

# Visa-Enabled Digital Subsidy and Trade Payment Solution for Libya

A structured market-entry model that formalizes subsidy-linked value flows, captures downstream FX activity inside a controlled digital workflow, and positions Visa where it can deliver the strongest commercial and strategic impact.

Prepared for	Visa
Prepared by	CashLine
Document purpose	Strategic solution-fit review
Primary objective	Demonstrate business logic, stakeholder fit, and Visa relevance

<p>Preserve market reality Formalize the subsidy cycle without forcing an unrealistic redesign of household or FX behavior.</p>	<p>Increase formal visibility Capture allocation, wallet, FX, and trade-payment events inside one auditable digital workflow.</p>	<p>Re-establish Visa relevance Create a credible role for Visa across beneficiary access and regulated outbound payment execution.</p>
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This document is intended as a strategic concept note for solution alignment and phased discussion.

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The recommended Visa story is deliberately focused. Visa is not asked to own the entire domestic subsidy process. The model instead places Visa in two natural value zones: beneficiary access and formal outbound payment rails.

# 1. Executive Summary

The current Libya subsidy-disbursement model has reduced the role of formal card-based payment infrastructure without eliminating the downstream foreign-exchange market. Value still moves from formal allocation into resale, unofficial transfer behavior, and trade-payment activity that sits outside a fully visible digital environment.

CashLine proposes a pragmatic Visa-enabled re-entry model. Rather than attempting to redesign the market around an idealized operating pattern, the solution formalizes the existing cycle through CashLine as the domestic orchestration and system-of-record layer. Visa is positioned where it fits naturally and credibly: issuing-linked beneficiary access and formal outbound payment rails.

In the target model, the Central Bank of Libya continues to fund Category A exchange companies through the formal channel; beneficiaries draw full or partial value into CashLine wallets with optional Visa-linked access; post-release FX activity involving Category B is digitized rather than ignored; and merchant trade payments move through a regulated execution institution using Visa-connected outbound rails.

## 2. Market Context And Problem Statement

### 2.1 Market condition

Libya's earlier subsidy models relied more directly on bank-issued cards for household access. Over time, exchange-rate volatility, liquidity behavior, and uncertainty in the wider market reduced the effectiveness of that channel. The market adapted, but the new structure shifted value away from transparent digital capture.

### 2.2 Business problem

The real challenge is deeper than subsidy distribution. The current model allows formally allocated value to migrate into informal FX capture and unofficial cross-border settlement patterns. That reduces regulatory transparency, weakens digital-payment participation, and limits Visa's relevance inside an important transaction ecosystem.

### 2.3 Market design implication

Any workable solution must respect how the market actually behaves. Householders, Category A exchange companies, Category B participants, merchants, and licensed financial institutions are all responding to strong incentives. The model succeeds by digitizing those realities, not by pretending they can be removed by policy language alone.

### 3. Design Logic Of The Proposed Solution

- Preserve real economic behavior instead of forcing an artificial local operating model.
- Use CashLine as the orchestration, compliance, and system-of-record platform for all domestic workflow events.
- Keep Category A exchange companies as the official subsidy release point already accepted by the market.
- Digitize Category B as a visible participant in post-release FX activity and merchant trade-payment initiation.
- Position Visa at the beneficiary-access and outbound-rail layers where it creates the strongest strategic value.
- Maintain formal payment execution with the Acquirer Bank or other regulated entity.

Design question	Recommended answer	Business rationale
Who owns domestic workflow control?	CashLine	Creates one auditable platform for allocation, wallet activity, FX capture, trade workflow, reporting, and controls.
Who releases subsidy value?	Category A exchange companies	Preserves the role already legitimized in the market and avoids unnecessary structural disruption.
How does Visa re-enter the ecosystem?	Wallet-linked access credentials and outbound payment rails	Allows Visa to participate in high-value touchpoints without taking ownership of local subsidy administration.
What happens to Category B activity?	It is digitized and monitored rather than excluded	Converts an existing market leak into a controlled and commercially useful workflow.
Who performs regulated outbound execution?	Acquirer Bank or regulated financial entity	Keeps settlement and compliance responsibilities with a licensed institution.

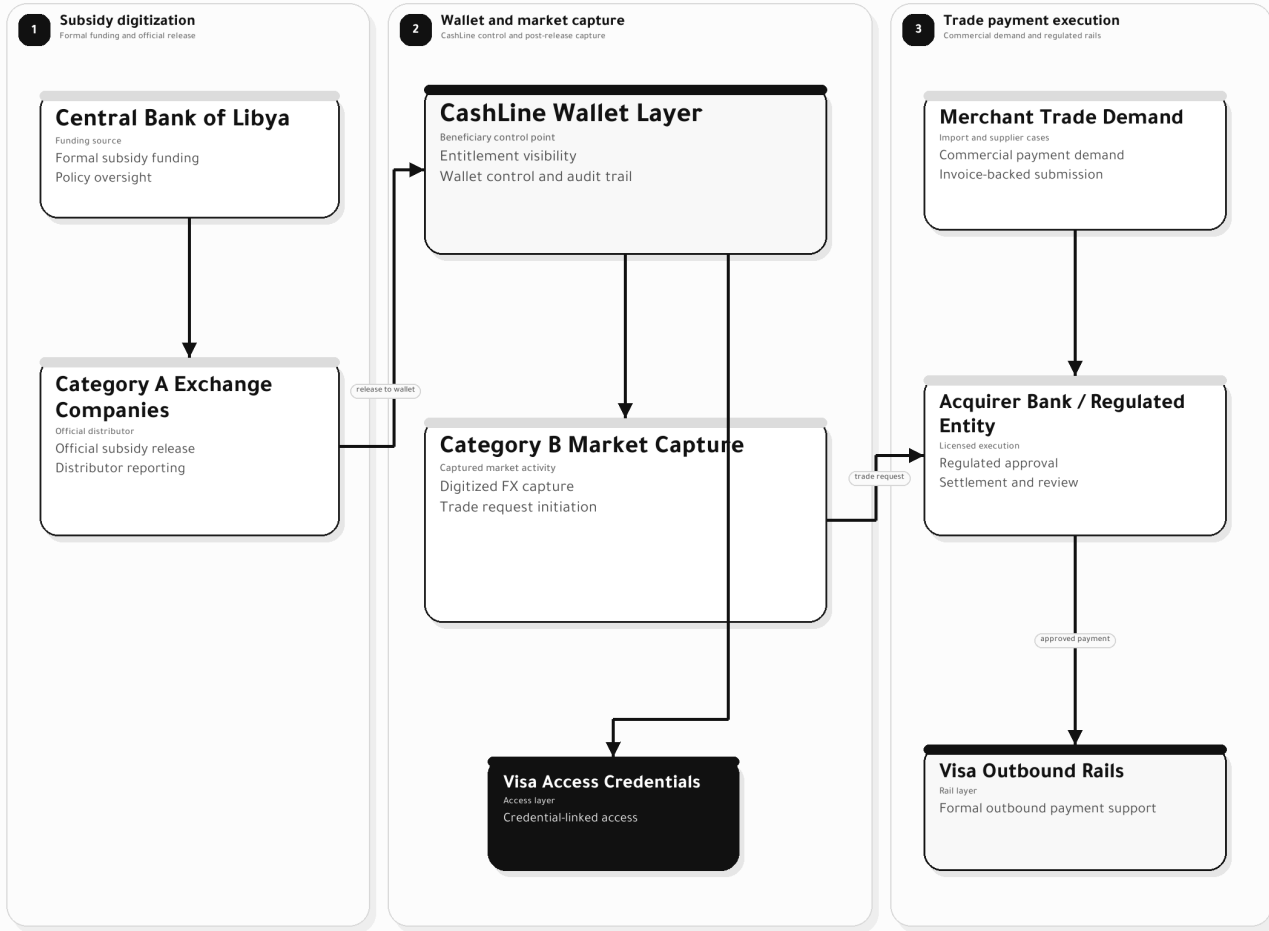
## 4. Stakeholder Architecture

Stakeholder	Primary role	Why included	Value gained
Central Bank of Libya	Policy authority and oversight	Owens subsidy framework and requires stronger digital visibility	Better transparency, reporting discipline, and auditability
Category A exchange companies	Official subsidy distributor	Receive formal funding and release subsidy value to beneficiaries	Operational digitization and clearer reporting
Householders	Subsidy beneficiaries	Receive and use subsidy-linked value	Faster access, better visibility, and optional credential-linked usage
Category B participants	Digitized FX and trade actors	Buy post-release USD and initiate merchant-payment workflow	Operational legitimacy, workflow efficiency, and formal rails
Merchants	Trade-payment demand originators	Supply invoices and supporting documents for commercial payments	Structured submission, status visibility, and more reliable processing
Acquirer Bank / regulated entity	Licensed execution institution	Owens approval, origination, and settlement of formal outbound payments	Formal payment volume and fee generation
Visa	Access credential and rail partner	Supports beneficiary access and regulated outbound merchant-payment rails	Strategic re-entry into the subsidy-linked ecosystem

## 5. End-to-End Conceptual Workflow

**Figure 1. End-to-end conceptual workflow**

A rebuilt executive view of subsidy release, market capture, and regulated trade payment.



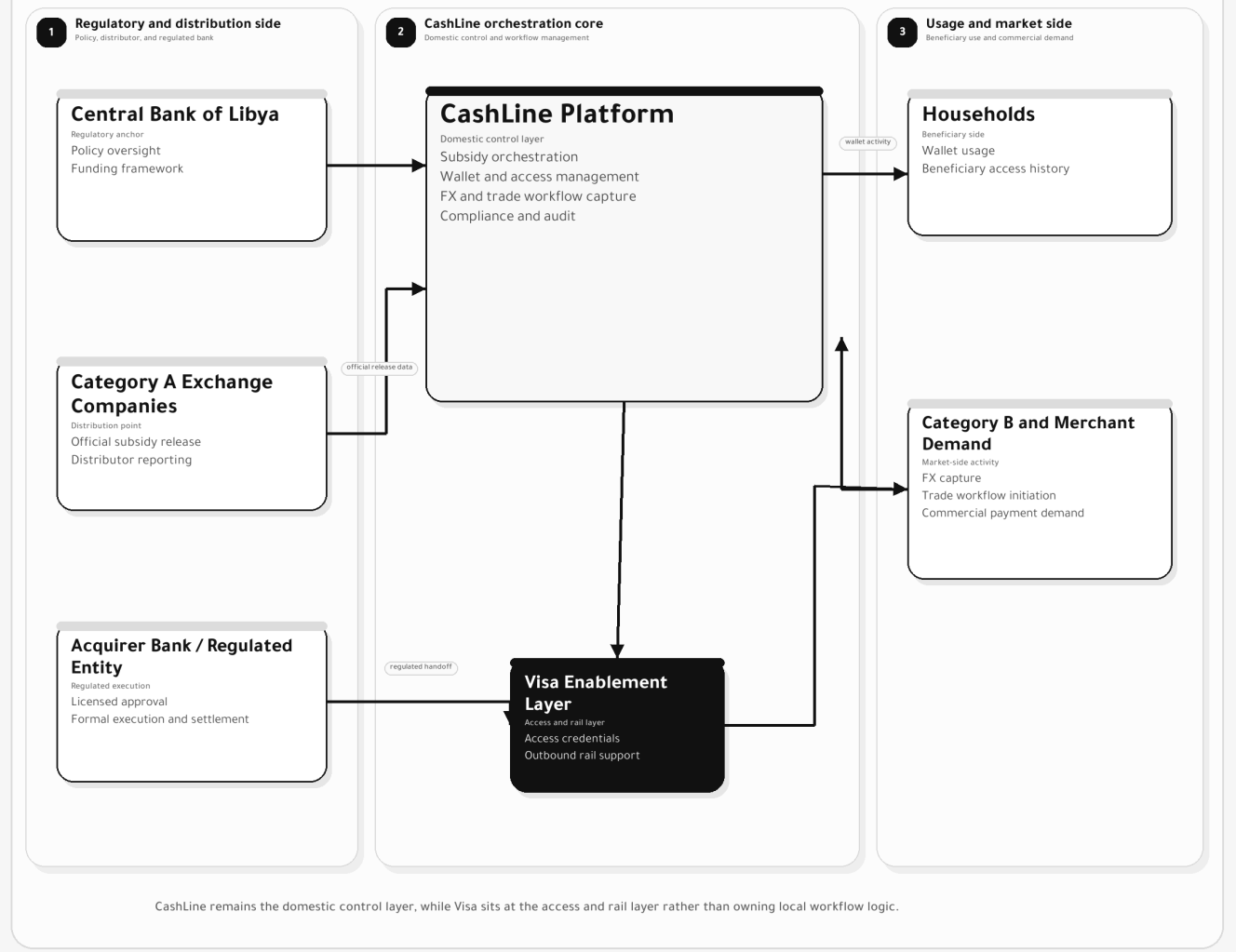
Visa participates through access credentials and outbound rails, while regulated execution remains with the licensed institution.

The target workflow contains three linked business legs: subsidy digitization, market resale capture, and merchant trade payment.

## 6. High-Level Platform Interaction Model

**Figure 2. High-level platform interaction model**

One consistent view of local control, regulated execution, market activity, and Visa enablement.



The interaction model centers CashLine as the domestic control layer while keeping regulated execution and Visa participation clearly separated.

## 7. Value Proposition For Visa

Value area	What the proposed solution delivers to Visa
Re-entry model	A credible route back into the Libya subsidy-linked ecosystem without re-creating the old card-only model.
Issuing opportunity	A beneficiary-access model tied to wallet usage and credential activation rather than only bank-card distribution.
Cross-border payment relevance	A formal merchant-payment path executed by a regulated institution using Visa-connected outbound rails.
Strategic ecosystem position	Participation in both the consumer-access layer and the commercial outbound-payment layer.
Partner alignment	A clear narrative that can be discussed coherently with regulators, exchange companies, and licensed banking counterparts.

### 7.1 Why this model fits Visa

The model does not ask Visa to solve every domestic operational issue. It creates a concentrated role at the access and rail layers, which is strategically cleaner, more scalable, and more realistic for adoption. Because Category A, Category B, and the regulated institution remain in their natural operating positions, Visa can engage from a position of relevance without becoming the local process owner.

## 8. Ecosystem-Wide Strategic Value

Stakeholder group	What changes under the proposed model	Why it matters
Central Bank of Libya	Receives digital visibility across allocations, withdrawals, FX capture, and trade-payment events.	Supports stronger oversight, reporting, and control.
Category A exchange companies	Move from fragmented subsidy handling into a structured digital operating workflow.	Improves operational efficiency and settlement clarity.
Householders	Gain wallet-based access, transaction history, and optional Visa-linked usage.	Improves usability without removing flexibility.
Category B participants	Become digitally captured actors inside FX and trade-payment activity.	Reduces leakage and converts market reality into a visible workflow.
Merchants	Receive a cleaner route for documentation, submission, and payment-case tracking.	Improves reliability and commercial confidence.
Acquirer Bank / regulated entity	Own formal approval and execution of outbound payments.	Keeps settlement aligned with regulatory expectations and fee activity.

## 9. Proposed Solution Scope

Component	Conceptual scope
Subsidy orchestration	Funding-file intake, entitlement logic, Category A allocation visibility, release controls, and exception handling.
Wallet and access layer	Multi-currency wallet, balance visibility, transaction history, and Visa-linked beneficiary access credentials.
Category A operations	Release workflow, reporting, cashout handling, and distributor controls.
Category B market capture	FX purchase capture, trade-request intake, documentation, and post-release liquidity workflow.
Merchant trade-payment workflow	Invoice capture, supplier details, purpose-of-payment data, case progression, and status tracking.
Compliance and controls	KYC and KYB checks, source-of-funds logic, screening, alerts, audit trails, and reporting.
Formal payment execution	Acquirer Bank or regulated entity execution supported by Visa-connected outbound payment rails.

### 9.1 Commercial message to Visa

The solution does not seek to erase the current market cycle. It turns that cycle into a visible, controlled, and fee-generating ecosystem, with Visa participating as a strategic partner in household access and formal outbound payment execution.

## 10. Recommended Next Steps

Phase 1	Phase 2	Phase 3	Phase 4
Validate solution fit with Visa at strategic level before entering product-detail design.	Confirm the operating model for the Acquirer Bank or other regulated execution entity.	Define pilot scope, target corridor assumptions, and the required control framework.	Use prototype simulation and workflow artifacts to demonstrate feasibility and partnership value.

The strongest route back into this ecosystem is not to deny the market's current behavior, but to formalize it, digitize it, and connect it to a structure where Visa can create visible value.