Towards a Quality Financial Commons?

David Hales
Technical University of Delft, The Netherlands
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 of 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
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!

Subscribe to JAK’s International Newsletter here:

- **e-mail address**
- **Name**
- **Country** (optional)

Send

Networking
Eliminating money

- CouchSurfing – people freely share spare accommodation all over the world. Global and active
- Freecomony – people freely share anything (generally localised)
CouchSurfing is a worldwide network for making connections between travelers and the local communities they visit.

CouchSurfers: 1,648,916
Successful Surf or Host Experiences: 1,757,588
Friendships Created: 1,915,917
Positive Experiences: 3,059,073
Countries Represented: 234
Cities Represented: 59,590

Testimonial:
Prince George, British Columbia
Sandra Benvie

I've just had my first couchsurfer, and it has been a wonderful experience to be able to provide a fellow traveler with a bed for a couple of nites. I think this is the best thing the internet has to... [read more]

Users Online:
- Sweden
- Israel
- United States
- China
- China
- Canada
- India
- Germany
- South Korea

Latest News:
General News
January 27th, 2010 — Meet CouchSurfers for Exploration,
thefreeconomy community

Home Freeshare Philosofree Blog Forum Join

Join the world’s fastest growing alternative economy ...

✓ Save money. Learn new skills. Reduce your carbon footprint.
   Meet new friends locally. Get help with projects for free.

✓ Share skills, tools, and spaces through freeshare.

✓ Share advice, information or ask freeconomic questions in our forum.

The Freecconomy 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.

Latest Blog Entry

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” 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@davidhales.com
Password: 

Login

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 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