

# Understanding Diverse Exchange System Models

From Bitcoin and Berkshares, to  
Transparent Credit Clearing Networks

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# Types of Exchange Media

- ▶ Hard Commodities and Virtual Commodities
  - Gold, Silver, Bitcoin
- ▶ Cash-based currencies
  - **Cash Redeemable**–Berkshares, Toronto Dollars, Salt Spring island Dollars, Bristol Pounds, Brixton Pounds
  - **Non-cash redeemable** –Gift Cards, Railway notes
- ▶ Credit-based Exchange
  - Private currencies spent into circulation–Vouchers, notes, coupons.
  - **Credit clearing exchanges–Commercial Trade Exchanges, LETS**

# Trade Exchanges

## – The Financial Advantage

### Trade Exchanges Provide Liquidity

- ▶ Locally
- ▶ Reliably
- ▶ Cheaply (interest-free)

By monetizing the value created by their members,  
Independent of banks, while  
Building networks of trust and loyalty

**Reclaiming *the Credit Commons***

# Scaling Up – From Local Liquidity to Global Payments

## Expand membership to include

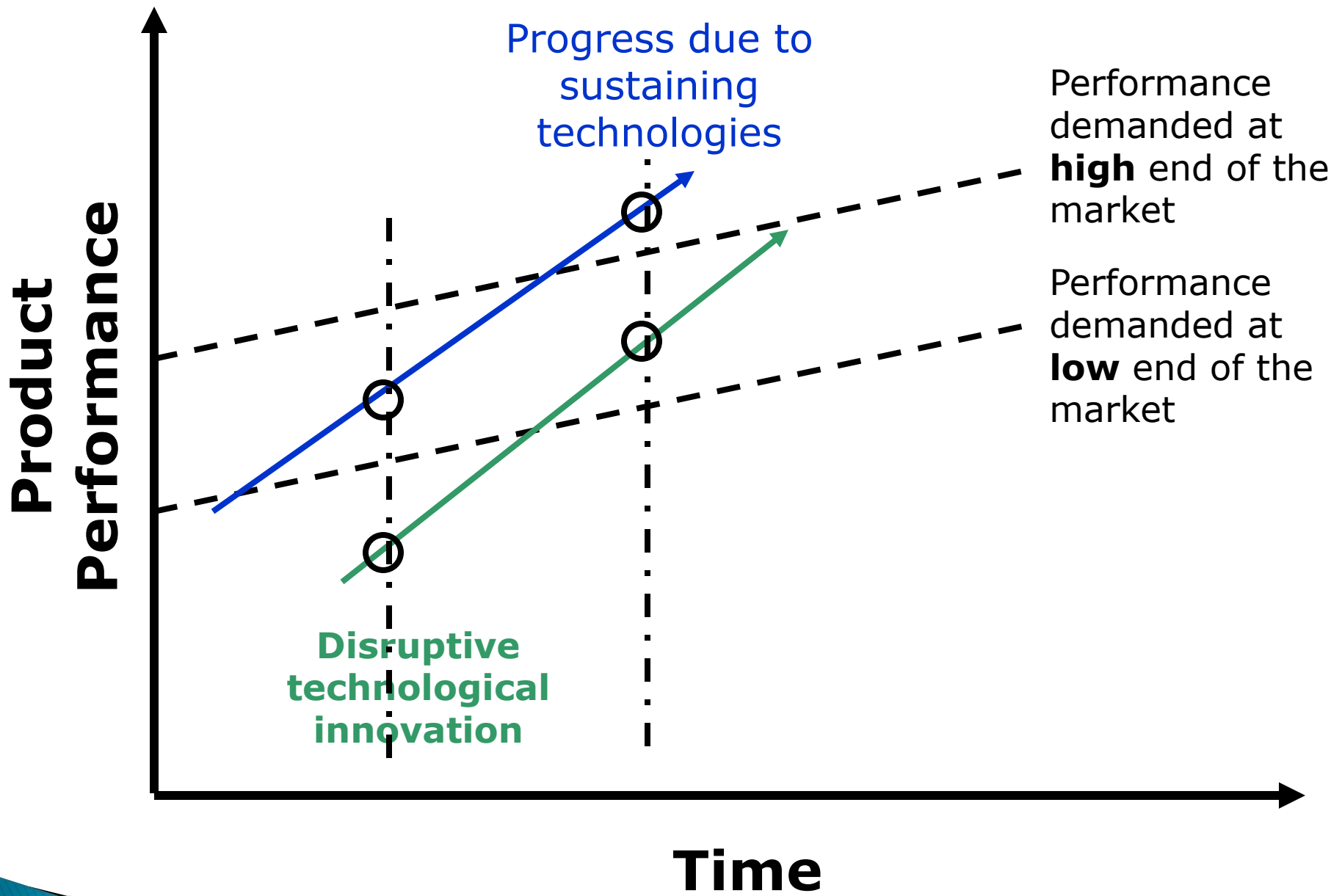
- Local Companies at all levels of the supply chain
- Municipalities and agencies
- Utilities & Transit providers
- Non-profit organizations – schools, universities, hospitals, etc.
- ❖ Use Vouchers, coupons, stored value cards, prepaid debit cards, as adjuncts to Ledger Credits
- ❖ Network local exchanges together

# Trade Exchanges Assist in Making the Necessary Transitions

From endless growth to

- ▶ Sustainable Development and a Steady-state economy
- ▶ Resilient communities
- ▶ A less consumptive way of living
- ▶ Higher Quality of Life for more people
- ▶ More equitable distribution of income and wealth

From political money to decentralized peer-to-peer exchange



# What Are the Disruptive Technologies in Money and Exchange?

- ▶ Mutual Credit Clearing & Private currencies
- ▶ **Web based** markets, social networks, payments, accounting, and information management
- ▶ Fully distributed data
- ▶ Openness and Transparency
- ▶ “Quality of identity” based on personal relationships.
- ▶ Peer-to-peer reputation ratings & authentication
- ▶ Co-responsibility within localized networks of trust
- ▶ Independent, concrete measures of value and a universal pricing unit.

# The Great Opportunity

*To federate current isolated local trade exchanges into a wide area network that:*

- Offers universally accepted, non-cash means of payment (credit clearing)
- Brings in new members in diverse locations and industries
- Opens up new levels of the supply chain
- Stimulates new innovative means of commerce
- Reaches a tipping point and grows exponentially



# A Glimpse into the Future

- Mutual Credit Clearing Exchanges will proliferate around the world
- Standards of design and practice will emerge
- Enabling local exchanges to be networked into a worldwide web of exchange that will,
- Maintain control at the community level,
- While providing a globally useful means of payment.

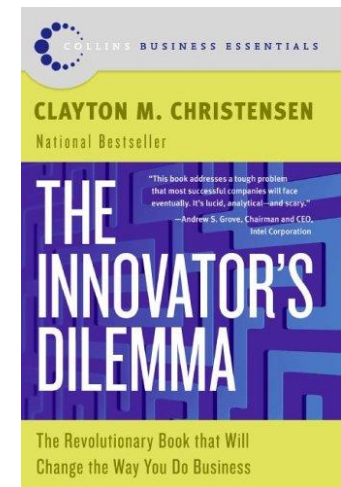
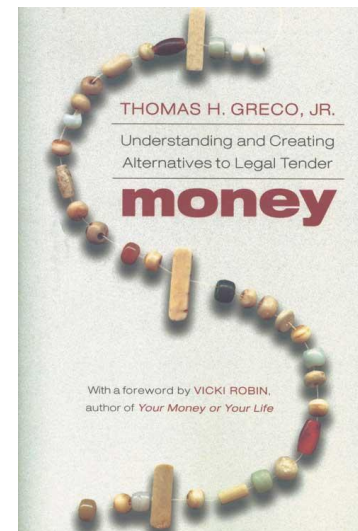
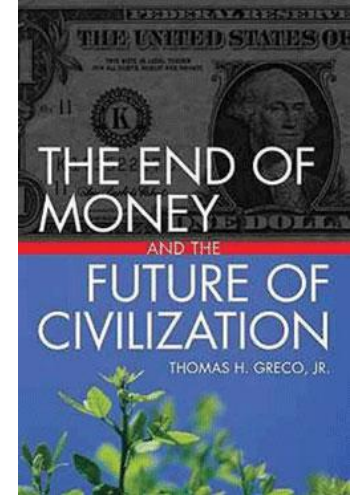
# References and Resources

Explore the websites:

<http://beyondmoney.net>

<http://www.ReinventingMoney.com>

- *The End of Money and the Future of Civilization*
- *Money: Understanding and Creating Alternatives to Legal Tender*
- *The Innovator's Dilemma*  
– Clayton Christensen



# The Main Features Of Political Monies That Make Them Dominant In The Market Are:

- Universal acceptance within wide domains (national or global).
- Easy exchangeability (well developed currency exchange markets).
- Inertia – The public is habituated to their use.
- Lack of exchange alternatives.
- Recognition by, and support from governments—legal tender laws, restrictions on competitors.
- Their true costs and “side-effects” are obscured and unrecognized.

# Laws and Regulations that need to be considered.

Those that govern:

- ▶ money transmission,
- ▶ gift cards and other prepaid access instruments,
- ▶ electronic funds transfers,
- ▶ anti-money laundering,
- ▶ counter-terrorist financing,
- ▶ gambling,
- ▶ banking and lending, and
- ▶ import and export restrictions.

# Trade Exchanges

## A Major Force in Community Economies

1. **Reduce competition** with other economies
  - Withdraw from *the race to the bottom*
2. **Invest in local** infrastructure and enterprises
3. **Reduce dependence** upon imports and export markets
  - Import substitution
  - Produce more for local consumption
4. **Enhance opportunities for local exchange**
5. **Increase the local value-added**
6. **Monetize the local value-added**

**What Next?**

