

Elastic Crypto Credit Money

Why do we need it?

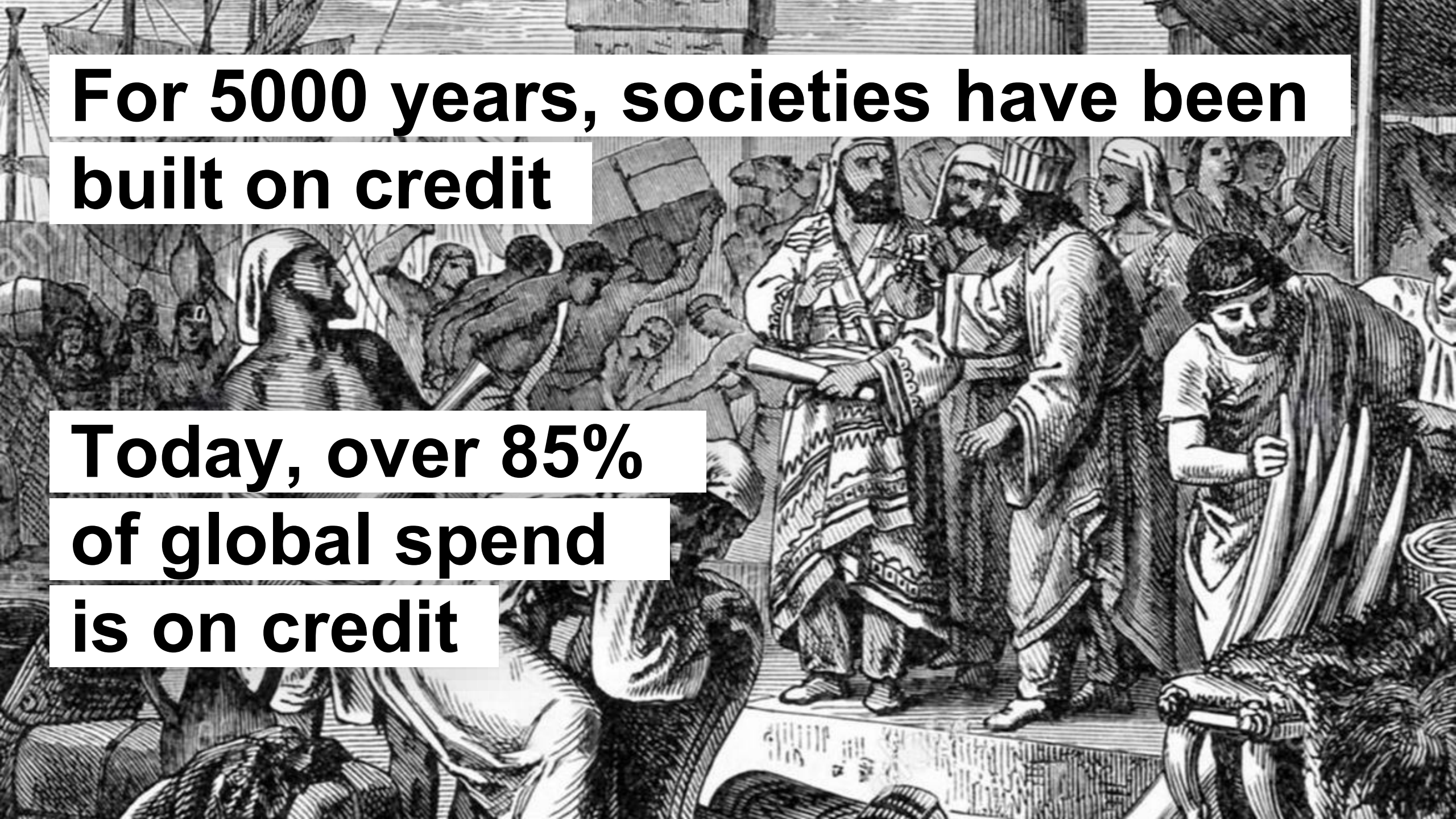
June, 5th 2019
Martin Ploom
SmartCredit.io

About me

- Education: 4 masters degrees + CFA passed
- Initially: Product Delivery, then joining the corporate life
- Banks: 10 years as VP for Credit Suisse in Zurich, Switzerland
- Hobby: monetary systems since Lehman crisis in 2008
- Current: CEO of SmartCredit.io, Zug, Switzerland

For 5000 years, societies have been built on credit

Today, over 85% of global spend is on credit





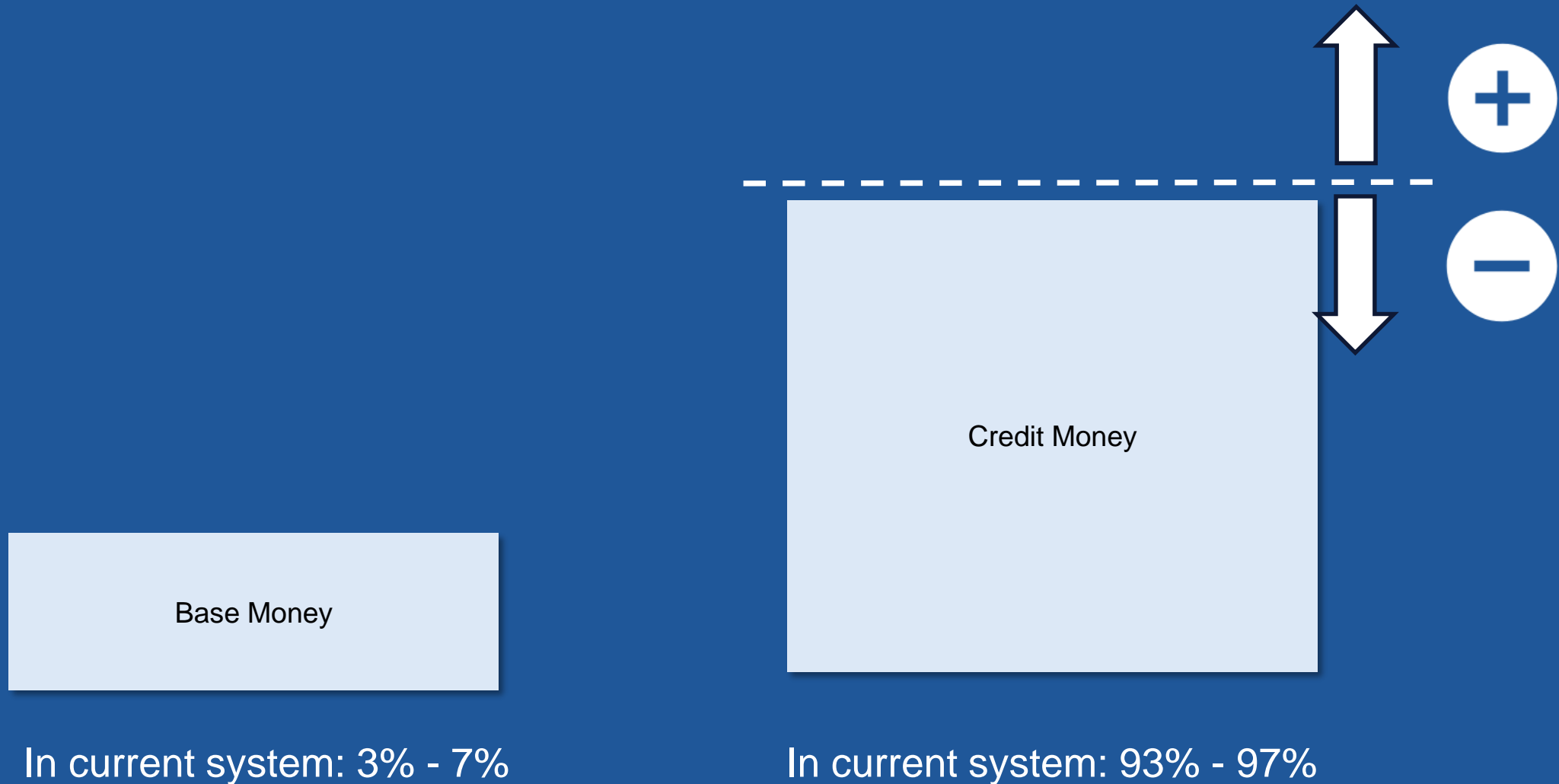
**Credit money has been
around for 5'000 years**

**Do we need credit money in
the crypto sphere?**

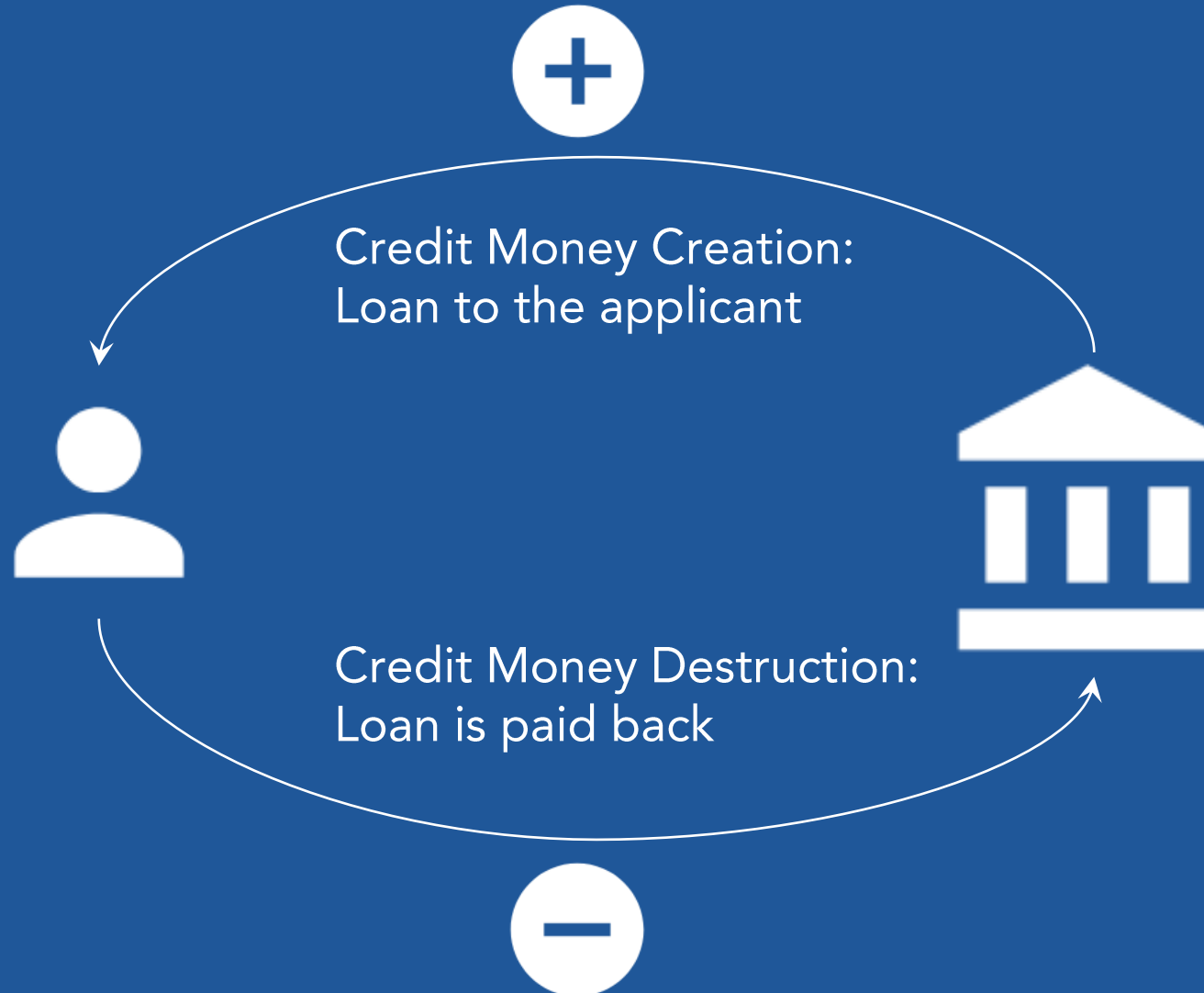
Do we need credit money for the crypto sphere?

1. How does money creation/destruction work today?
2. Why do we need credit money?
3. Last 5'000 years - credit money in different incarnations
4. How does decentral credit money work?
5. Who will create credit money in the future?
6. Roadmap

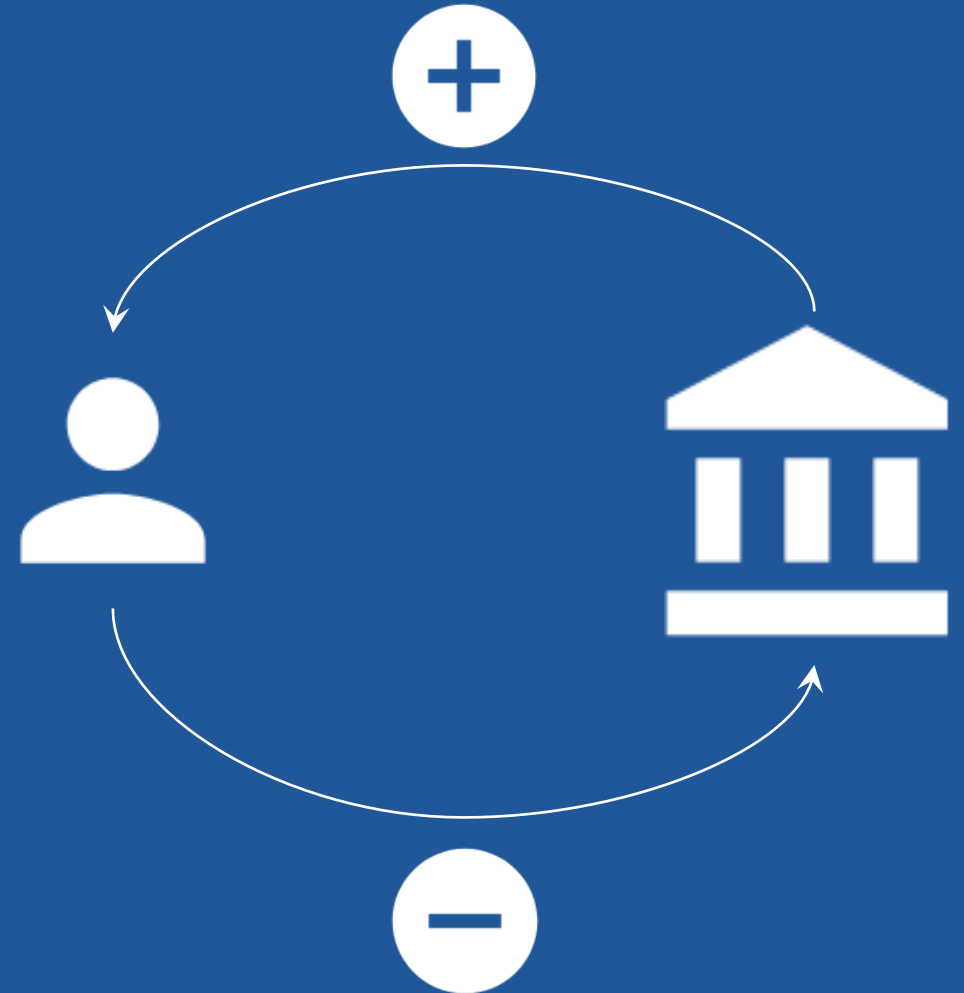
How does a monetary system work?



How is credit money created / destroyed today?



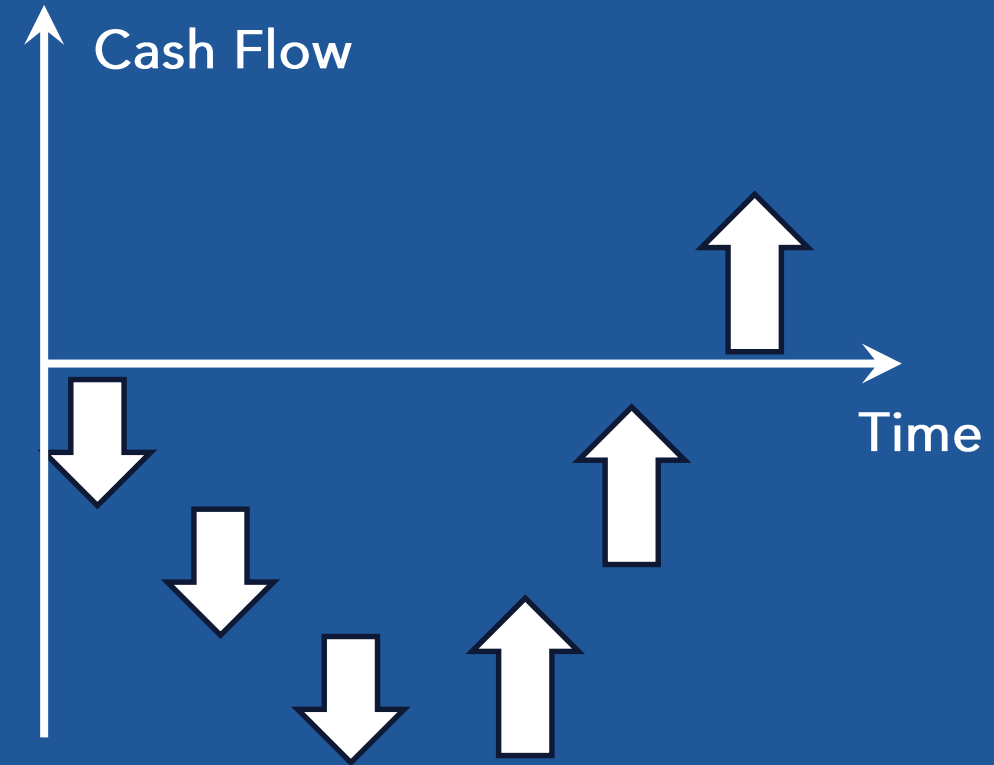
What do commercial banks do in lending ?



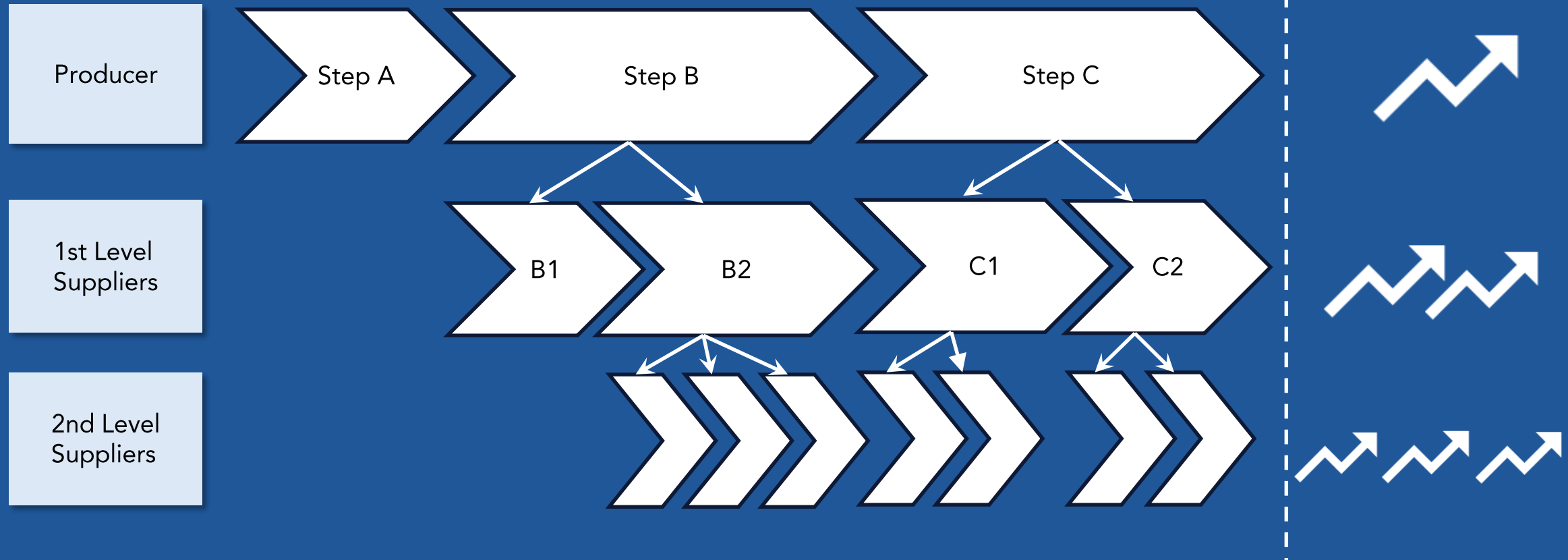
Why do we need credit money (1) ?

Economical activities need:

1. Labour, which need to be financed
2. Commodities, which need to be financed
3. Energy, which needs to be financed
4. Time, which needs to be financed



Why do we need credit money (2) ?



Credit Money is one of humanity's key innovations

Pulsating credit money supply

- it goes up with the economic activity
- It declines if no economic activity



Credit Money in our current Fiat System

Fiat World (USD)

Total commercial
bank created

**central
credit-
money:**

USD 15 trillion

Monetary base in
U.S. created by the
U.S. Fed:

USD 3.6 trillion

Fiat World (EUR)

Total commercial
bank created

**central
credit-
money:**

EUR 12 trillion

Monetary base in
EU, created by ECB
EUR 4.5 trillion



1660 – 1939

How did it worked before the age of fiat money ?

Nation 1

Commercial banks
create their own
credit money

Central bank
creates gold backed
national base
money

Nation 2

Commercial banks
create their own
credit money

Central bank
creates gold backed
national base
money



500 B.C. – 1660

How did it worked before the commercial banks?

Nation 1

**Decentrally
created
credit money**

Sovereign created
money (coins)

Nation 2

**Decentrally
created
credit money**

Sovereign created
money (coins)



2500 B.C. – 500 B.C.

How was it before sovereigns created base money?

Nation 1

**Decentrally
created
credit money**

Commodity
(Gold, Silver,
Wheat, ...)

Nation 2

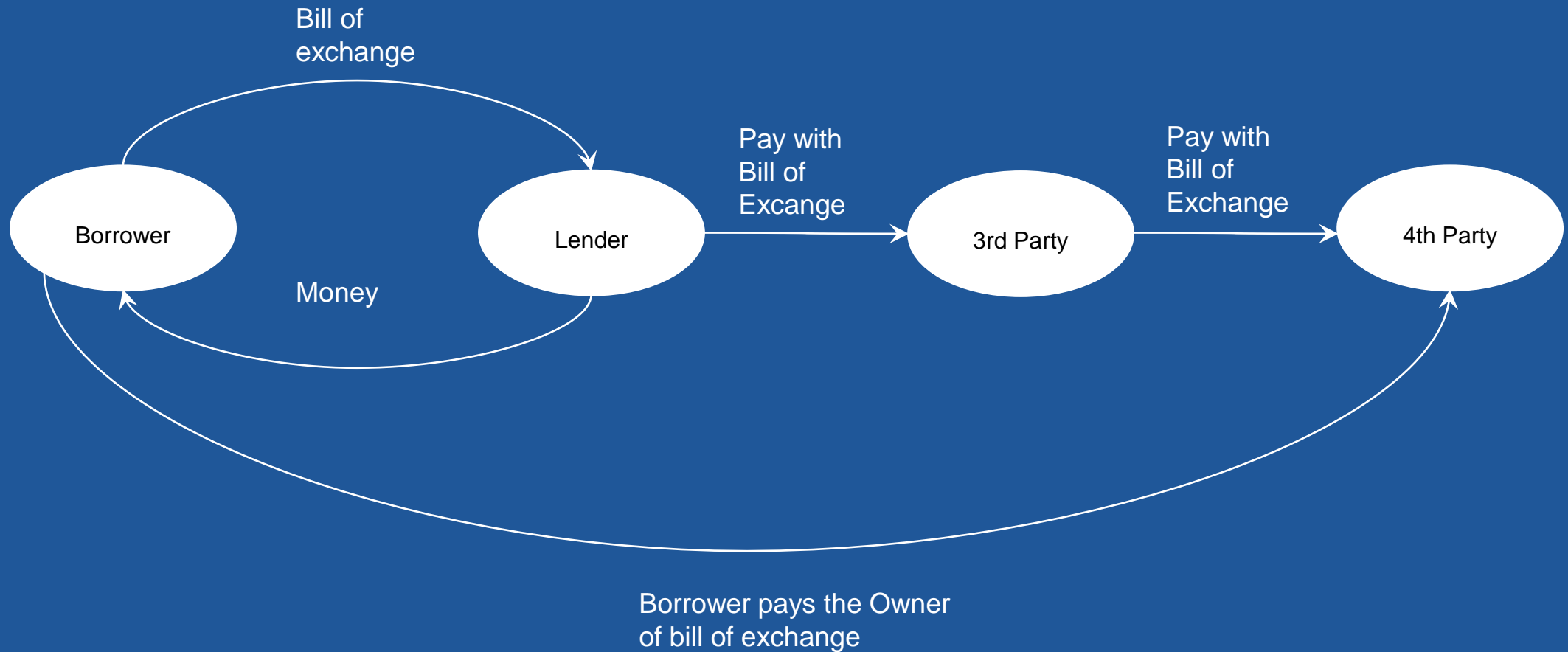
**Decentrally
created
credit money**

Commodity
(Gold, Silver,
Wheet, ...)

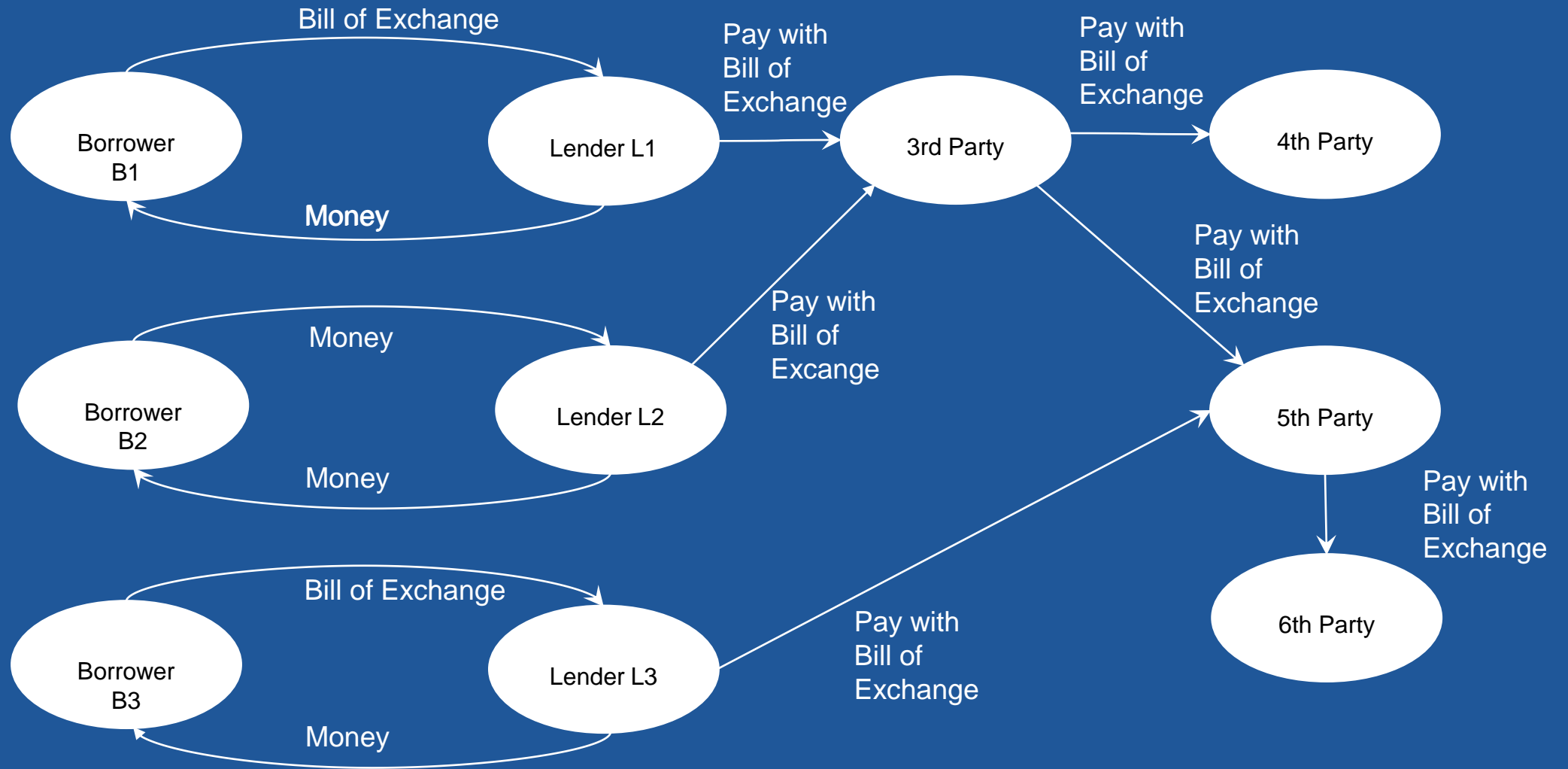
Exchange

The diagram illustrates a two-nation system. On the left, 'Nation 1' is represented by a light blue box containing 'Decentrally created credit money' and another light blue box below it containing 'Commodity (Gold, Silver, Wheat, ...)'. On the right, 'Nation 2' is represented by a light blue box containing 'Decentrally created credit money' and another light blue box below it containing 'Commodity (Gold, Silver, Wheet, ...)'. A large white double-headed arrow labeled 'Exchange' connects the commodity boxes of the two nations, indicating the flow of goods and services between them.

How does decentral credit money work today (1)



How does decentral credit system work today (2)



Last 5'000 years we had credit money ...

Last 5'000 years

Credit Money

Base Money

This time is different ?

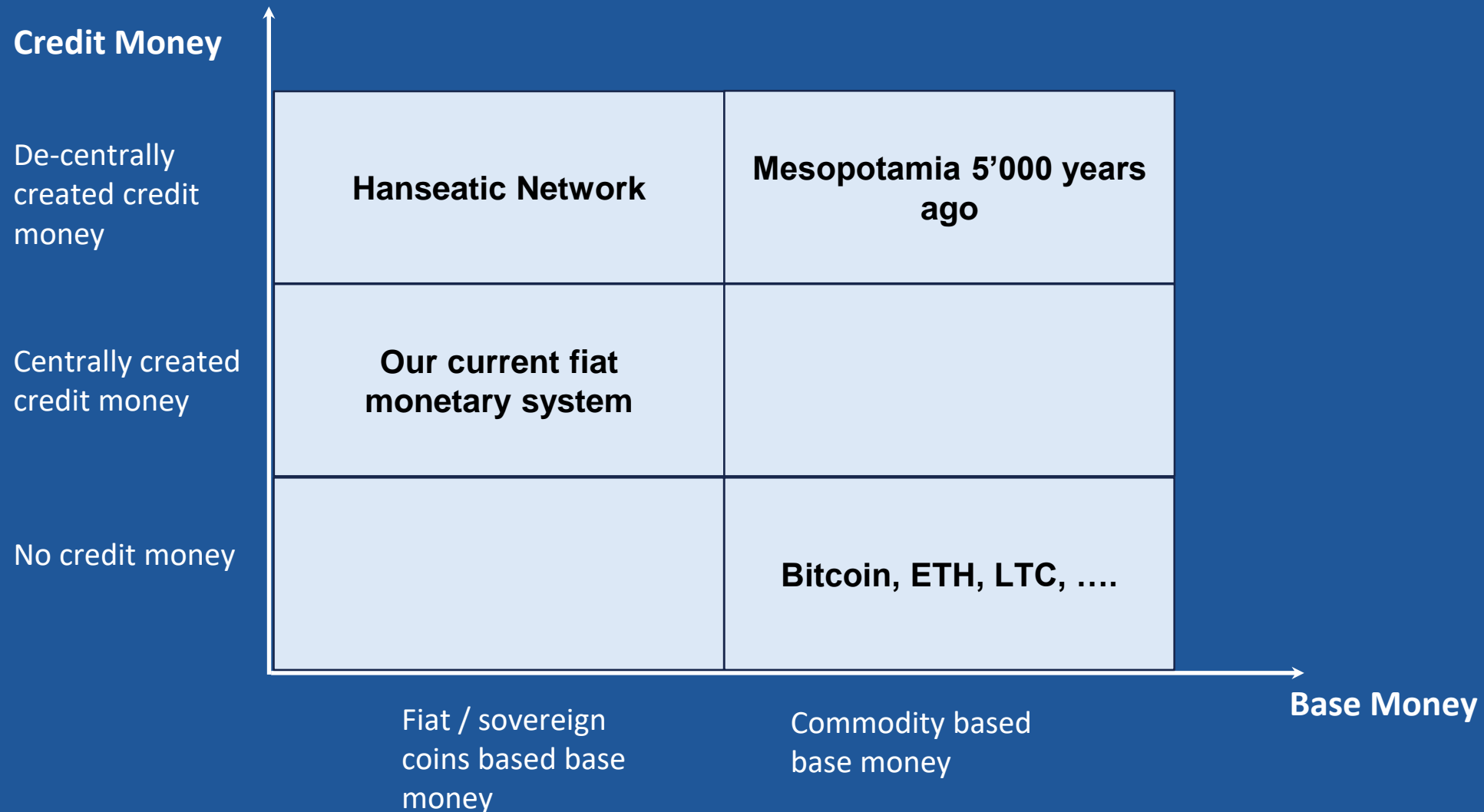
Crypto World

?

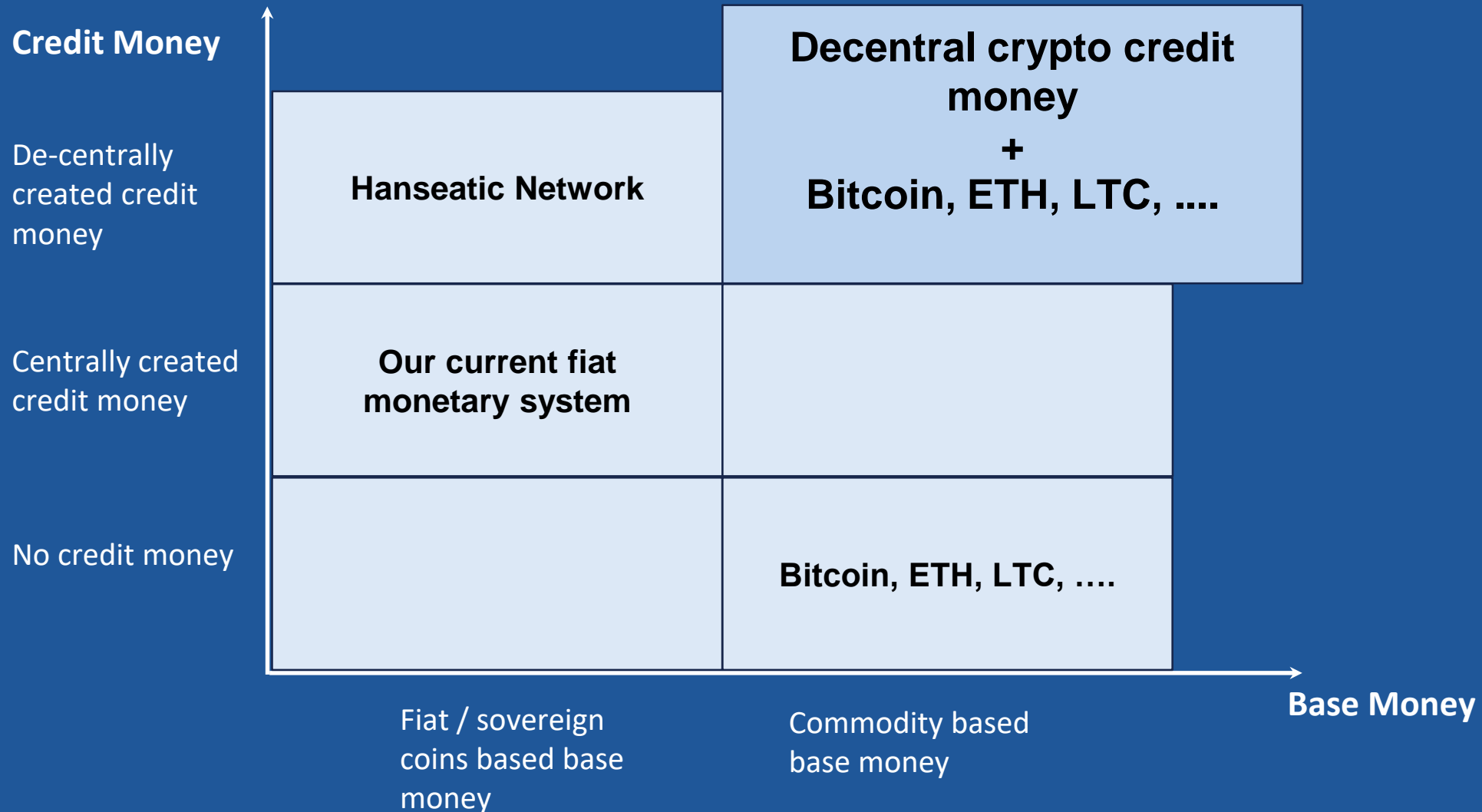
BTC, ETH, LTC

...

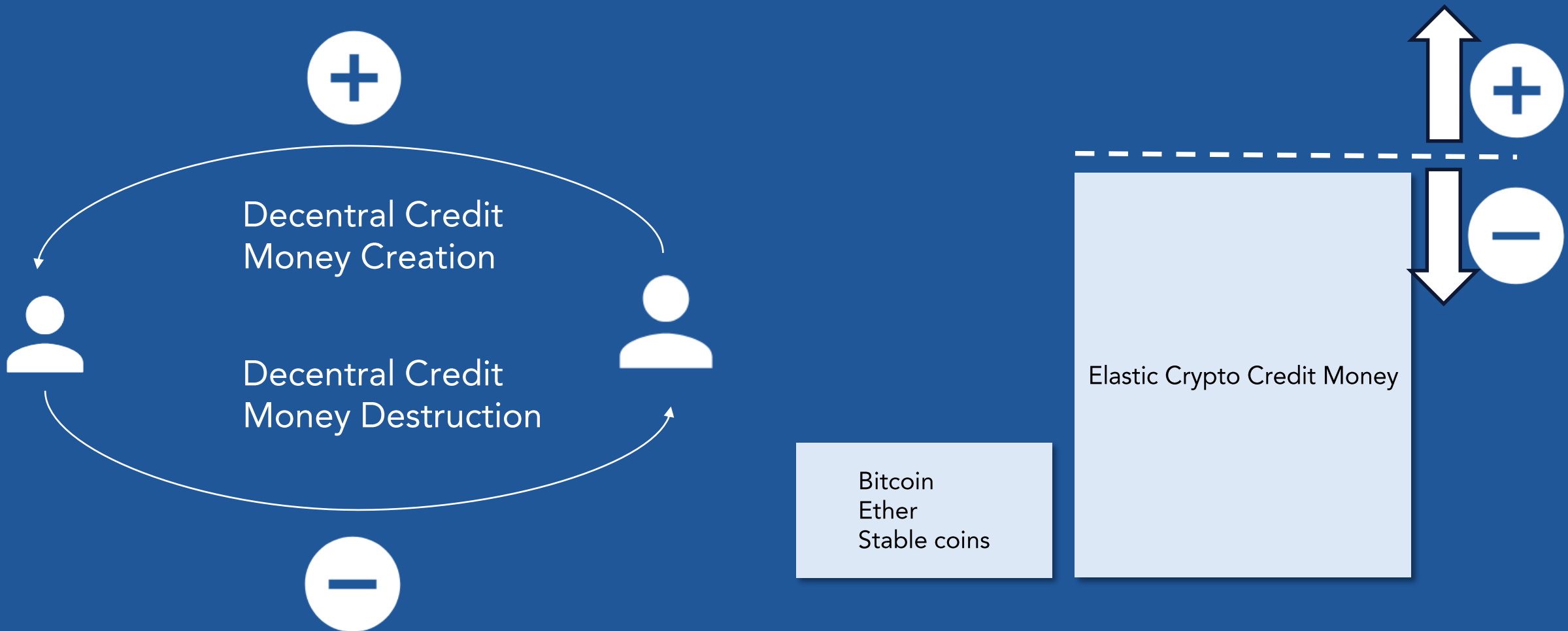
Monetary systems classification



Where is the crypto credit money ?



Programmable Elastic Crypto Credit Money

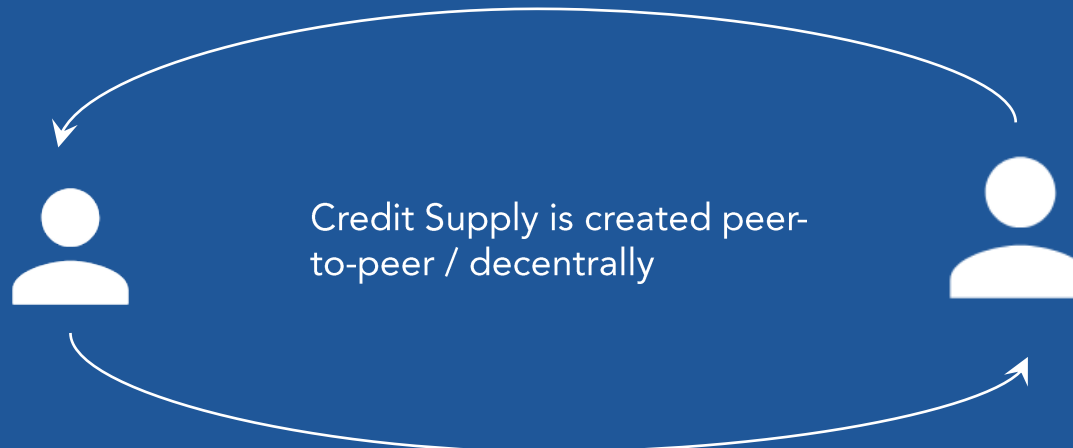


5'000 years have passed. What's now?

Scenario 1
Crypto Credit Money
will be created
centrally



Scenario 2
Crypto Credit Money
will be created
decentrally



Now - future

What's about decentral scenario ?

Nation 1

**Decentrally
created
credit money**
(not yet available)

Nation 2

**Decentrally
created
credit money**
(not yet available)

Crypto World

**Decentral
credit money**

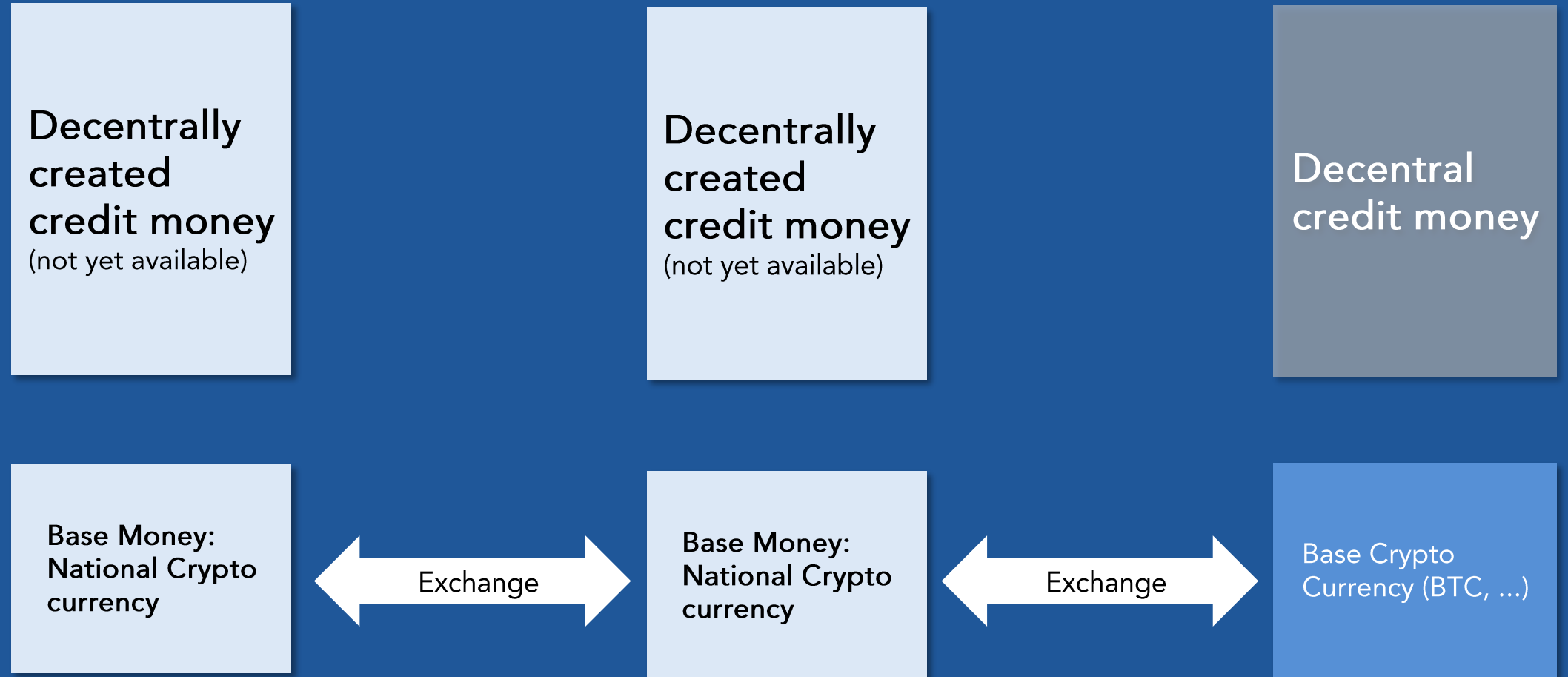
**Base Money:
National Crypto
currency**

Exchange

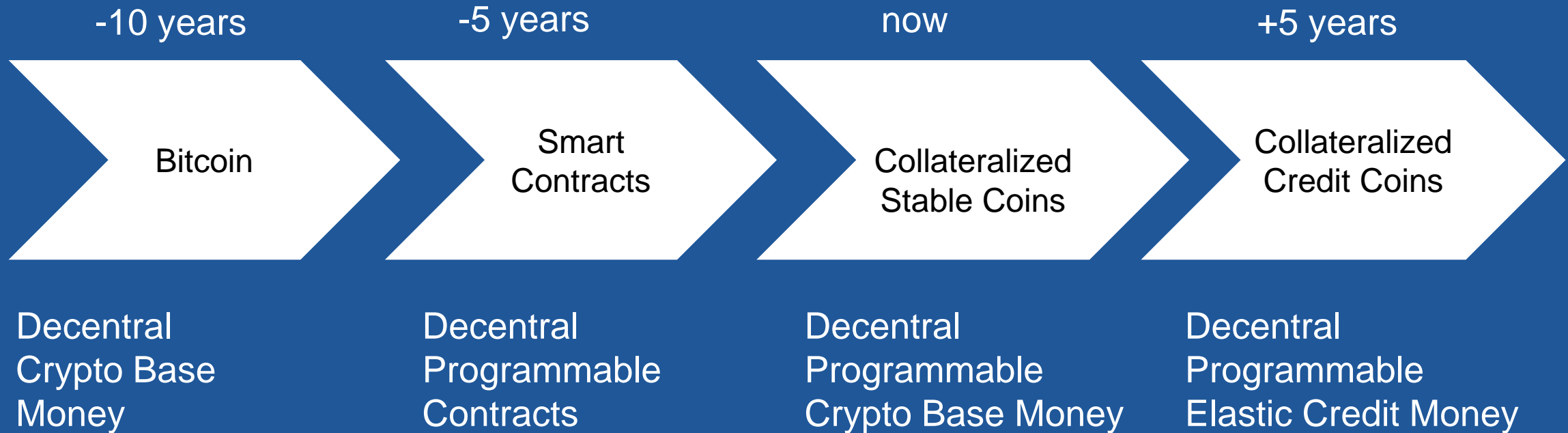
**Base Money:
National Crypto
currency**

Exchange

**Base Crypto
Currency (BTC, ...)**



Roadmap for the Programmable Elastic Crypto Credit Money



Summary

- Credit Money has been around for the last 5'000 years
- Credit Money will be created on the top of the base money (commodity, coins or fiat)
- Credit Money can be created centrally or decentrally
- Crypto is missing the credit money approach
- Programmable Elastic Credit Money provides solution for the crypto sphere
- Open question: Who will create the Crypto Credit Money in the next years?

Questions ?