

CLASH OF THE CASHLESS

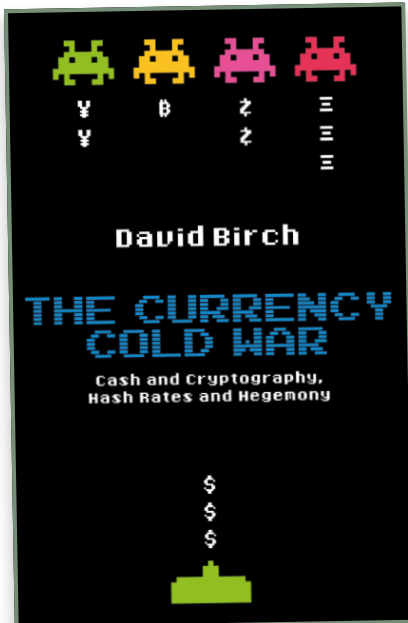
In years to come, historians may well look back on the week earlier this year, when the US Treasury started mailing out physical helicopter money cheques to its citizens and the People's Bank of China commenced testing a digital fiat currency (CBDC) in four cities, as the moment when the US dollar reached its zenith and its slide from the pinnacle of the International Monetary and Financial System (IMFS) started an irrevocable decline.

In his latest book, David Birch paints a fascinating and challenging vision of the future world of digital payments and its possible fundamental impact on the broader global political and economic orders. As ever, he writes with real insight, fluency and a good deal of humour. This is a page turner of a book for anyone with even a passing interest in how the ways in which we pay for goods and services will influence the ways in which we live and govern ourselves. The author takes us on a journey from Wessex e-groats to Facebooks, via miscreant moolah and Byzantine fault tolerant protocols, and into a realm of biometrics, blockchain and bots, where digital identity is paramount and where money as we know it no longer has meaning. This book is erudite, contentious, sometimes obscure, occasionally infuriating, but always intriguing.

This is nothing less than a challenging narrative of the future of money drawing on eclectic sources ranging from 19th century futuristic novels to modern technical and academic papers to *Star Trek*. The starting hypothesis is that the IMFS – as we know it, the 'Washington Consensus/Bretton Woods order' – is staggering on its last legs and about to undergo revolutionary change. The drivers of this change will be economic and geopolitical seismic shifts not least associated with the great financial crisis, and the rise of China; the explosion of new technologies, including artificial intelligence (AI), distributed ledger technology (DLT), biometrics and nano technology; and the imminent demise of physical cash, hastened by the Covid-19 crisis. Cash will not be banned; it will simply become irrelevant because nobody will either accept it or wish to use it. Money, the author repeatedly reminds us, is not a fundamental law of nature: it is a convenience, a convention and something, which after a couple of millennia, is ripe for change. Many voices are now calling for the efficiency, effectiveness and transparency of the way we define and use money to be changed and advocating a shift from the physical to the digital.

By Philip Middleton, Chairman of the OMFIF Digital Monetary Institute

David Birch is an international thought leader on digital money and digital identity and understands the technologies, their complexities, their strengths and weaknesses down to his fingertips. The book is subtitled *Cash and Cryptography, Hash Rates and Hegemony* and those wishing to explore hierarchical double-permissioned shared ledgers and lattice



The Currency Cold War
by David Birch, published by London Publishing Partnership
Available: Kindle & Hardcover

development. This is not the decentralised, opaque and unregulated utopia of the cryptocurrency zealots, still less the uncontrolled speculation of tulip mania. But it is a world in which money, cash and currency are no longer the sole preserve of nation states and their central banks; it is a world of potentially millions of currencies which may be community-based and private, or global and fiat with much in between. In this narrative, money is the handmaiden of a complex paradigm shift from an analogue and physical world to a digital one. The cornerstone of this world will be a universal digital identity for people, corporations and things. Relationships between these entities may increasingly be conducted by bots and algorithms operating as proxies for digital beings. Transactions will be settled in a variety of digital moneys including tokens, stable coins, CBDCs, crypto currencies and Bristol pounds. Money itself will evolve from being inert and 'dumb' to being 'smart', that is capable of interfacing with APIs to perform actions automatically. There will be an explosion of trading asset backed currencies in the form of digital tokens of all kinds. There will gradations of anonymity and privacy – transparent or 'light' digital cash will be free, anonymous cash will come at a premium. Audit and regulation of this world will be 'ambient', that is completely transparent and conducted in real time. We stand on the threshold of a complex set of changes which may be smoothly progressive, or dangerous and disruptive. Changes to money will occur in the context of a continuous interstate cyberwar in which digital moneys, and the digital economies which they power, are important actors. Alongside the potential massive benefits that may be delivered by digital money, we are also about to embark on a period of intense global competition to define and control the future of money. This is a potential future which is both intriguing and terrifying. If the future arbiters of the global monetary and financial systems will be those who seize the commanding heights of digital money, then perhaps, as David Birch suggests, for the US government to encourage major US technology firms to develop and roll out dollar denominated digital currency on social media platforms might be extremely smart politics. **IFTI**

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5 BOOKS TO GET AHEAD IN FINTECH

FinTech, BigTech and Banks: Digitalisation and Its Impact on Banking Business Models
by Alessandra Tanda & Cristiana-Maria Schena
Available: Kindle & Hardcover



A Global Guide to FinTech and Future Payment Trends
by Peter Goldfinch
Available: Kindle, Paperback & Hardcover



Fintech Founders
by Agustin Rubini
Available: Kindle & Paperback



Investor Ready: The Guide For Start-ups On Getting Investors To Say YES.
by Julie Barber
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