

Payments 20 years from now

Dave Birch

APCA
Sydney, May 2012



1

Version 1, 31/1/12

Not confidential in the least

www.chup.com

Introduction

OK, we could have some fun guessing about the future of money, or

We could look to history for a guide, then

Use a scenario model explore likely futures,



2

Version 1, 11/22/11

Feel free to copy and distribute

www.chup.com

Technology and “megamistakes”



Zeitgeist and wonder



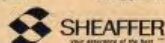
Someday, credit card rings! And you'll still be writing with your 1964 Sheaffer LIFETIME® Pen

Think back to 1964, the year you received that extraordinary gift, your Sheaffer LIFETIME Pen—the year you started enjoying guaranteed writing performance for life.

Right away you liked that 14K gold point—the way it glided over paper, the way it engaged your kind of writing. And still does, because inlaying adds strength to this point.



You enjoyed that turned-up tip right from the start, too. It still makes your writing feel secure, natural. Just as every other feature still delivers the best performance possible—the same performance you admired the first time you touched this amazing point to paper. Can a pen give more than writing pleasure for life?



Pen, ink, nib, and barrel with individual Sheaffer designs. Prices from \$12.95. Size from \$25.00. In gift boxes at your fine pen retailer. Ask for your copy of "What will be like—the 21st Century?" with descriptions of inventions of the future. Or visit R. A. Sheaffer Pen Company, Fort Madison, Iowa.

©2011 S.C. Inc.



History and the weak signals of change



7

Version 1, 11/22/11

Feel free to copy and distribute

www.chup.com

The future of money in 1690



8

Version 1, 11/22/11

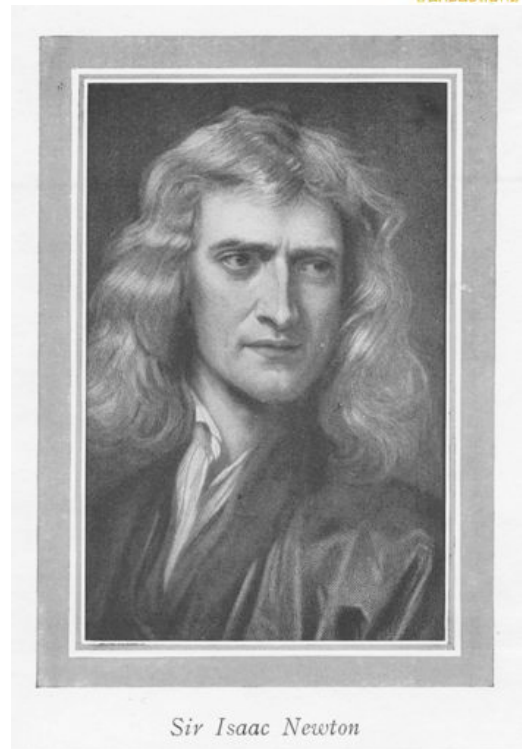
Feel free to copy and distribute

www.chup.com

The future of money in 1720

The Industrial Revolution

- The Glorious Revolution (1688)
- The Bank of England (1694)
- The Great Recoinage (1696)
- The Act of Union (1701)
- The Gold Standard (1717)



The future of money in 2012

The Post-Industrial Revolution

- The end of the Gold Standard (1971)
- The collapse of the euro? (2012)
- The war on cash...





Scenario planning

I've chosen "Long Finance" scenarios

- The model and the four futures

That look at 2050

- Some educated speculation!

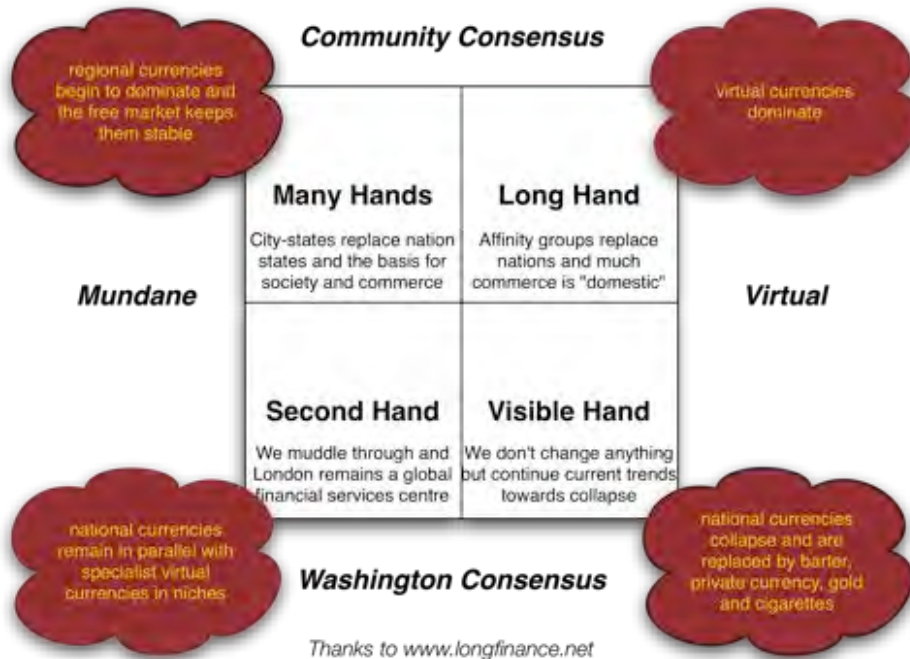
Partly by looking back to 1930

- Look two generations back to see a generation forward

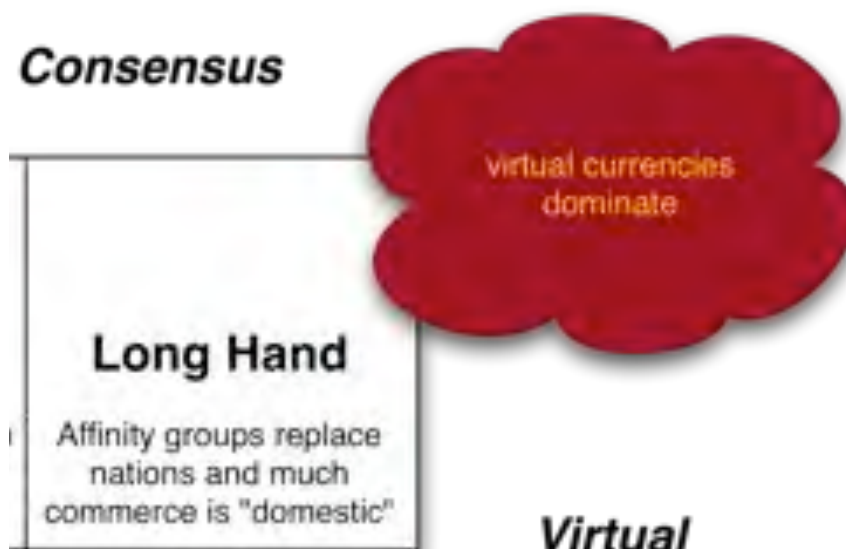
<http://www.longfinance.net>



The "Long Finance" Model



The "long hand" scenario



Exploring the “long hand”

what changes	What is better	What is worse
Breakdown of “Washington consensus” Rise of virtual communities	There is a diversity in approach, people can “choose” to some extent, leading to trade and commerce within groups Lower consumption	The “balkanization” of the matrix where potential ethnic and cultural divisions become unbridgeable

The term Washington Consensus was coined in 1989 by the economist John Williamson to describe a set of ten relatively specific economic policy prescriptions that he considered constituted the "standard" reform package promoted by Washington, D.C.-based institutions such as the International Monetary Fund (IMF), World Bank, and the US Treasury Department but it has commonly come to be used in a second, broader sense, to refer to a more general orientation towards a strongly market-based approach (sometimes described, typically pejoratively, as market fundamentalism or neoliberalism).

The “visible hand”

commerce is "domestic"	Visible Hand	<i>Virtual</i>
We don't change anything but continue current trends towards collapse		

on Consensus

www.longfinance.net

national currencies collapse and are replaced by barter, private currency, gold and cigarettes

Exploring the “visible hand”

what changes	What is better	What is worse
The Washington consensus extends into cyberspace (eg, property rights)	Knowledge workers combine freely to create value	Homogenous economy is unable to resist shocks
Corporations integrate vertically	Affinity groups provide financial, physical and emotional security	Economic inefficiency as corporate welfare takes over
		Western standard of living falls

A world of “rugged individualism” appealing to knowledge workers who connect globally and generate value online, but would it lead to what Galbraith labelled private affluence and public squalor as the “real world” is abandoned to the underclass? Why would a knowledge worker invest effort in Zimbabwe rather than World of Warcraft or Facebook?

The “second hand”



Exploring the “second hand”

what changes	What is better	What is worse
Nothing	<p>For the incumbents, this is stability</p> <p>Mass immigration from developing to developed world spreads wealth</p>	<p>Inevitable inequality could lead to social disorder</p> <p>In a global labour market, human enhancement becomes the way in</p>

This is the scenario where we remain rooted in the physical world despite all the talk about the “new frontier” and the declaration of cyberspace independence. Geography still matters, the Washington consensus holds and we manage to muddle through. Nation-states find it harder to provide for their citizens, who turns to companies instead. This could be seen as a corporatist future, where “Google Doubloons” replace national currencies. See “The IBM Dollar” by Edward de Bono.

The “many hands”



what changes	What is better	What is worse
<p>Mega-cities and city-states become the organising principle for the economy</p> <p>Democracy (and other “western” values) exchanged for wider range of different systems</p> <p>Traditional money systems collapse</p>	<p>Diversity and distribution</p> <p>Better economic management and planning</p> <p>The C50 replaces the G20, providing citizens with protection and order</p>	<p>Potential conflict between interests</p> <p>Individuals will fight for their identity, credit rating and parking spaces</p>

This is a world that Jane Jacobs “Cities and the wealth of nations” would recognise, where a system of around 50 city-states form the economy and nation-states are relevant to tourism, history and sentiment only. Some 70% of the world’s population will live in cities.

The distributed future of money



Power shifts away from nations (and the “west”) to... cities

The future of money is “local”

Communities are crucial

- We're all in multiple communities

New technology makes it easy for them to make money

- M-PESA
- Google Wallet

They're longer geographic

- Facebook Credit
- Brixton Pound
- Bitcoins



Payments—The Next Generation

A single currency

- No chance

A single technology

- in 5 years? Mobile.
- In 20 years? Biometric.

A new narrative

- If you don't like their money, start your own



Thank You

Dave Birch

dave.birch@chyp.com

(and @dgwbirch)

Tomorrow's Transactions:
thought leadership from Consult Hyperion

Read www.chyp.com/media/blog

Listen www.chyp.com/media/podcasts

Visit www.chyp.com

Contact info@chyp.com

Follow [@chyppings](https://twitter.com/chyppings)

