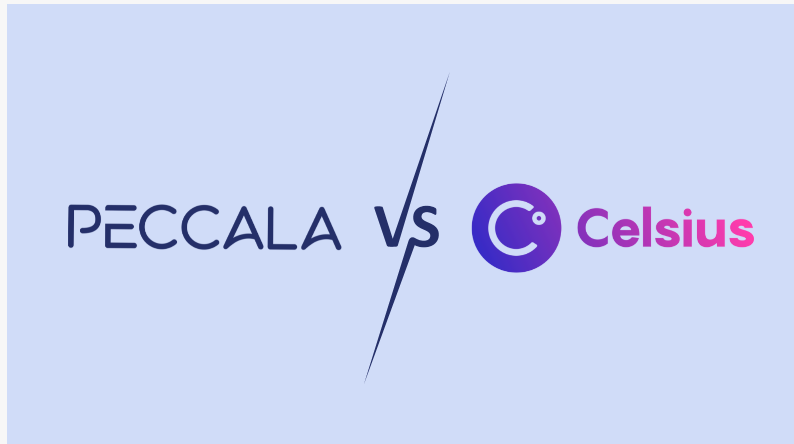
Understanding Peccala mission - transparency and financial inclusion

Peccala's investment platform attracted hundreds of people to their waitlist and generated 80% returns.
But how do you know Peccala is in the right direction?



Peccala launched its product in April, attracted hundreds of users and is taking measures for their safety

PRAHA, CZECH REPUBLIC, August 3, 2022 /EINPresswire.com/ -- Peccala launched its Beta product version in April 2022, attracting hundreds of people to their waitlist and generating 80% returns to its first onboarded users. But a lot of questions were raised about how the product works and the measures taken by Peccala to mitigate risks.

To explain the measures taken by Peccala to protect its users and product, we will compare our journey to the infamous story of Celsius.

> It's super painful to watch companies like Celsius - which told people they were safe - collapse.
> At Peccala we are always open about the risks and we have a strong focus on transparency.”
>
> *JJ Jones*

1. The bank run problem

Part of the problem of Celsius’ model was that they were promising people who invested funds into the platform a yield of up to 18%, with instant access to withdraw their funds at any time. Those funds were then loaned out to borrowers for a fixed length of time. You can see the potential problem — promising instant withdrawals on one side, but with money locked up on the other. So when a large number of investors withdrew their money at once during the May crash, Celsius didn’t have the liquidity to pay them. This made investors panic, and led to a classic bank run scenario. This risk is a normal part of lending, and many yield providers manage it well — but from bankruptcy filings, it appears Celsius didn’t take this risk seriously enough and had far too few liquid assets.

At Peccala we only invest funds in fully liquid futures markets at large exchanges, and the value of our tokens is directly linked to the amount invested. So, unless a catastrophe occurs at one of our exchange partners or with a stablecoin, we will always be able to redeem tokens for their current value.

2. Paying out top earnings in CEL

Celsius offered the highest interest rates to investors who agreed to be paid out in Celsius's own token, CEL. This was fine during a bull market when CEL was increasing in value, but it left users out of pocket when the crypto markets (and Celsius) collapsed.

At Peccala we exclusively accept deposits and withdrawals in stablecoins and soon fiat currency. Our tokens are directly linked to the amount invested, and we don't have our own secondarily traded utility token.

3. Letting humans make investment decisions

Whilst Celsius have said they never invested customer funds into anything other than lending (this has been disputed), they were definitely investing their own funds heavily in various CeFi and DeFi projects — and using earnings from these to sustain the high yields they promised their investors. Reports now show that some of these investments, sometimes in the hundreds of millions of dollars, were made manually by employees without any oversight. And when those investments turned bad, they seriously impacted the company's ability to pay out yield.

At Peccala, our trading is 100% automated using the sophisticated trading tech we developed in-house. Our thesis (proven by fact) is that making trading decisions based entirely on data is much more profitable in the long run than having human emotion (and hype) come into play. That's why there's no human interaction in our trading, and we let our trading engine run by itself 24/7. You can read more about how our trading engine makes its investment decisions in our Token Litepaper.

4. Misrepresenting the risks

Celsius's marketing positioned their yield investment as a safe way to earn money with crypto, like a savings account at a bank. But we now know that Celsius wasn't actually taking a safe approach, and there are reports of a hole of up to $2bn in their company finances.

At Peccala we are upfront about the risks. We make crypto trading easier by having our algorithms trade for our users. We offer different strategies offering different risk/reward profiles — but with all our strategies we are still trading, which inevitably carries risk! One should never trade anywhere with more money than they would be comfortable with potentially losing, and think of Peccala as part of a balanced portfolio.

5. Ignoring their own compliance department

Compliance and risk can be undervalued topics — but they're actually really important to any financial company, even (or especially) in crypto. The compliance and risk team acts like an internal auditor, ensuring the company isn't doing anything too risky. There are reports that at Celsius, their own compliance team raised red flags about how trading was handled, months before the collapse happened.

Ultimately, crypto is an asset that holds monetary value, which means crypto companies are dealing with people's money, and have a duty to treat that money carefully. We want to make high-performing investments open to everyone, but we also want to make sure that customers are aware of the possible risks, and can trust that we are taking a controlled-risk approach whilst managing their money.

That's why we have been working hard to build a well-run and sustainable business from day one — something that Celsius, unfortunately, failed at.

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About Us

Peccala was founded in 2021 by three co-founders with a combined 20 years of crypto trading experience: Aldo, JJ, and Laura. We've received investments from Antler, an early-stage venture capital fund in Berlin, and five forward-looking angel investors based in Germany and the US, who believe in our mission to open up the world of crypto investing to ordinary people by removing the complexity and time it takes to get started.

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