



The Internet of Credit

On-demand credit for global finance



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Executive Summary

The global payments ecosystem processes over \$200 trillion annually, yet remains fundamentally broken:

- Slow – Cross-border settlements take days,
- Capital inefficient – \$5 trillion+ idle in pre-funded accounts.
- Expensive – Businesses pay high fees (remittances average 6%) and credit premiums for instant settlements.

The solution to fix global financial flows is emerging in the blockchain space, with the adoption of stablecoins that has already exceeded the **\$280+ billion market cap**. However multiple delays and inefficiencies exist across Fiat <> Stablecoin <> Fiat interfaces that prevent instant and efficient settlements.

Kred is Kernel's real-world asset (RWA) stablecoin product that overcomes the inefficiencies and enables seamless and instant settlements. Kred is a **global marketplace that connects capital to institutional credit demand through blockchains**. A crypto-powered credit layer makes credit borderless, and accessible in real-time, transforming global financial payments and settlements.

Kred issues **KUSD, a fully collateralized synthetic stablecoin that is 1:1 pegged to the USD**. Unlike traditional stablecoins that offer no yield, **rewards are distributed through sKUSD—an ERC-20 token issued against staked KUSD**. Rewards are generated through interest earned via credit to enable **instant settlements**.

Kred **targets an immediate addressable market of over \$300 billion in on-demand liquidity** for the global finance sector, including cross-border settlements, credit card payments etc. This represents a significant untapped opportunity in traditional finance, onboarding critical finance flows into crypto.

The Problem



The Problem: Broken Capital Infrastructure

The global financial system that supports internal payments, cross-border remittances, credit card payments etc. suffers from three fundamental inefficiencies that collectively lock trillions in idle capital.

- **Slow:** Settlement delays due to legacy systems, multiple intermediaries
- **Capital inefficient:** Locks \$5 trillion+ in pre-funded accounts
- **Expensive:** Prohibitive costs burden the entire system

Problem	Current State	Annual Cost
Settlement Delays	• 3-5 days for cross-border payments • 180+ banking holidays globally • Weekend transaction freezes	\$2T+ in lost productivity
Capital Inefficiency	• \$5T+ locked in nostro / vostro accounts • Billions in card pre-funding requirements • Massive brokerage margin requirements	\$200B+ in lost yield
Prohibitive Costs	• 2-6% remittance fees • Premium spreads for instant liquidity • Working capital financing at 15-30% APR	\$500B+ in fees

Market Opportunity



Market Opportunity

Traditional cross-border payments and remittance rails were not designed for today's digital economy. Slow banking cycles, pre-funding requirements, and settlement delays create constant friction.

Stablecoins have emerged as the solution to these problems - they move money **instantly, across borders, at low cost, and without banking-hour restrictions**.

However, for businesses, **there's still a critical gap** in having the right liquidity available at the right time.

1. Banking cycles don't align with 24/7 stablecoin rails.
2. Conversions to and from fiat take days (especially for large transfer amounts).
3. Customers pay on one rail, but vendors or merchants expect funds on another.

This leads to companies either still holding significant idle capital or accepting delayed settlements, **both of which hurt growth and customer experience**.

Kred solves this problem by adding a fully collateralized instant liquidity layer on top of stablecoin rails — making stablecoins truly usable for real-world payments.

Sector	Annual Volume	Kred Solution	Impact
Cross-Border B2B	\$40 Trillion	Instant settlement liquidity	3-5 days → minutes
Remittances	~\$1 Trillion	Real-time transfer funding	2-6% fees → <1%
Card Processing	\$40 Trillion	Just-in-time settlement	80% capital reduction
Trade Finance	\$15 Trillion	Bridge financing	30-60 day gaps eliminated
Payroll/Gig Economy	\$20 Trillion	Earned wage access	Weekly → daily payouts

-  **Cross border B2B Payments:** The \$40T cross-border B2B payments takes 3-5 day settlement times and high correspondent banking fees, creating **our largest market opportunity**. Kred provides instant liquidity for payment processors to settle transactions immediately, reducing settlement times from days to minutes while eliminating Nostro / Vostro requirements.
-  **Card processing and Digital payments:** Card networks require massive pre-funding for instant merchant settlement, creating capital efficiency problems. Kred offers just-in-time liquidity reducing locked capital by 70-80% while maintaining settlement guarantees.
-  **Remittances and Financial Inclusion:** The \$1 Trillion remittances market operates with 2-6% fees and multi-day delays, affecting financial inclusion for millions globally. Kred transforms this market by providing instant liquidity at lower costs.

The Solution



The Solution: Kred (Internet of Credit)

The Internet of Information collapsed communication barriers, the Internet of Value collapsed payment friction, and now the **Internet of Credit collapses the gap between accessible capital and credit in the real world**. Every leap in the “Internet of X” unlocked something once bound by geography and time. However, credit remains trapped in legacy rails. Businesses wait days to get paid, cross-border flows crawl on SWIFT, and capital lies idle in pre-funded accounts.

Kred introduces the **Internet of Credit**. A system where **capital moves with the same speed as information, making it borderless, composable, and programmable** by default. It works as an on-chain credit rail offering instant collateralized credit for global payments, payroll, and remittances, connecting real-world demand with DeFi infrastructure.

The "Internet of X" Evolution

Era	Innovation	Impact
Internet of information	Knowledge became instantly accessible	Google, Wikipedia
Internet of Communication	Messages became instantly deliverable	Email, WhatsApp
Internet of Commerce	Goods became instantly available	Amazon, Shopify
Internet of Money	Value became instantly transferable	Bitcoin, Ethereum
Internet of Credit	Making credit borderless, composable and programmable	Kred

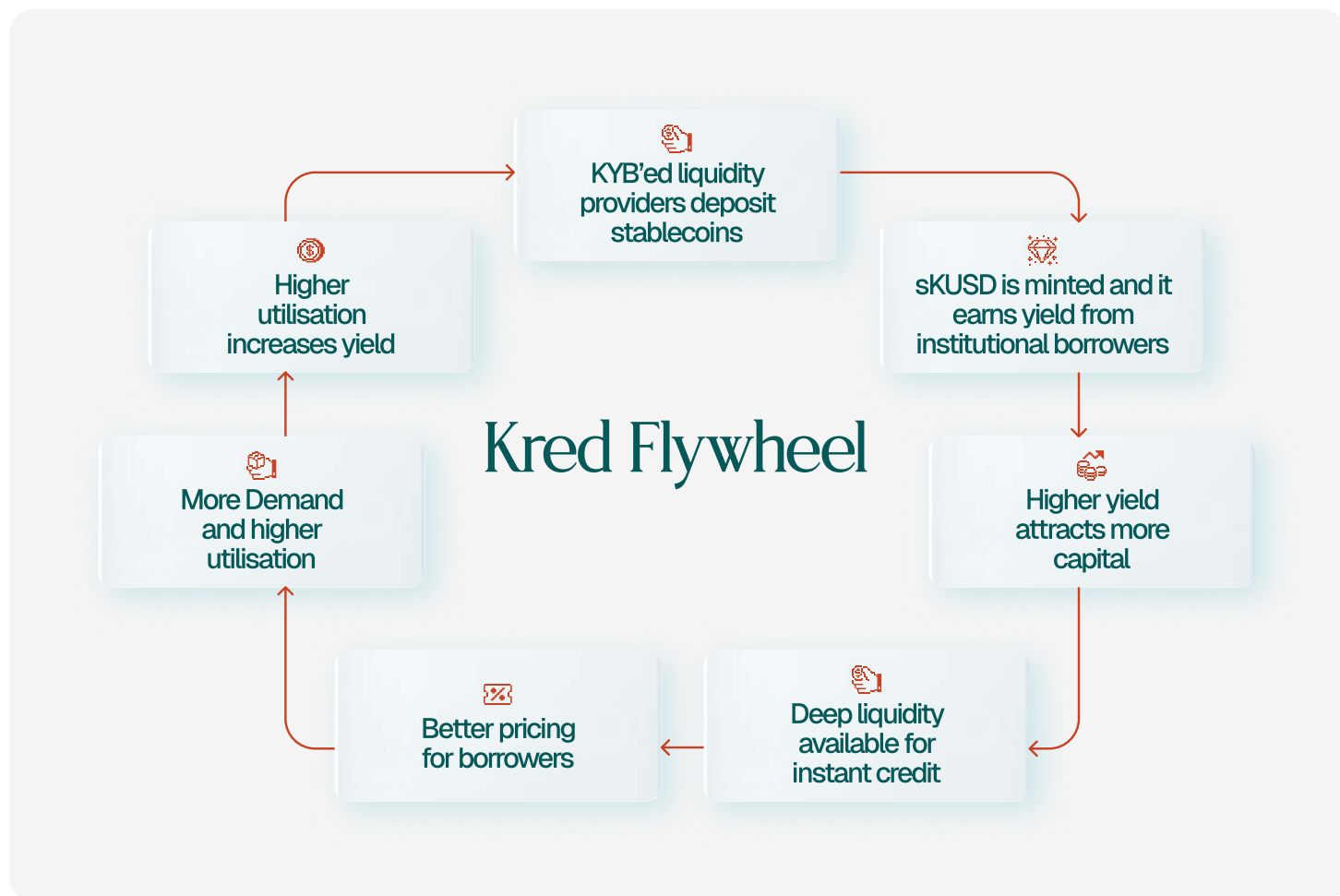
Core Principles

- **Programmable** - Smart contracts automate credit flows
- **Borderless** - Global liquidity pool accessible 24/7
- **Real-time** - Instant settlement without clearing delays
- **Transparent** - On-chain visibility of all parameters
- **Composable** - Crypto and TradFi integration



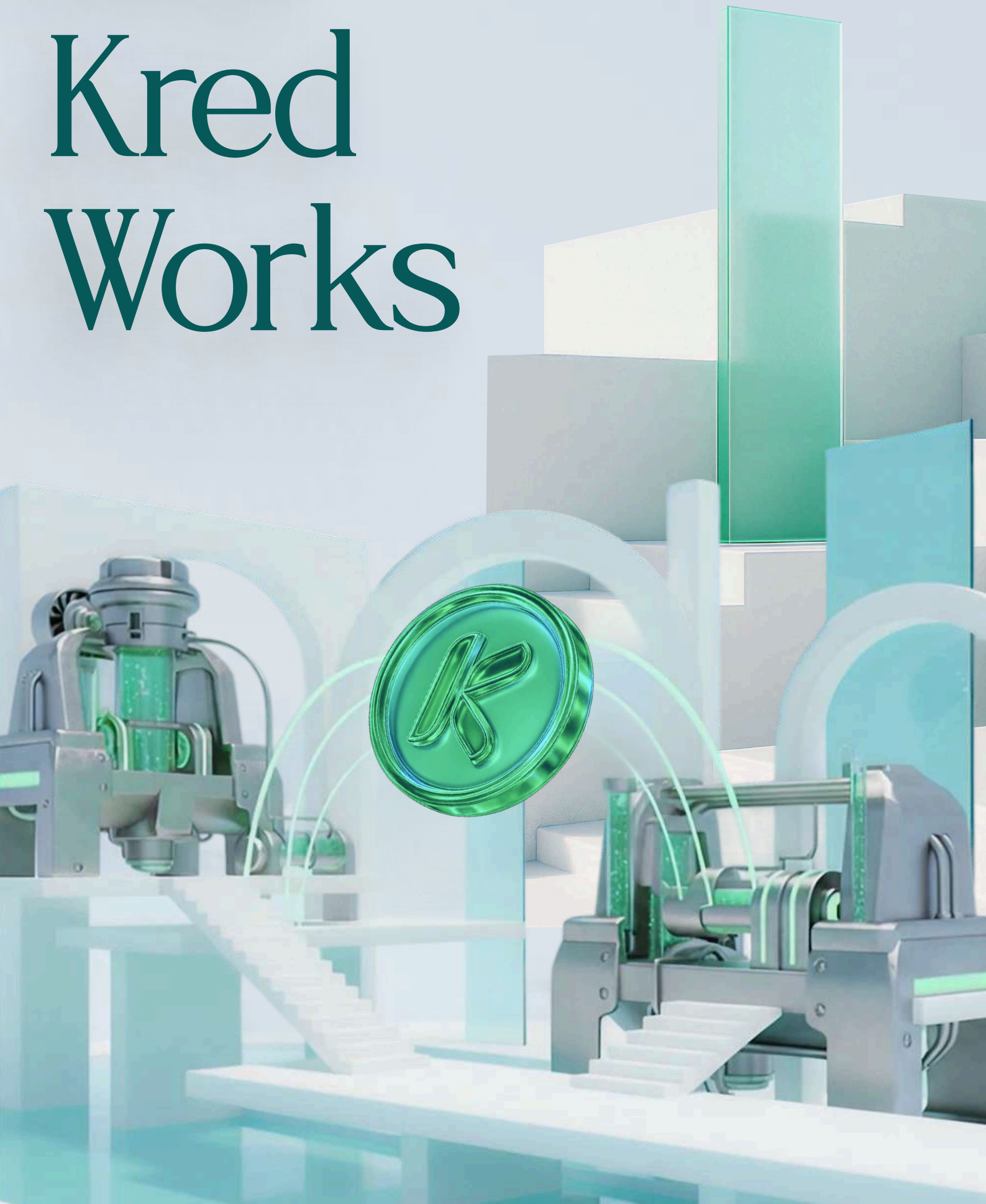
The Kred Flywheel

Our protocol operates on a powerful flywheel mechanism that drives sustainable growth. Liquidity providers deposit stablecoins into the system and receive sKUSD, this sKUSD earns yield from institutional borrowers. Higher yields attract more capital, creating deeper liquidity pools. Deeper liquidity enables better pricing for borrowers, which attracts more demand and higher utilization rates. Higher utilization increases yields, and the cycle accelerates, creating a self-reinforcing ecosystem.



The short-term credit market is unique because it is larger than the entire crypto market, offers high yields for lenders, and is a long-tail, fragmented market. Kred uses compliant DeFi to aggregate and streamline the market rate for short-term credit.

How Kred Works

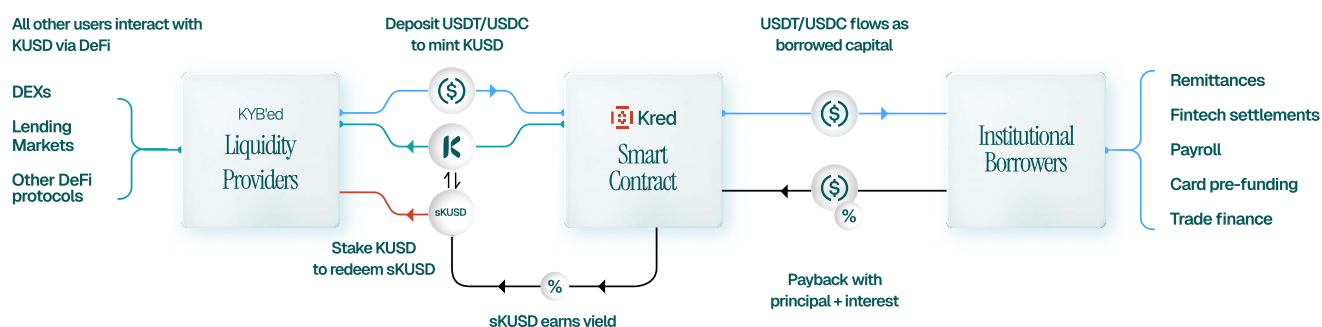


How Kred Works: KUSD & the Underlying Design

Kred operates as a sophisticated two-sided marketplace connecting

- **Liquidity providers**, including KYB'ed institutional investors, DAOs, and treasury managers that deposit stablecoins to mint KUSD.

How It Works



- **Institutional borrowers**, including KYB'ed fintechs, remittance companies, and payment service providers. They access instant liquidity for business operations, pay competitive interest rates based on risk profiles, and provide collateral during credit assessments.

Kred along with its key partners serve as **the orchestration layer**, managing –

- Liquidity provider and borrower onboarding
- Collateral and risk underwriting
- Cohesive On-chain lending - smart contracts, offchain checks
- Managing liquidity across networks and KUSD DeFi utilization

The three most essential flows to understand Kred are the following:

1. sKUSD Minting & Redemption Flow
2. Yield Mechanism
3. Risk Management

KUSD Minting & Redemption Flow

KUSD is a stablecoin issued when KYB'ed liquidity providers deposit approved stablecoins into Kred. The KUSD lifecycle follows a clear progression from mint to redemption. The deposited stablecoins are ready as a credit line for pre-approved institutional borrowers at pre-agreed interest rates.

Any user can purchase KUSD from decentralized exchanges and stake KUSD to receive sKUSD, an ERC-20 token that accrues yield from the interest paid out by borrowers. sKUSD is DeFi composable and can be leveraged to earn more rewards.

Only KYB'ed entities can redeem KUSD to approved stablecoins directly from Kred.. Any KUSD holder can conveniently swap their KUSD for other stablecoins using secondary liquidity venues like decentralized exchanges and OTC pools, or un-stake their sKUSD to KUSD instantly.

Key Features

- ⦿ Instant Minting: Immediate KUSD issuance upon stablecoin deposit
- 🔗 Smart Deployment: Automated matching to institutional borrowers
- 🧩 Full Composability: Seamless integration of sKUSD and KUSD across major DeFi protocols

Yield Distribution and Composability

sKUSD generates yield through institutional borrower interest payments. The automatic yield accruing mechanism continuously compounds returns without gas costs, with the sKUSD value increasing as interest accrues from the underlying loan portfolio. At the start, sKUSD to KUSD value is 1:1, and this value will increase with time as more rewards are captured into the value of sKUSD.

All collected interest from borrower repayments flows to the staking contract weekly and is vested as rewards for the subsequent week. This model is designed to avoid volatility in yields and ensure a sustained yield generation. By staking KUSD, users tap into the yield generated from the underlying stablecoins, which is then automatically compounded into the value of their sKUSD. Interest payments in this market are driven by real-world economic activity, which is agnostic to crypto bull and bear markets. Institutional borrowers pay competitive rates to access instant business liquidity, creating genuine, sustained value for extended periods rather than speculative returns.

Full integration of KUSD and sKUSD with existing major DeFi protocols ensures interoperability and composability, catering to different users with differing risk and return profiles. We anticipate KUSD and sKUSD to be available across decentralized exchanges, lending, yield, options, and other DeFi opportunities serving a wide variety of use cases and users.

Credit Risk Management

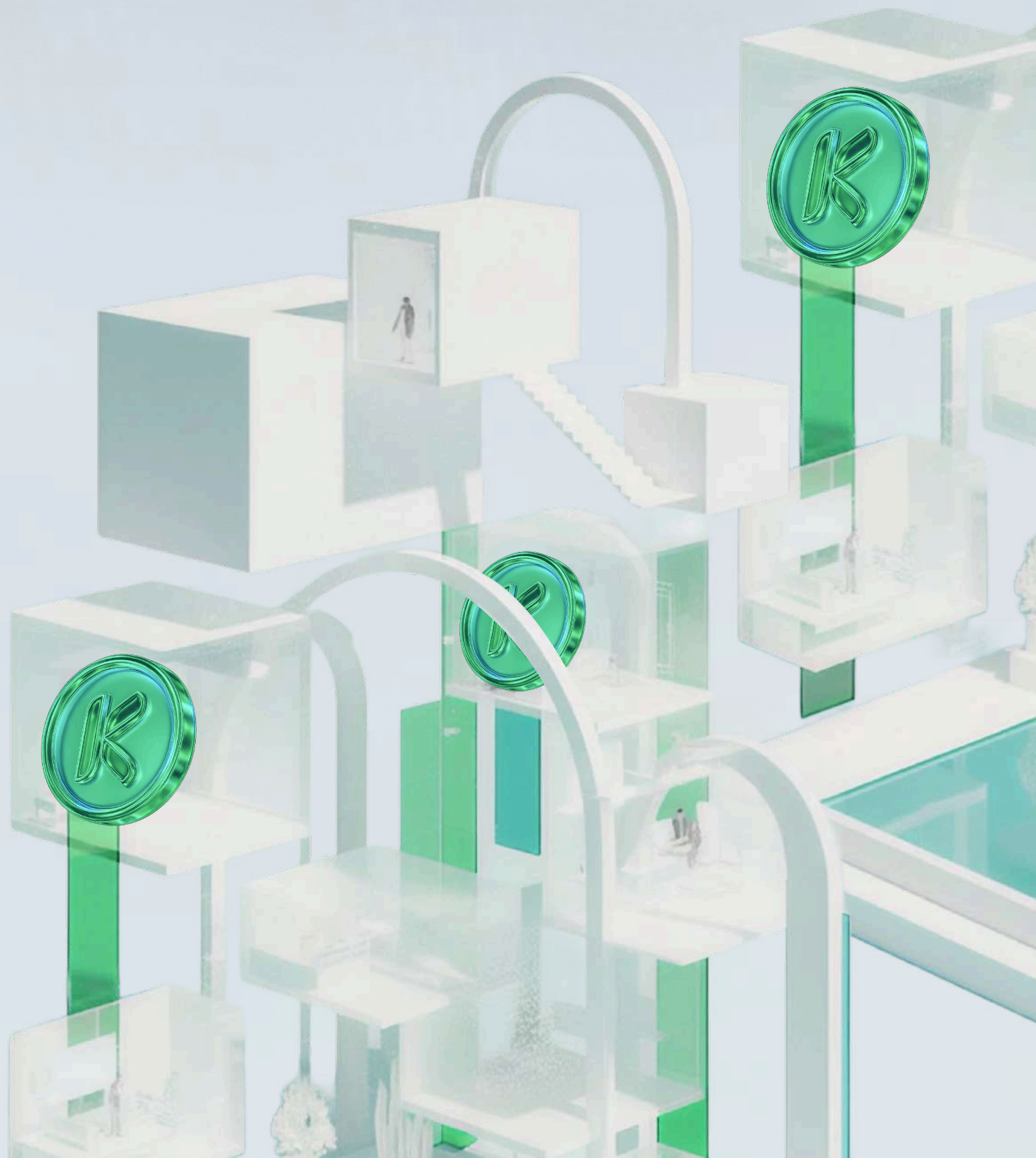
A comprehensive risk framework ensures the integrity of the product from all risk vectors.

Overcollateralization Requirements: Credit is extended to only borrowers who are KYB'ed and provide proof of collateral whose value exceeds the credit line requested. Kred accepts different forms of collateral - in-transit On-chain tokenized payments, significant crypto assets, bank guarantees, senior secured positions, etc. The LTV for each type of collateral differs, with On-chain flows receiving a superior treatment. Kred collaborates with various legal license partners across different geographies to enforce the execution of loan recalls.

Insurance Fund: To offer an extra layer of security against default risk, the insurance fund is designed to step in to maintain overcollateralization of all loan positions. This insurance pool will be bootstrapped with a portion of revenue growing the fund until a proportional size to the overall outstanding credit is achieved.

Real-time LTV Management: Real-time collateral valuation, automatic margin calls and structured liquidation procedures, ensures that borrower obligations remain fully secured. Our partnership with **Chainlink** will establish **proof of reserves across onchain and offchain for enhanced transparency and security.**

Technical Architecture

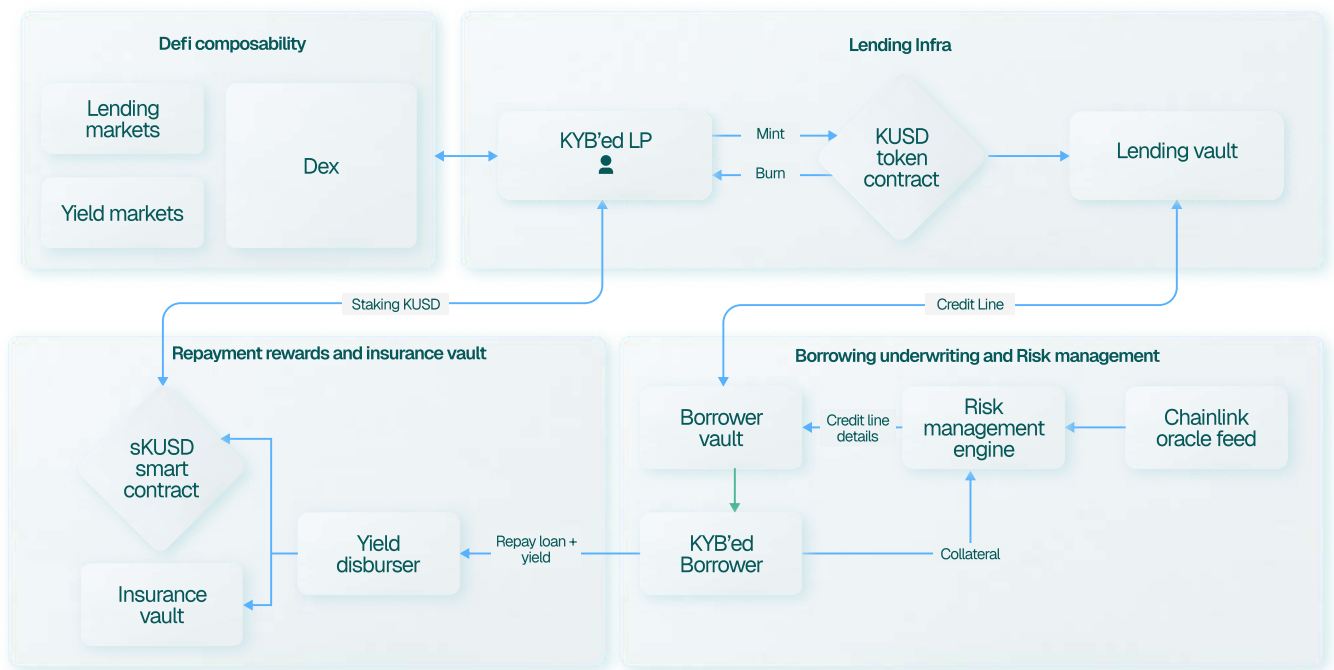


Technical Architecture

Kred's technical architecture operates through four interconnected components that deliver institutional-grade lending with trustless DeFi principles –

- Lending infrastructure
- Borrower underwriting and risk management
- Repayments, rewards and insurance vault
- Defi composability

The architecture prioritizes modularity and upgradeability while maintaining strict security boundaries.



Lending Infrastructure

Stablecoin Deposits & Token Mechanics KYB-verified liquidity providers deposit established stablecoins (USDC, USDT, etc.) into the core deposit pool contract. Upon deposit, they receive KUSD tokens. KUSD holders stake their tokens to receive sKUSD - a yield-accruing token that automatically compounds returns. The sKUSD contract implements yield bearing mechanics that distribute yield proportionally to all stakers.

Key Features:

- Dual-token architecture separating liquidity from yield generation
- ERC-20 compatibility enabling broad DeFi composability
- Automated yield compounding

Borrower underwriting and risk management

Hybrid Credit Assessment

Borrowers undergo KYB evaluation. This process assesses creditworthiness, business fundamentals, and collateral quality. Approved borrowers receive individual Borrower Vault encoding specific loan terms, collateral requirements, and repayment schedules. Each vault integrates with on-chain Oracles for continuous collateral and stablecoin tracking/monitoring.

Chainlink-Verified Transparency

Kred is working with a highly reputed Oracle provider, “Chainlink” for **Proof of Reserve feed** providing real-time, cryptographically verified attestations of all deposited assets and collateral.

Transparency Features:

- Real-time asset verification matching on-chain token supply
- Complete loan portfolio visibility with terms and status
- Full audit trail of interest payments and LP distributions
- Live monitoring of collateral (onchain, offchain)

Repayments, rewards and insurance vault

 **Yield Distribution System** All borrower interest flows through the Yield disburser contract. The system provides real-time reward distribution to skUSD holders, ensuring rewards are sustainable, transparent, and consistent.

Reward Characteristics:

- Backed by real economic activity, not token emissions
- All distributions verifiable On-chain
- Automated allocation to insurance vault and protocol fees

 **Multi-Layer Protection** The Insurance Vault is funded by a percentage of interest payment. It provides coverage against operational risks and unexpected delays in repayment. Any defaults will be covered by liquidating collateral via various mechanisms that would be detailed later. Automated systems continuously monitor collateral ratios and will have appropriate risk controls including but not limited to:

- Real-time liquidation triggers with partial closure options
- Portfolio exposure limits across borrower categories
- Dynamic borrowing limits based on liquidity availability
- Emergency pause mechanisms for unexpected incidents

Defi composability

 skUSD is an ERC-20 token which ensures seamless integration across the DeFi ecosystem. This enables holders to utilize their yield-accruing tokens across several reward strategies on-chain. skUSD can be used as **Collateral** in established lending protocols once they whitelist skUSD. The token’s standardized interface allows for composability across AMMs, lending platforms, and other DeFi platforms.

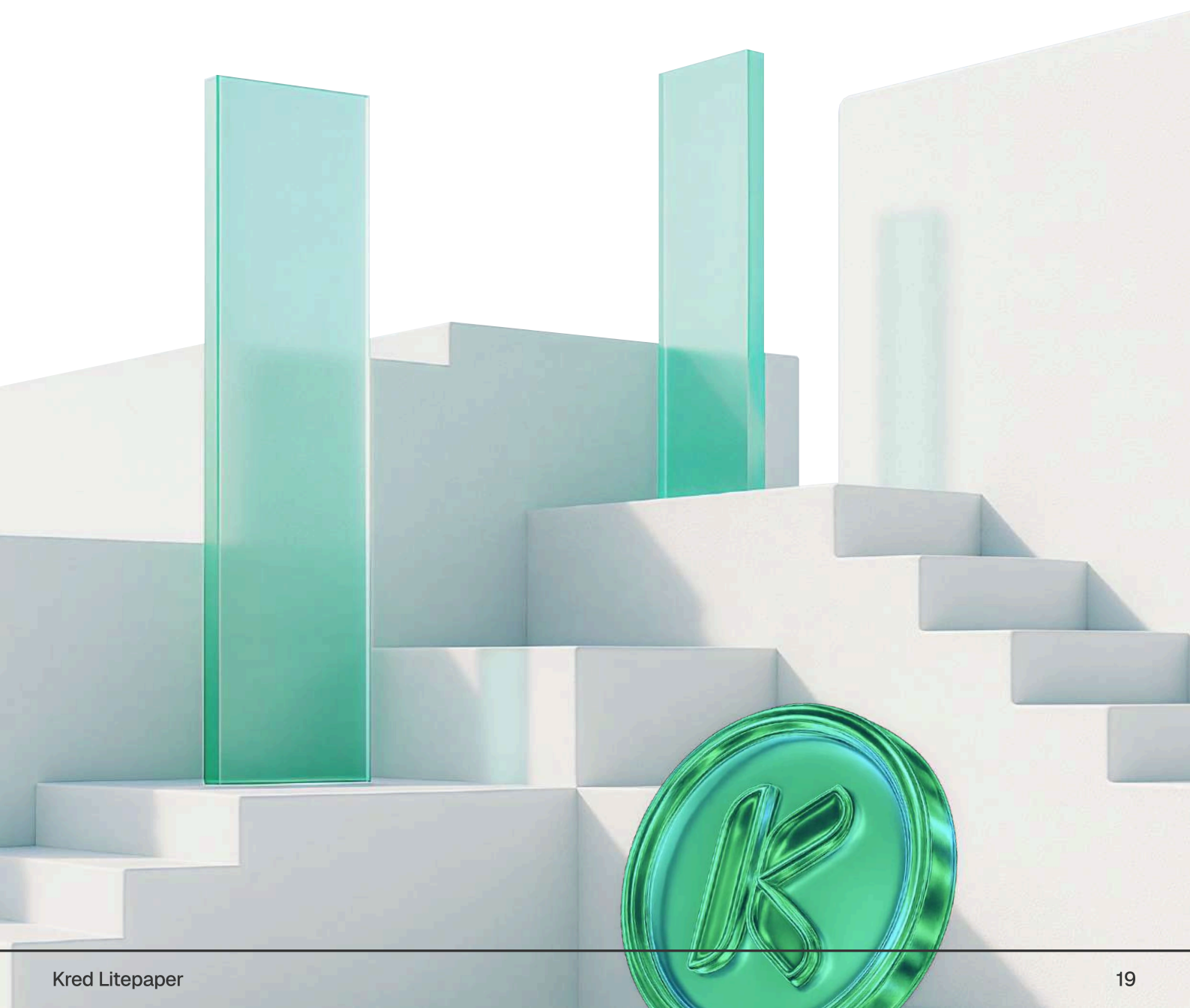
Risk Framework



Risk Framework

Kred will implement a comprehensive risk management framework addressing credit, operational, and protocol risks through multiple layers of protection, ensuring sustainable operations while protecting all stakeholders.

Risk Type	Mitigation Strategy
Credit Risk	• Rigorous underwriting, diversification, and overcollateralization • Lien on bank cash deposits, Senior credit status etc. • Insurance against potential default.
Liquidity Risk	• Liquidity buffer to process redemptions • Instant swaps via deep on chain liquidity.
Operational/ Smart contract Risk	• Multi-sig governance, audits, bug-bounty and insurance coverage



Tokenomics & Value Accrual



Tokenomics & Value Accrual

Kred introduces new value accrual mechanisms to the \$KERNEL ecosystem aligned with protocol growth and success. Any new utility will go through \$KERNEL governance before it is implemented.

Current \$KERNEL Tokenomics & Token Utility

📍 Governance Rights:

- Elect risk committee and other key positions
- Approve new borrower categories and markets
- Emergency response and protocol upgrades

% Staking & Insurance:

- Potential fee discounts for \$KERNEL token stakers
- Staked \$KERNEL to provide insurance against any shortfall in outstanding settlements (post liquidations) and receive rewards/ protocol fees share

Revenue Model

📍 Primary Revenue Sources

- Protocol charges a % of the interest/rewards earned via credit financing.



Vision & Roadmap



Vision & Roadmap

Our Vision: Capturing the Internet of Credit Market

We are building the foundational credit infrastructure for the on-chain economy — an open, programmable layer for instant liquidity and settlement.

Our ambition is clear: to capture a meaningful share of the \$200+ trillion global payments and settlement market, by replacing today's trapped capital and time-zone-bound processes with real-time, on-chain liquidity.

Phase 1: Q4 2025

Launch KUSD — Liquidity Without Friction

Our first step is KUSD, developed in partnership with a select network of institutional partners.

We will focus on **high-friction corridors** — remittances and cross-border payments — where instant liquidity has the greatest impact. In these markets, billions sit idle in pre-funding buffers or settlement accounts, awaiting release.

KUSD bridges this inefficiency, providing **real-time liquidity** between on-chain and off-chain rails — enabling capital to move at internet speed, 24/7.

Phase 2: Q1 2026

Expanding Real-World Adoption

Once established in cross-border use cases, we will extend adoption across new verticals where delayed access to capital erodes efficiency and trust — including:

- **Merchant settlements** for card and e-commerce payments
- **Brokerage and PSP (Payment Service Provider) settlements**
- **Instant settlement for RWAs (Money market funds, Stocks etc.)**
- **Payroll and gig economy payouts**

Each of these use cases suffers from the same systemic friction — liquidity locked in the lag.

Our goal is simple: **replace the waiting game with instant, programmable liquidity** — secure, composable, and on-chain.

Phase 3: Q2 2026

Scaling Depth — Institutional Liquidity Through Vaults

As adoption scales, we'll deepen liquidity through **Vaults** — structured credit pools connecting institutional capital with real-world borrowers. Vaults will extend our model into **longer-tenor credit** opportunities like trade finance, bringing transparency, programmability, and yield efficiency to one of the world's oldest and largest credit markets.

Through these stages, we're not just building a stable asset — we're building the **Internet of Credit**: A global liquidity network where capital is always on, always moving, and always working.

Why Kred, Why Now

Perfect Market Timing

- **Stablecoin Growth:** \$280B+ proving blockchain's capability
- **Institutional interest:** Major banks seeking blockchain integration
- **Regulatory Clarity:** Clear frameworks emerging globally regarding stablecoins

The Internet of Credit Realized

Just as the internet democratized information, Kred democratizes access to credit. We're building a future where:

- Cross-border payments settle instantly at minimal cost
- Idle capital automatically flows to productive use
- Traditional finance seamlessly integrates with blockchain efficiency
- Significantly lower barriers for access to credit

The question isn't whether the Internet of Credit will emerge, but who will build it.

The answer is  **Kred**

