

# Towards a Quality Financial Commons?

David Hales

Technical University of Delft,

The Netherlands

[www.davidhales.com](http://www.davidhales.com)

# Tragedy of the financial commons

- Some examples:
  - Individual bank creates excessive credit through lax loans that can be securitised and sold on (to another bank)
  - Asset bubbles transfer wealth from the majority to the minority
  - State debases the coin via printing money
- Two broad responses:
  - More central control – Hobbsian Leviathan
  - Less central control – Efficient markets

# Some financial functions

- Value transfer
- Credit creation
- Value storage
- Exchange of services and products
- Quality money?

# Alternative

- Possible emerging alternative:
  - Radically decentralise systems that support financial functions
  - Use emerging trends in distributed information systems
  - Alternative economic / cooperation theories

# Emerging trends in info. systems

- Over recent years a number trends have emerged within information systems:
  - social networks (facebook, LinkedIn)
  - peer production (wikipedia, open source)
  - peer-to-peer systems (BitTorrent)
  - virtual currencies (second life, farmville, BitCoin)
  - cheap mobile devices connected to global networks

# Alternative cooperation theories

- Bottom-up forms of altruism and trust
  - group selection, migration
- Reciprocity:
  - direct, indirect, network
- Others:
  - affinity, reputation, altruistic punishment

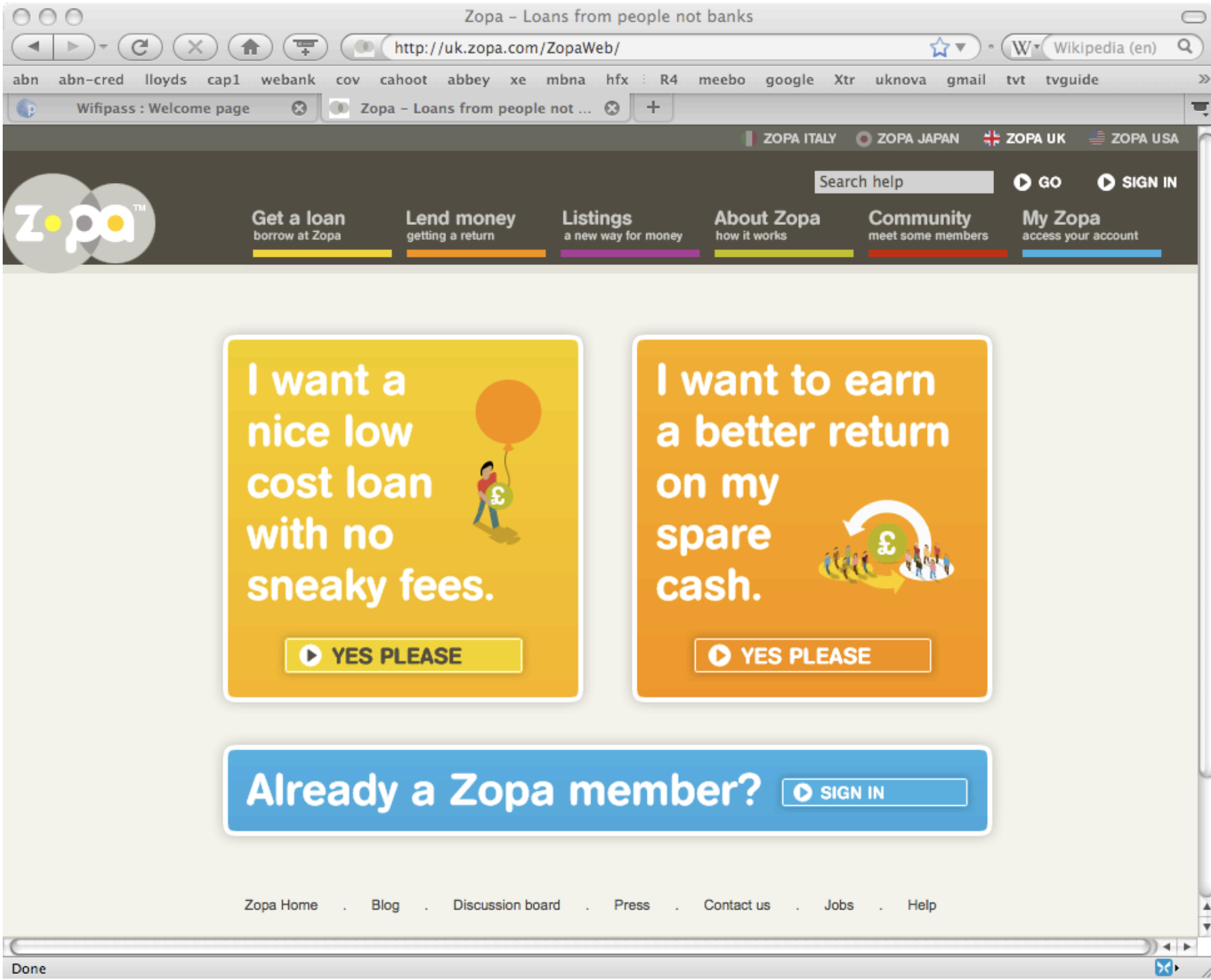
# Some on-going projects

- P2P lending (eliminate banks)
- Members banks (become part of a bank)
- Money free economies (eliminate money)
- P2P money (create your own money)

# Eliminating banks / interest

- Zopa – P2P lending system without a bank.  
Nonlocal, becoming successful
- JAK Bank – Members bank controlled by and for only the members. Eliminates interest.  
Highly local
- Virgin money - social loans





Search help

GO SIGN IN

Get a loan  
borrow at Zopa

Lend money  
getting a return


Listings  
a new way for money

About Zopa  
how it works

Community  
meet some members


My Zopa  
access your account

I want a nice low cost loan with no sneaky fees.



▶ YES PLEASE

I want to earn a better return on my spare cash.



▶ YES PLEASE

Already a Zopa member? ▶ SIGN IN



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**Networking**

Do you want to share your contact details and to find other projects/people interested in interest-free economy in your country? Click [here](#)

**More information:**

- [International Newsletter](#)
- [Questions and Answers about JAK](#)
- [JAK Ambassadors](#)
- [Other interest-free projects](#)
- [Coming events](#)
- [Past events](#)

## JAK International

This is the international webpage of JAK Medlemsbank (JAK Members Bank). Our main goals are:

- 1.Explain how the system of JAK Medlemsbank (JAK Members Bank) is working.
- 2.Link to other interest-free projects all around the world
- 3.Receiving information from you – the readers – about projects, events and dreams related with interest-free economy

Here you can find our [International Newsletter](#)

Here you can also find information about JAK Medlemsbank (JAK Members Bank) in different languages: [English](#), [Italian](#), [German](#), [Spanish](#), [French](#), [Arabic](#), and contact to people who can help you to understand JAK in different languages: our [JAK Ambassadors](#).

We are not alone in our work to create interest-free economic alternatives! [Here](#) you can read about other projects who share this ambition!

**Subscribe to JAK's International Newsletter here:**

**e-mail address**

Name and Country (optional)

**Networking**

**NYHETER** >>

**2010-01-27** Medlemsavgiften 2010  
*- Du har väl bestämt dig?  
Kvällsöppet ikväll- ring på 0500 - 46 45 00*

**2010-01-13** Stort intresse för räntefri workshop i Köpenhamn

**2010-01-12** Schemat för JAK skolan i februari är spikat

**2009-12-21** Ny sparfaktor och låneavgift

**2009-12-15** JAK ska vara renlärt

**KURSER & SEMINARIER** >>


**2010-02-19** JAK Skolan på Axvall  
**2010-03-05** JAKskola för unga 5-7 mars 2010

**BLOGG** >>

**2010-01-20** JAK Växer! Men vad...

# Eliminating money

- CouchSurfing – people freely share spare accommodation all over the world. Global and active
- Freecomony – people freely share anything (generally localised)




**Sign Up** **Login** **Language: Language** ▾

**Login** **Surf / Host** **Community** **Messages** **Share** **About**

Participate in Creating a Better World, One Couch At A Time [Sign Up](#)



**CouchSurfing is a worldwide network for making connections between travelers and the local communities they visit.**













**SEARCH FOR A COUCH NOW!**  
Find an available couch from the list below

[Find Out More](#)

[Is This Safe?](#)

[Sign Up Now!](#)

**Users Online**

-  Sweden
-  Israel
-  United States
-  China
-  China
-  China
-  Canada
-  India
-  Germany
-  South Korea

- Quick Links**
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  - [Sign Up Now!](#)
  - [About CouchSurfing](#)
  - [What Members Say](#)
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**CouchSurfing Statistics**



CouchSurfers	1,648,916
Successful Surf or Host Experiences	1,757,588
Friendships Created	1,916,917
Positive Experiences	3,059,073
Countries Represented	234
Cities Represented	69,690

[more statistics »](#)

**Testimonial**



Sandra Benvie  
Prince George  
**British Columbia**  
I've just had my first couchsurfer..and it has been a wonderful experience to be able to provide a fellow traveller with a bed for a couple of nites. I think this is the best thing the internet has to...  
[read more](#)

[more testimonials »](#)

**Latest News**

**General News**  
January 27th, 2010 — Meet CouchSurfers for Exploration,

**Some Random CouchSurfers**

# thefreeconomycommunity

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- ✓ Share skills, tools, and spaces through **freeshare**.
- ✓ Share advice, information or ask freeeconomic questions in our **forum**.

The Freeconomy Community's aim is to help reconnect people in their local communities through the simple act of sharing.

Find out more - [watch the video](#), read about our [philosofree](#) and [how it works](#).

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Sat  
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**Money as Debt**

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# P2P money

- Using a social network of trusted friends
- Each person can apply a credit level to each link in any monetary unit
- Payments between nodes (value transfer) involves the system finding a route of credit between nodes
- Depends on trust and enough back-to-back transfers to balance over time
- Compare to Hawala system and other “informal value transfer” systems

Ripplepay.com

ripplepay.com https://ripplepay.com/

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Wifipass : Welcome page Ripplepay.com

# Ripple

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## Ripplepay.com Home

Ripplepay.com is a payment system where you can be your own banker. Connect to your friends, family, and associates and your credit with them becomes a fully-functional currency. [Read more.](#)

Contact Ryan with question, concerns, or feedback.

*1825 users*  
*662 accounts*  
*2054 payments*



### Login

Username or Email Address

Password

[Forget your password?](#)

### Register

[Click here to sign up as a new user.](#)

Done

# P2P Money

- Currently know of no widely used deployed system
- Bootstrapping problem - possible way forward:
  - Create a p2p virtual currency in a virtual game world with existing social networks
  - Take detailed measurements and collect data
  - See if it works and produce models
  - If successful grow the currency outside the virtual game



# Quality money

- Subjective rating = objective quality?
- In a given community:
  - if enough people believe a unit of exchange is high quality they will accept it for payment
  - then it is high quality
  - But, you can only fool *all* of the people *some* of time...

# Let 1000 experiments bloom

- Given a sufficient ecology of financial commons systems (avoiding a financial monoculture)
- Individuals can “vote with their feet” migrating to those that are of high quality
- Hence even “rational” behaviour could drive quality rather than driving it out
- Tiebout (1956) – a kind of group selection?, Hayek (1978) – denationalisation of money