Book and Arts

Book Review

The end of cash - Kill bills

The Future of Money. By Eswar Prasad.

For most people, money still means physical cash printed by a sole, public authority.

Yet that is a surprisingly modern incarnation: only a century ago, private currencies competed with government-issued banknotes.

It may be short-lived, too, as cash succumbs to the digitalisation of finance and new means of payment take over.

This big bang will have huge implications for states, people and companies.

Whether it does more good than harm, says Eswar Prasad, depends on the world’s dowdiest institutions — central banks — embracing change without losing control.

That cash is declining may not surprise readers.

Many will bank from laptops and make payments on their phones.

Financial innovation is old news, too.

One of the first “fintech” breakthroughs happened centuries ago, when China helped engineer a boom in Asian commerce by introducing paper currency to replace metal coins, which were heavy and scarce.

Yet this time is different, Mr Prasad insists.

Previous overhauls mainly improved existing systems, he notes.

The end of cash — likely within a decade or two — is revolutionary.

Three types of disruptive agents are involved, he says.

The first are fintech firms, a varied group that all have a big online presence and a knack for crunching data.

Their onslaught differs from previous, isolated breakthroughs — such as the debit card or the ATM — because it targets every facet of financial markets and institutions, from lending and payments to investment.

By expanding the market for financial services, they help to democratise them.

All the same, they are not imposing regime change.

Banks remain dominant.

Bitcoin, and the many other digital monies it has inspired, could bring about a more fundamental shift.

By enlisting a network of users to validate transactions, they make payments possible without the need for a trusted, central authority.

Mr Prasad doubts decentralised money — less safe, stable and efficient — will ever trump its official cousin.

But he warns that the technology involved is being co-opted by big corporations, such as Facebook; with their billions of users and financial clout, they could make private currencies an attractive means of exchange and store of value.

Fearing this could do them out of a job, many central banks are beginning to disrupt themselves by developing their own digital currencies — the third and most important shock.

Done well, these “CBDCs” will upgrade the financial system.

More efficient than cash for settling transactions, they could also provide a backstop to digital-payment systems managed by private firms, should those fail.

They could offer “unbanked” communities access to digital payments and other financial products.

And they may let central bankers experiment with new monetary-policy tools and more easily track illicit transactions.

Formerly at the IMF, Mr Prasad might have been expected to favour public solutions.

Even if the pendulum swings back towards the private sector, he reckons central banks should and will remain at the heart of finance.

But a strength of his analysis is his mastery of both technical details and big-picture trade-offs.

He fears CBDCs may be vulnerable to hacking and bugs; they could crush private innovation and cause the instability they are meant to forestall.

Meanwhile, central banks’ new responsibilities may erode their independence.

The privacy of transactions will be lost.

Practising the balance he advocates, Mr Prasad is enthusiastic but nuanced.

He also manages to make the financial system intelligible and interesting without resorting to shortcuts and exaggeration.

His patient description of how it works, peppered with well-researched examples and personal anecdotes, imposes a cosmic order on the constellation of institutions that determine how money flows.

As it loses physical form, money’s meaning will become ever harder to grasp.

This book explores the economic and social effects of that upheaval, giving shape to this most abstract of concepts.

文学与艺术

书评

现金的终结——消灭纸币

《货币的未来》，作者：埃斯瓦尔·普拉萨德。

对大多数人来说，钱仍然意味着由唯一的政府当局印制的实体货币。

不过，这其实是一个出人意料的现代观念：就在一个世纪前，私人货币还在与政府发行的纸币相互竞争。

这种想法可能也会是短暂的，因为现金在给金融数字化让路，被新的支付方式所取代。

这场重大变革将对国家、个人和企业产生巨大影响。

埃斯瓦尔·普拉萨德表示，这样做是否利大于弊，取决于世界上最不时髦的机构——央行——能否在不失控的情况下拥抱变化。

现金衰落或许不会使读者感到惊讶。

许多人用电脑存款，用手机支付。

金融创新也已是旧时新闻。

最早的“金融科技”突破之一发生在几个世纪前，当时中国通过引入纸币来取代沉重又稀缺的金属硬币，帮助推动了亚洲商业的繁荣。

然而，普拉萨德坚称这次有所不同。

他指出，之前的改革主要是改进了现有的系统。

而现金的终结——可能发在一二十年内——是革命性的。

他表示，这涉及到三类的具有颠覆性影响的机构。

第一类是金融科技公司，这是一个多元化的群体，它们都有着庞大的在线业务，并精通数据处理。

它们带来的冲击不同于以往的逐个击破（如借记卡或自动取款机），因为它面向金融市场和机构的方方面面，从贷款、支付到投资。

他们通过扩大金融服务市场，来推动金融服务民主化。

尽管如此，他们并没有强行更迭体系。

银行仍然占据主导地位。

比特币，以及它催生的许多其他数字货币，可能会带来更根本的改变。

通过招募用户网络来验证交易，数字货币使在没有可信的中央机构的情况下支付成为可能。

普拉萨德怀疑，分散的货币——不那么安全、稳定和高效——永远不会超过它的官方同胞。

但他警告称，其中所涉及的技术正被 Facebook 等大公司所利用；凭借它们数十亿的用户和金融影响力，大公司可以使私人货币成为一种诱人的交易和保值手段。

由于担心这样下去它们会失业，许多央行开始通过开发自己的数字货币来颠覆自己——这是第三个也是最重要的冲击。

如果做得好，这些 CBDC 将能升级金融体系。

在交易结算方面，数字支付比现金更有效率，如果自己开发系统失败的话，它们也可以为私人公司管理的数字支付系统提供支持。

它们可以为"无银行账户的"群体提供数字支付服务和其他金融产品。

他们还可以让央行官员测试新的货币政策工具，并使追踪非法交易变得更容易。

曾在国际货币基金组织（IMF）任职的普拉萨德可能较倾向于公共解决方案。

他认为，即使钟摆重新摆向私营部分，央行也应该并且也会继续处于金融的核心。

但他的分析中的一个优势在于，他对技术细节和宏观权衡都很精通。

他担心 CBDC 可能容易受到黑客攻击和漏洞的影响；它们可能会扼杀私营部分的创新，并引发它们本来意图阻止的不稳定性。

与此同时，各央行的新职责可能会侵蚀它们的独立性。

交易隐私将不复存在。

在实践他所倡导的平衡时，普拉萨德充满热情而又细致入微。

他还设法在不走捷径、不夸张的情况下，让金融体系变得有趣易懂。

他耐心描述了金融体系是如何运作的，并穿插着经过充分研究的例子和个人轶事，为这些决定金钱流动方式的众多机构赋予宇宙秩序。

当金钱失去了实体，它的意义将变得更加难以理解。

这本书探讨了这场剧变的经济和社会影响，为这个最抽象的概念提供了轮廓。