the bank, the government of whomever, wants to see the data, we know for sure that because we use the blockchain technology, all of the data will be accurate and compliant, one hundred percent, without even going to the details.

CEOCFO: *How are you reaching out to potential customers?*

Mr. Nisan: Actually, we are in a good space - customers come to us! They find us because of the unique product that we have. Many big and small institutions come to us with different; not necessarily straight forward, "Hey, I want your system." Some of them are, but some of them actually take it further and say, "You have an ecosystem and technology that we need, for example, for doing loans," or whatever is specifically related to their business vertical. When folks see our demo, they usually sign up.

Mr. Errez: I would add to that that traditionally, in this business, migration to a new system or to any system is done according to hierarchy. Initially, you have individual merchants that are early adopters and they subscribe to the new and better systems. Then you have, at the level of agents, that under them have a collection of merchants or a vertical of merchants; vertical meaning that they are all in the same industry and collection meaning that they hold many merchants, but they are in different industries; they, as a unit, decide to move between payment systems. On the higher level are those who are a collection of agents and those are called ISOs. We have a large number of ISOs on our system that go out there and seek new frontiers for us. However, as Fredi said, because we are unique at what we do and apparently, we are the only company in the world that has a complete solution on blockchain, they come to us. When they come to us it means that we work with governments to create systems that do micro tax payments per transaction. We work with financial institutions and we have dozens of those on our system, to create payment systems that they can rely on. We work with banks and we work with ISOs and by doing so we got to where we are right now. We have hundreds of applications in the pipeline that we still need to process for new ISOs, agents and merchants.

CEOCFO: *Has the investment community been paying attention?*

Mr. Errez: We believe so. We have been a public company since April of 2018. We continue to believe in the public market and continue to have a public offering and invite investors of all levels to be part of our success. We also plan on uplisting to a senior exchange – NASDAQ, at some point in the near future. We like that people approach us and this is one of my favorite roles with the company. I speak with these people every day.

CEOCFO: *What should we expect for the upcoming year? What do you look at 2019 to do for GreenBox?*

Mr. Nisan: I would say that the general direction around the world is to go for more safe, secure and highly available payment systems across the world. We know that every bank in the US will be required to be blockchain aware by the end of this year. We see the adoption of this technology escalating and increasing in rates that we have not seen since the introduction of the internet, specifically for payment systems and perhaps escrow and provenance collection. In general, the payment world to be more and more in blockchain, all the way to a point in the very near future where the traditional systems will all be abandoned, just because they cannot catch up. Again, the Macy's story is a great example. It is unbelievable that at the end of 2018 we still do not have a technology that is robust that can take Black Friday transactions and process them properly. That, to me, is an unbelievable situation.

CEOCFO: *We have needed technology now at GreenBox!*

Mr. Errez: That is correct.