

Deutsche Bank: “Cryptocurrencies Could Grow Into a Serious Competitor of Paper Money”

() 🕒 November 9, 2017 12:52 pm

High inflation may be upon us say a new paper by Germany’s biggest bank, Deutsche Bank, according to a rough translation.

“Historically, Fiat money systems are a rarity, and they are almost always associated with high inflation,” Deutsche Bank’s Jim Reid says, before adding:

“The basic assumption is that the Fiat money system that we have since 1971, is unstable in itself and prone to inflation risks... if we’re right, the money system will have its ultimate test over the next decade, and we’ll have to look for an alternative.”

After fiat money was decoupled from gold in the 70s, a period of double digit inflation followed in the western world. That, however, subdued following China’s opening of its market, the economist says.

Something which led to deflationary pressure on prices as cheap goods flooded the market, allowing western central banks to print out billions of dollars in the past decade, with ECB continuing to print money at \$60-\$30 billion a month.

“That’s actually not so easy, because inflation would normally have increased with such expansive policies,” Reid says, but China’s deflationary pressure has counterbalanced.

However, China’s deflationary effect may eventually end as they move to a middle income economy. Which will lead to rising prices and high inflation, Reid says. “That could be a problem for the Fiat money system,” he warns.

He further says that “the era of Fiat money is in jeopardy if confidence wanes,” with the economist unconvinced that digitization or robotization could have a China like deflationary effect, keeping inflation down.

It could be the hour of cryptocurrencies, which could grow into a serious competitor of paper money in the future, the Deutsche Bank paper says (<https://www.welt.de/finanzen/article170452314/Horrorszenario-fuer-deutsche-Sparer.html>).

Bitcoin, the biggest digital currency, has a limited number of 21 million coins. Therefore, as the economy grows, its value should grow too, making it deflationary.

But not all digital currencies are deflationary. Ethereum, for example, the second biggest, has a policy of continued mild inflation.

However, what they all have in common is that the supply levels are determined by code which is enforced by a decentralized network of users, miners and nodes.

You can not, therefore, arbitrarily print out more because no one would follow that chain as no one would want the value of their holdings to devalue.

If inflation picks up, then transactional currencies like Bitcoin Cash could grow in popularity and use for daily commerce, thus act as an alternative means of exchange and store of value, especially with increased capacity through sharding, second layers, and other gradual improvements.

If the economist is right in his time-estimate of the next decade, then it is probable digital currencies would by then be ready as far as scalability and technical aspects are concerned. Which means they may, after all, actually upgrade money.

(http://www.trustnodes.com?bsa_pro_id=23&bsa_pro_url=1)

 Share  Tweet  G+  in

RELATED POSTS



(<http://www.trustnodes.com/2017/11/09/bitcoin-com-will-shift-company-resources-bitcoin-cash-exclusively>)

Bitcoin.com Will “Shift All Company Resources” to Bitcoin Cash Exclusively (<http://www.trustnodes.com/2017/11/09/bitcoin-com-will->

shift-company-resources-bitcoin-cash-exclusively)

🕒 November 9, 2017 12:05 pm

(<http://www.trustnodes.com/2017/11/08/segwit2x-called-off-bitcoin-will-not-hardfork>)

Segwit2x Called Off, Bitcoin Will Not Hardfork

(<http://www.trustnodes.com/2017/11/08/segwit2x-called-off-bitcoin-will-not-hardfork>)

🕒 November 8, 2017 5:21 pm

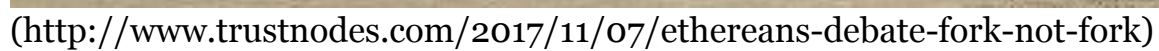


(<http://www.trustnodes.com/2017/11/08/buterin-hints-no-fork>)

Buterin Hints at No Fork

(<http://www.trustnodes.com/2017/11/08/buterin-hints-no-fork>)

🕒 November 8, 2017 4:26 pm



(<http://www.trustnodes.com/2017/11/07/ethereans-debate-fork-not-fork>)

A graphic illustration featuring four padlocks arranged diagonally from the top-left to the bottom-right. Three of the padlocks are blue, and one in the center is red. They are set against a dark background filled with glowing green and blue binary code (0s and 1s) and various hexadecimal strings (e.g., 294A3B, 6F2F, 92B53D). The padlocks have a metallic, slightly textured appearance with a keyhole in the center. The overall theme is digital security and data protection.

(<http://www.trustnodes.com/2017/11/07/exclusive-parity-hacker-claims-ethereum-newbie-interview>)

Exclusive: Parity Hacker Claims to be an Ethereum Newbie in an Interview (<http://www.trustnodes.com/2017/11/07/exclusive-parity-hacker-claims-ethereum-newbie-interview>)

© November 7, 2017 3:08 pm



(<http://www.trustnodes.com/2017/11/07/ethereums-parity-hacked-half-million-eth-frozen>)

Ethereum's Parity Hacked, Half a Million ETH Frozen (<http://www.trustnodes.com/2017/11/07/ethereums-parity-hacked-half-million-eth-frozen>)

© November 7, 2017 1:58 pm

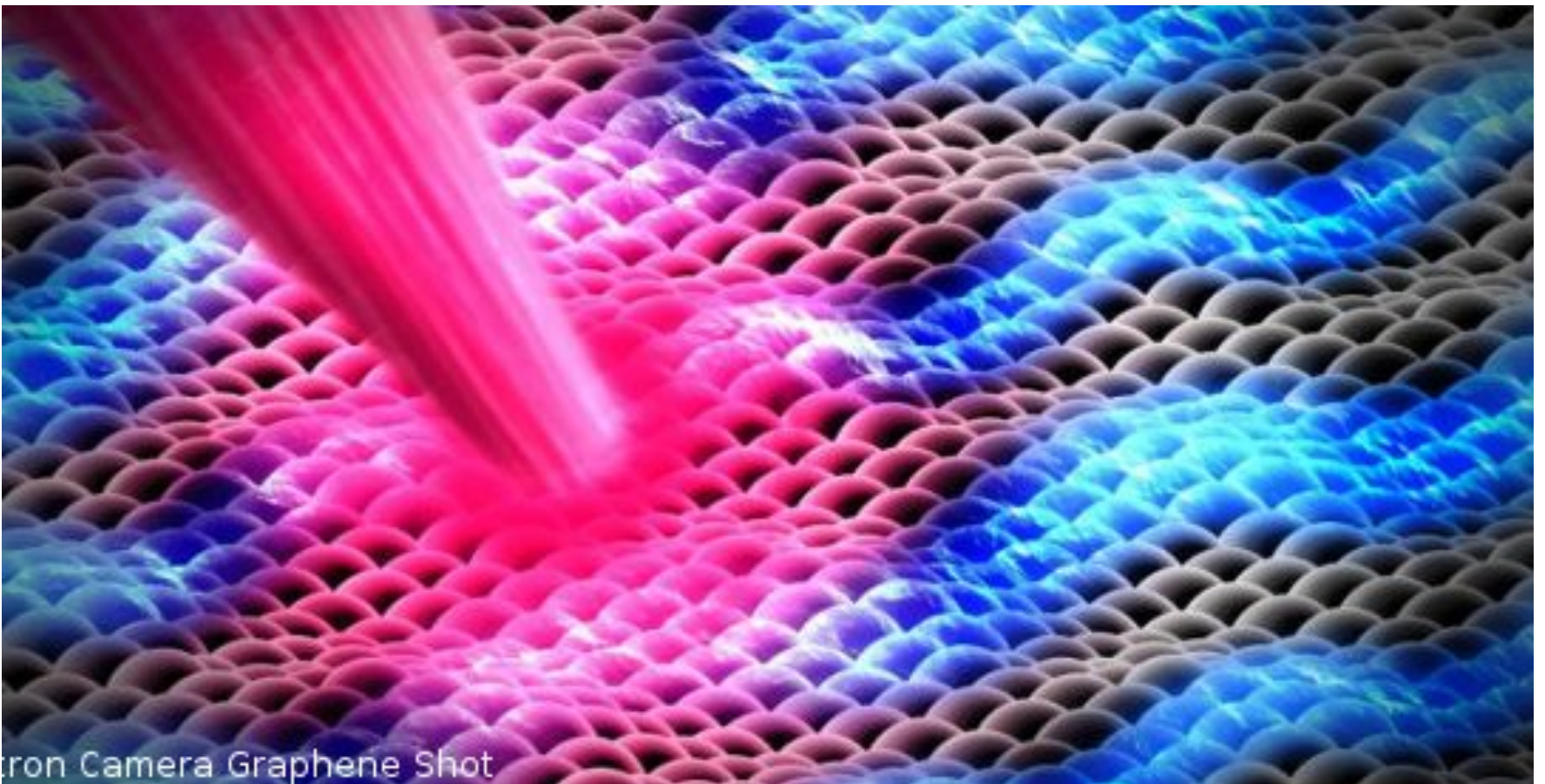


(<http://www.trustnodes.com/2017/11/06/tokenize-the-bots>)

Seed Vault to ICO and Tokenize the Bots

(<http://www.trustnodes.com/2017/11/06/tokenize-the-bots>)

© November 6, 2017 4:37 pm



(<http://www.trustnodes.com/2017/11/06/andresen-presents-graphene-compression-address-bitcoin-scalability-bandwidth-bottlenecks>)

Andresen Presents Graphene Compression to Address Bitcoin Scalability Bandwidth Bottlenecks

(<http://www.trustnodes.com/2017/11/06/andresen-presents-graphene-compression-address-bitcoin-scalability-bandwidth-bottlenecks>)

© November 6, 2017 2:58 pm



(<http://www.trustnodes.com/2017/11/06/bitcoins-first-1-6mb-block-mined>)

Bitcoin’s First 1.6MB Block Has Been Mined
(<http://www.trustnodes.com/2017/11/06/bitcoins-first-1-6mb-block-mined>)

🕒 November 6, 2017 1:47 pm

Leave a Reply

Be the First to Comment!

Notify of

new follow-up comments

 |

⌵

Email

>

Start the discussion



(<https://www.ledgerwallet.com/r/772f>)

POPULAR



Ethereum's Parity Hacked, Half a Million ETH Frozen

(<http://www.trustnodes.com/2017/11/07/ethereums-parity-hacked-half-million-eth-frozen>)

(<http://www.trustnodes.com/2017/11/07/ethereums-parity-hacked-half-million-eth-frozen>)



Segwit2x Called Off, Bitcoin Will Not Hardfork

(<http://www.trustnodes.com/2017/11/08/segwit2x-called-off-bitcoin-will-not-hardfork>)

(<http://www.trustnodes.com/2017>

/11/08/seg
wit2x-
called-off-
bitcoin-will-
not-
hardfork)



Exclusive: Parity Hacker Claims to be an Ethereum Newbie in an Interview
(<http://www.trustnodes.com/2017/11/07/exclusive-parity-hacker-claims-ethereum-newbie-interview>)

(<http://www.trustnodes.com/2017/11/07/exclusive-parity-hacker-claims-ethereum-newbie-interview>)



The First Bitcoin Cash Atomic Swap Transaction Has Been Made
(<http://www.trustnodes.com/2017/11/05/first-bitcoin-cash-atomic-swap-transaction-made>)

([http://www.trustnodes.com/2017/11/05/first-bitcoin-cash-atomic-swap-transaction-](http://www.trustnodes.com/2017/11/05/first-bitcoin-cash-atomic-swap-transaction-made)

made)



(http://tradingview.go2cloud.org/aff_c?offer_id=2&aff_id=4145)

LATEST



Deutsche Bank: “Cryptocurrencies Could Grow Into a Serious Competitor of Paper Money” (<http://www.trustnodes.com/2017/11/09/deutsche-bank-cryptocurrencies-grow-serious-competitor-paper-money>)

🕒 November 9, 2017 12:52 pm

(<http://www.trustnodes.com/2017/11/09/deutsche-bank-cryptocurrencies-grow-serious-competitor-paper-money>)



Bitcoin.com Will “Shift All Company Resources” to Bitcoin Cash Exclusively
(<http://www.trustnodes.com/2017/11/09/bitcoin-com-will-shift-company-resources-bitcoin-cash-exclusively>)

🕒 November 9, 2017 12:05 pm

(<http://www.trustnodes.com/2017/11/09/bitcoin-com-will-shift-company-resources-bitcoin-cash-exclusively>)



Segwit2x Called Off, Bitcoin Will Not Hardfork
(<http://www.trustnodes.com/2017/11/08/segwit2x-called-off-bitcoin-will-not-hardfork>)

🕒 November 8, 2017 5:21 pm

(<http://www.trustnodes.com/2017/11/08/segwit2x-called-off-bitcoin-will-not-hardfork>)



Buterin Hints at No Fork (<http://www.trustnodes.com/2017/11/08/buterin-hints-no-fork>)

🕒 November 8, 2017 4:26 pm

(<http://www.trustnodes.com/2017>

/11/08/bute
rin-hints-
no-fork)



(htt (htt (htt
(http://www.trustnodes.com/
bsa_pro_id=13&bsa_pro_url=1)
/ww /twi /plu
w.fa tter. s.go
cebo com ogle.
ok.c /tru com
om/ stno /+T
trust des) rust
nod nod
es/) es)

LATEST NEWS

Deutsche Bank: “Cryptocurrencies Could Grow Into a Serious Competitor of Paper Money” (<http://www.trustnodes.com/2017/11/09/deutsche-bank-cryptocurrencies-grow-serious-competitor-paper-money>)

Bitcoin.com Will “Shift All Company Resources” to Bitcoin Cash Exclusively
(<http://www.trustnodes.com/2017/11/09/bitcoin-com-will-shift-company-resources-bitcoin-cash-exclusively>)

Segwit2x Called Off, Bitcoin Will Not Hardfork
(<http://www.trustnodes.com/2017/11/08/segwit2x-called-off-bitcoin-will-not-hardfork>)

TRUSTNODES SERVICES

Press Releases (<http://www.trustnodes.com/2017/08/15/trustnodes-opens-a-press-releases-section>)

Advertising (<http://www.trustnodes.com/2017/06/14/advertise-on-trustnodes>)

News Tips (<http://www.trustnodes.com>)

Positions (<http://www.trustnodes.com>)

SUBSCRIBE TO THE MOST TRUSTED NEWS

THE TRUSTNODES NEWSMAIL

Your email address

☐ **Daily** ☐ **Weekly** ☐ **Monthly** Sign up

Copyright Trustnodes © 2017. All Rights Fully Reserved. contact@trustnodes.com