Towards a Quality Financial Commons?

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

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

Already a Zopa member?
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!

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Eliminating money

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• Freecomony – people freely share anything (generally localised)
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The Freeconomy Community’s aim is to help reconnect people in their local communities through the simple act of sharing.

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Sat 23 Jan  Money as Debt
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” IVF, systems
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.

Login

Username or Email Address: dave@davidnailes.com
Password: ********

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Register

Click here to sign up as a new user.

1825 users
662 accounts
2054 payments
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 some of the people all 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), Hayek (1978) - back to square one?