

FinToken

Token Economy Audit¹

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Important notice: The FinToken is a 100% fictitious token, created for the sole purpose of this document - showing an example token economy audit. As such a lot of the figures in the document are also entirely made up and should not be used for any other purposes. The calculations on top of those fictitious numbers are however real with the goal of demonstrating the expected deliverables.

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Executive summary

Audit Verdict: **Conditional Pass (economically coherent but demand coupling remains weak).** The FinToken model is internally consistent and well-documented, with clear incentives, governance, and emission controls. However, the token's optional nature for core usage and reliance on discretionary mechanisms introduce material demand and predictability risks.

Summary scores. Below are summary scores and issues counts identified across the different categories, with the concrete issues and our recommendations for remedies detailed in the individual sections.

Category	Critical	Warning	Notice	Weight	Score/10
Business Fit	0	1	0	20%	9.00
Numerical Setup	0	2	0	15%	8.00
Token Utility	0	1	1	10%	8.50
Value Drivers	0	2	1	15%	7.50
Incentives	0	1	3	10%	7.50
Governance	0	0	1	5%	9.50
Long-Term Sustainability	0	2	0	25%	8.00
Overall	0	9	6	100%	8.2

Top issues:

- Buyback and reward replenishment mechanisms rely on governance discretion.
- Long-term equilibrium assumptions are not stress-tested under low-demand scenarios.
- Early-stage token value depends heavily on incentives rather than mandatory utility.

Top remedies. A few changes that will have the biggest positive impact:

- Set pre-defined targets/thresholds for buyback and replenishment.
- Model the token behaviour and breakpoints under low demand scenarios.
- Introduce optional token burn for percentage of the revenue.

Reviewed material. The tokenomics audit performed is based on the following documents: **Token White Paper:** [FinToken - EconomyPaper](#)

Project & Token overview

FinToken is a financial ecosystem offering a crypto wallet, token launchpad, decentralized marketplace, and auxiliary services such as secure messaging. The platform generates revenue from user transactions and services within this ecosystem .

Token role within the project. FIN is an ERC-20 utility token with a fixed maximum supply of 1,000 million tokens. It is used for fee discounts, staking, rewards distribution, and governance participation. FIN is not strictly required for basic platform usage, as fiat and other cryptocurrencies are accepted.

How the token fits economically. Tokens enter circulation through token sales, vesting schedules, and a reward pool. Demand is generated via discounted payments, staking for higher discounts and gated features, liquidity provision, and governance rights. Tokens flow from users to staking contracts and LPs, while protocol revenue partially replenishes the reward pool via buybacks. If details are not explicitly quantified (e.g., initial circulating supply), they remain unknown from provided docs.

Scope

Scope. This document constitutes an independent tokenomics audit focused exclusively on the **structural design, internal coherence, and economic logic of the token model as described** in the materials reviewed. The audit evaluates how the token is positioned within the project, how its mechanisms interact, and how incentives, parameters, and constraints are structured relative to the stated objectives of the system. The analysis is qualitative and expert-judgment-based. It assesses design consistency, incentive alignment, parameter boundedness, and sustainability risks at a conceptual and structural level, using a standardized analytical rubric and severity classification framework.

Non-Scope. This audit does **not** include financial modeling, forecasting, simulations, stress testing, or quantitative valuation exercises unless explicitly stated otherwise. It does not verify the factual accuracy, completeness, or real-world execution of project-provided data, nor does it audit smart contracts, code, operational processes, legal structures, accounting treatment, or regulatory compliance.

For projects requiring **quantitative modeling, scenario analysis, simulations, or valuation**, such analyses fall outside the scope of this audit and may be addressed through **separate, [dedicated services](#)** provided by the authors.

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Audit

Business Fit

The Business Fit section evaluates how well the token design aligns with the underlying business model, revenue sources, user behavior, and operational realities of the project. It examines whether the token is economically necessary, appropriately scoped, and clearly subordinated to the core product rather than existing as an abstract or speculative layer.

The documentation clearly defines the business model and revenue-generating services of the FinToken platform. However, the token is positioned more as an optimization layer than a strict requirement, since users can transact without FIN. This weakens the causal linkage between platform adoption and token demand. While discounts and gated access provide incentives, they may not fully anchor token necessity. As a result, long-term token demand depends on user preference rather than enforced economic design.

Severity	Issue	Description	Recommendation
Warning	Token optionality	FIN is not required for core platform usage since payments can be made in fiat or other cryptocurrencies, with FIN primarily offering discounts and boosts. This weakens mandatory demand coupling.	Clarify which core actions, if any, require FIN rather than merely incentivize its use.

Numerical Setup

This section evaluates whether the quantitative parameters of the token model (supply, emissions, rewards, burns, staking rates) are internally consistent, bounded, and grounded in realistic assumptions. It focuses on arithmetic soundness, parameter coupling, and sensitivity to scale.

Total supply, allocations, vesting schedules, and sale parameters are extensively documented and internally consistent. Nevertheless, the absence of a single explicit initial circulating supply figure introduces implementation ambiguity. Reward emissions per block and APY caps are defined, but replenishment relies on governance discretion and revenue thresholds. Overall, the system is mostly numerically complete but lacks a few critical implementation-level clarifications.

Severity	Issue	Description	Recommendation
Warning	Initial circulating supply undefined	While total supply and vesting schedules are defined, the exact initial circulating supply at TGE is not explicitly stated as a single concrete number.	Explicitly state the initial circulating supply at TGE, aggregating all unlocked allocations.
Warning	Discretionary reward replenishment	Reward pool replenishment depends on governance decisions and revenue thresholds, introducing uncertainty in long-term emission predictability.	Define deterministic or formula-based replenishment rules to reduce governance discretion.

Token Utility

This section assesses whether the token has clear, non-circular utility that is economically meaningful and operationally accessible. It distinguishes between cosmetic utility and utility that creates real demand or cost advantages.

FIN has multiple utilities: discounted payments, staking benefits, rewards eligibility, and governance voting. Staking tiers, multipliers, and penalties are numerically specified, strengthening enforceability. However, most utilities enhance user experience rather than enable core functionality, meaning token demand may weaken if discounts lose perceived value. Utility exists but is not strictly mandatory.

Severity	Issue	Description	Recommendation
Warning	Utility largely discount-based	Core payment utility provides a flat 10% fee discount, which may not be sufficient to enforce sustained demand, especially if users prefer fiat payments.	Introduce at least one economically mandatory FIN-denominated action or sink.
Notice	User Adoption Friction	Non-crypto-native users may avoid token usage despite incentives due to perceived complexity.	Continue UX abstraction and present token benefits consistently in fiat-equivalent terms.

Value Drivers

This section examines what fundamentally drives token demand and value, and whether those drivers are durable, observable, and causally linked to real economic activity.

Value drivers include fee discounts, staking lockups, governance rights, and buybacks funded by protocol revenue. Demand increases with platform usage through discounted payments and replenishment-driven buybacks. However, buyback execution remains discretionary rather than automatic, reducing predictability. Value capture mechanisms exist but rely on sustained platform revenue growth.

Severity	Issue	Description	Recommendation
Warning	Buyback execution discretionary	Buybacks are described as part of reward pool replenishment and sell-pressure mitigation, but timing and execution remain governance-controlled rather than automatic.	Specify deterministic buyback triggers and execution cadence.

Warning	Emission-Dem and Timing Mismatch	Rewards distribute continuously while fee-based demand may lag, creating interim sell pressure.	Introduce optional delayed-use or auto-utility mechanisms to improve temporal alignment.
Notice	Limited Demand Diversification	No material sources of token demand outside the Payoro platform.	Explore tightly scoped partner integrations without diluting core utility.

Incentives

This section evaluates whether the incentive structure aligns the behavior of all relevant stakeholders (users, token holders, service providers, and the issuer) with the long-term objectives of the system. It examines incentive symmetry, time consistency, resistance to short-term extraction, and whether rewards are earned through economically meaningful actions rather than speculative participation.

The incentive system is well-specified, with per-block rewards, duration-based multipliers, APY caps, and early unstaking penalties. Rewards are time-bound and partially backed by real revenue, which is a positive signal. Early-stage yields, however, remain emission-heavy until equilibrium is reached. The design discourages immediate dumping via vesting cliffs, but long-term participation without high APY is not fully stress-tested.

Severity	Issue	Description	Recommendation
Warning	APY based Staking	APY based staking could cause regulatory scrutiny in certain jurisdictions.	Restructure this to usage based rewards with Stake-based multipliers.
Notice	High APY reliance early	Staking and LP incentives are substantial in early periods and rely partly on emissions before revenue equilibrium is reached.	Model and disclose participation sensitivity under reduced or near-zero APY scenarios.
Notice	Staking Absorption Limits	Fixed APY and capped staking pool may not absorb supply during high reward emission phases.	Periodically reassess staking caps and parameters relative to circulating supply.
Notice	Issuer Incentive Misalignment	Issuer controls parameters while also benefiting from token appreciation, creating potential conflicts.	Align internal KPIs with token health metrics (burn ratio, circulation, adoption).

Governance

This section evaluates whether governance mechanisms exist, how decision-making power is allocated, and whether governance risk is appropriate for the token's intended role.

Governance is thoroughly described, including ve-style voting, quadratic weighting, proposal thresholds, quorum requirements, and timelocks. The phased decentralization roadmap is clear, and delegation is supported. Temporary team veto power introduces short-term centralization risk but is explicitly acknowledged and intended to be renounced. Governance is implementable and largely robust.

Severity	Issue	Description	Recommendation
Notice	Team veto power early	During early governance phases, the team retains veto rights over proposals, creating temporary centralization risk.	Define explicit conditions and a timeline for veto power removal.

Long-Term Sustainability

This section assesses whether the token model can function over long time horizons without structural breakdown, including depletion of reserves, incentive collapse, or economic drift.

The model aspires to a self-balancing state where reward emissions are matched by revenue-funded replenishment. Emissions are finite, APY is capped, and a significant portion of supply is locked or time-released. However, sustainability assumptions depend on continued revenue inflows and user activity. Low-growth or declining-demand scenarios are not deeply modeled, leaving residual risk to long-term equilibrium.

Severity	Issue	Description	Recommendation
Warning	Equilibrium assumption unproven	The model assumes a self-balancing equilibrium between rewards and replenishment, but this relies on sustained revenue and usage growth not stress-tested in low-demand scenarios.	Provide downside or low-growth scenario modeling for reward pool sustainability.
Warning	Excessive Burn Risk	High burn rates could impair liquidity or functional usability of the token.	Monitor liquidity metrics and define burn-related intervention thresholds.

Appendix A: Grading rubric

The tokenomics audit is structured around a standardized grading rubric designed to assess a project across a defined set of analytical dimensions. The purpose of this rubric is to ensure consistency, comparability, and transparency in how conclusions are reached.

The audit evaluates the project across the following dimensions:

- Business Fit
- Numerical Setup
- Token Utility
- Value Drivers
- Incentives
- Governance
- Long-Term Sustainability

Each dimension represents a distinct analytical lens through which the project is examined for internal coherence, economic soundness, and alignment with its stated objectives.

For each dimension, the audit produces:

1. **Qualitative assessment.** An analysis of how well the project's design, assumptions, and mechanisms fit the given dimension.
Numerical score (0–10). A standardized score reflecting the overall quality and robustness of the project within that dimension, where 0 indicates a fundamental failure and 10 indicates best-in-class execution relative to comparable projects.
2. **Issue classification by severity.** Identified issues within each dimension are classified as follows:
 - **Critical:** Issues that should be addressed, as they are likely to have a material and potentially negative impact on the token, the economic model, or the viability of the system.
 - **Warnings:** Issues that merit serious consideration and review, as they may have a non-trivial impact depending on implementation details or future conditions.
 - **Notices:** Observations or recommendations that are not strictly required but may improve robustness, clarity, or long-term outcomes if implemented.

3. **Recommendations for improvement.** Each section concludes with concrete, actionable recommendations aimed at mitigating identified issues, improving design robustness, or strengthening alignment between the token model and the underlying business. Recommendations are explicitly linked to the issues identified and are framed to be implementable within realistic technical, legal, and operational constraints.

In addition, **each dimension is assigned a weight** reflecting its relative importance to the specific project being audited. Weights are project-dependent and acknowledge that not all dimensions contribute equally to token performance or risk in every context (for example, governance may be less relevant for a purely utility-driven token, while numerical setup or incentive design may carry greater importance).

The final assessment therefore considers both the raw scores and their respective weights, allowing the audit to emphasize the dimensions that are most critical to the project's intended function and risk profile. This weighted approach ensures that the resulting evaluation reflects economic relevance rather than a one-size-fits-all checklist.

About The Authors



The FinDaS tokenomics team We are a team of crypto professionals with over 250+ crypto projects behind our backs and overwhelmingly positive feedback from our clients. Our team has a wide array of token economy specialists in various aspects - DeFi, CeFi, NFTs, and DAOs. We help design projects in a financially feasible and fiscally responsible way.

Hristo Piyankov - Lead Economist Hristo has over ten years of experience in analytics, data science, machine learning, big data, and AI with a financial background. He was an Analytics Director for one of the largest consumer finance companies in the world's largest consumer market (China). During this time, he led several complex international projects to fruition. He is an expert in data modeling of all kinds (financial, forecasts, estimations, budgeting, machine learning, statistical).

Now he is working with various blockchain startups, helping them figure out their token economies and data problems. He is passionate about making sure that data works for the business and not the other way around. Hristo is an expert in Blockchain, Solidity, Python, and algorithmic trading, not to mention Excel/Google Sheets.

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