

# 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)
  - 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

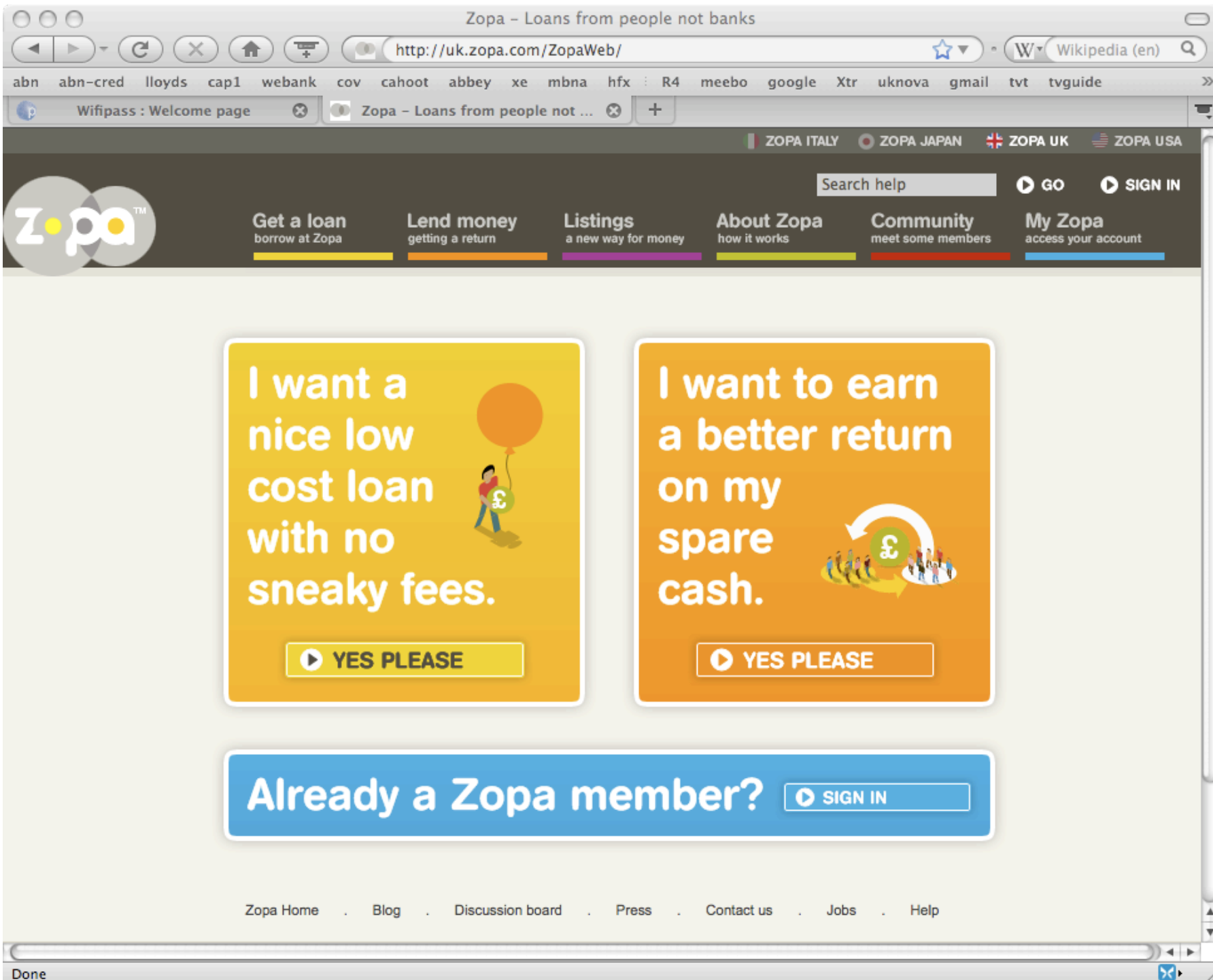
# Some on-going projects

- 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





JAK Medlemsbank


http://www.jak.se/




Wikipedia (en)

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Internetbanken





Hem Vad är JAK Spara & låna Lokal ekonomi Lokalavdelningar Folkbildning Bli medlem Ung i JAK Kontakta JAK International

Grus & Guld

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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:**  
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**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:**  

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**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 renlärigt

**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...

Done

# Eliminating money

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

CouchSurfing – Participate in Creating a Better World, One Couch At A Time
http://www.couchsurfing.org/
Wikipedia (en)
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Wifipass : Welcome page CouchSurfing – Participate in C...


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

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**Sign Up Now!**

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 Israel
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 China
 China
 Canada
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 South Korea

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- FAQ's
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- What Members Say
- Interesting Statistics
- New CouchSurfers
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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**






justfortheloveofit.org | Promoting Skillsharing | Learn Skills, share tools, save money and make great new friends

http://www.justfortheloveofit.org/

Wikipedia (en)

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Done

# 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





# 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?