



By: *Emre Alkin*

Future Monetary Realm: centralism and decentralism hand in hand



Informal economy, which is kept breathing by cash, is spending its final days. However, reckless money printing by the Central Banks give informal economy the kiss of life to survive while allowing proceeds of crime to grow further and further.

Recently, I found myself involved in a debate about why the Central Banks do not print large denominations in high-inflation countries, such as Turkey. Since I was a guest at a live broadcast, I have chosen my words carefully and said:

“Why don't we just switch to digital money once and for all and let this debate about TRY500 and TRY1000 banknotes come to an end? Prices are never rounded up anyway. So, instead of talking about TRY1000, let's talk about 954 or 1253.”

It's that simple. However, according to Central Banks, their purpose of existence is to create money whereas, in fact, today money is created by banks and financial institutions.

Cryptocurrencies, which have been created as an alternative to the centralised monetary system in the first place, are actually one of the parts of the blockchain universe.

Blockchain, offering the „authenticity“ feature that makes objects valuable in the digital world, is often considered to be the same as or equivalent to cryptocurrencies. The fact is that cryptocurrencies are an element derived from or produced by the digital world.

The last resort for humanity

Cryptocurrencies are the last resort for humanity who are increasingly becoming captives of neoliberalism.

Central Banks and Commercial Banks, as well as all organisations of the money and capital markets, including stock exchanges, and of course, the printed national currencies are the strongholds of capitalism.

Laws and regulations are issued pursuant to

the demands of these organisations rather than according to the designs of governments. „The market has raised a generation that remain silent in the face of increasingly autocratic administrations because, thanks to the market, this generation makes money.

The system does not allow you to become over-powerful. You are only allowed to have „as much power as is allowed“. Just like what happened to Ali Baba.

Practices such as imposing sanctions or putting countries on a grey list are at the discretion of powerful countries

In this system, wealth, liabilities, and assets are expressed only in dollar terms. These “dollars” are under constant monitoring by the US and by other governments. US Dollar may move from one place to another only if it is permitted to do so.

They make it either easier or more difficult for you to transfer your money from one place to another. All these arrangements and decisions are made by the „powerful“ based on irrational political and diplomatic factors.

Practices such as imposing sanctions or putting countries on a grey list are at the discretion of powerful countries.

Chinese are buying gold while Americans are buying bitcoin

Cryptocurrencies have suddenly become quite appealing to India, Russia and then to Latin America, as they offered a faster and easier way for money transfer compared to the system that the Central Banks are using.

Although Governments have tried to intervene, we have seen that cryptocurrencies have deviated from their original purpose and become an instrument for quick and easy money-making. The best-known representative of this trend is obviously

Bitcoin.

A total of 12 million bitcoins are owned by individual investors, which makes a majority of 57%. Although public and private organisations are allowed to buy crypto assets in the US, companies still hold 3.7% of Bitcoins. Governments, on the other hand, own 2.7% of Bitcoin supply.

A significant amount of individual and corporate savings is tied up in crypto assets

An expert with whom I had given a speech at a conference earlier this year said, „Chinese are buying gold while Americans are buying bitcoin.“, adding that the US Dollar would be indexed to Bitcoin and the Yuan to gold.

I don't know about that but a significant amount of individual and corporate savings is tied up in crypto assets.

Besides fluctuating cryptocurrencies such as Bitcoin, there are also Stable Coins indexed to the US Dollar and Gold. In fact, according to rumours, the Swiss National Bank is considering converting 1000-franc banknotes directly into stablecoins.

Banking activities will not stop even if central banks become obsolete

Today, the supply of national currencies is growing not thanks to the Central Banks, but a result of the efforts of commercial banks. Only a small part of the money supply, which grows due to the multiplier effect of deposit and loan interest, consists of the money printed by the Central Banks.

Also, most of the money we see in mobile banking apps is now digital only.



We will eliminate informal economy the day all physical money is replaced by a digital currency - Emre Alkin

I think we will eliminate informal economy the day all physical money is replaced by a digital currency. Crypto assets, on the other hand, are respected mediums of exchange created in a decentralised environment.

They have all the same functions as money, such as being used as a medium of exchange, a measure of value, or a store of wealth. Therefore, they are treated like money.

People wonder whether cryptocurrencies will be needed when the world's money goes completely digital. Well, it is not easy to predict who will emerge victorious from the fight between centralism and decentralism.

However, banking activities will not stop even if central banks become obsolete. I think the world will continue to maintain the „dual“ system for a while, that is the use of official and crypto currencies simultaneously, and then cryptocurrencies will dominate the markets with a new, an unprecedented reference value.

My guess is that this reference value will be recognised by governments, organisations and individuals. But more to say about that later.