



A world without banks

Insights from history

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Cashiers....



The Amsterdam Exchange Bank (1609)



Cashiers/payments: a fading business model....

1814-1864



1850-1872





- Dutch core competences:
 - Trade Finance
 - Emmissions (financing states)
 - Low interest rate
 - Available capital
- From trade to finance
 - Merchant bankers
 - Amsterdam vs Rotterdam cashiers



Open market !!

*Handelen sijn het guld der menschen, die de voeten
Van den sekeren voet der werelt, wilt u niet bejagen
Dat ghy hemander sijn niet met u sekerende vanden
Niet daerom seken uyt met uyt gancet verborghen
De Bourse vster: is intijding der volcken vromde
Vande langjende Lee den vader aller meeren
En van u machtschap, dat niet intreckt inden soeren
Gefonden om uytbrengt uw schepen te stofferen*

P. C. Nijff Amsterdam

Visscher

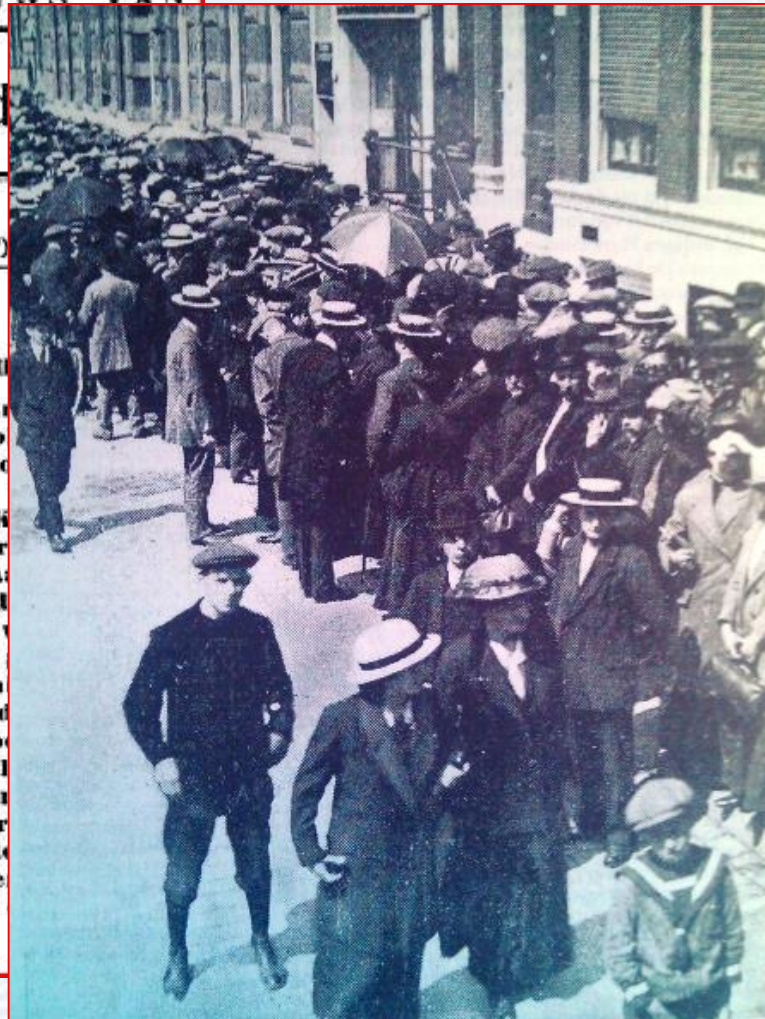
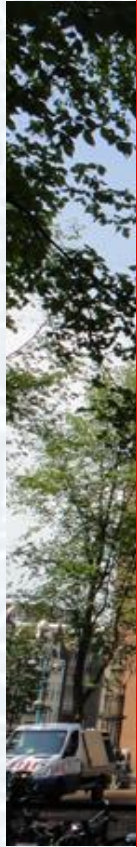
fecit A° 1612.

Did the 19th century need banks...?

- Trade finance as a major mechanism
- Flexible credit and placement arrangements
- Stock exchange enabling larger issuances
- On-call market (prolongatie market) at the stock exchange
 - Drawing in deposit (from all over the nation)
- Late start of deposit-taking banks
- Deposit-taking banks hardly intermediating

Source: Merchants, Bankers, Middlemen, Joost Jonker, Amsterdam, 1996

1902: New building: closed stock exchange



1914...

Deposits move from the stock exchange to banking sector

Retail payments: who innovates?

16-1-1918



5-4-1967



1980



1989



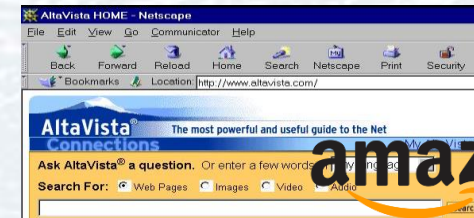
2008



1998



1995



amazon.com®



Personal Computer

phone

Internet-payments

Bitcoin Wallet

Your Bitcoin Address:

1KGe n1Dw zH5N
r5hW ET 73 hQEx
wr5H MN9e Fw

BTC2.08454166
worth about EUR 8.71238413

Received	Beth	Sent
2012/05/04	darkb	11.50

2012/05/03	→ sodoku	-0.0105
2012/05/03	← 1Gjq...	+15.46391753
2012/04/17	→ darkly	-1.00
2012/04/06	→ darkly	-9.00

Blockchain downloading, 4 days behind

POS-terminal

Tablet

Token

Virtual currency players

ard-PIN

erID/
password

SWIM

Biometrics



Payment
supplier

Bank

E-money

Billing service
Providers (ISP, Telco)

Brands & Networks

Pay Later

Regulation

- Most financial regulation is the consequence of previous financial crises / incidents
- Given that financial crises are a fact of life, regulation will only become heavier and create a lock-in
- The payments domain is a nice example demonstrating that we should not pursue today's all-inclusive thinking
- We need to reintroduce a formalised form of condoning

Some lessons learnt, over time

1. Cashiers specialised in payments until they lost their business
2. 19th-century corporate finance worked fine without banks due to the open market
3. Retail payments were hardly ever the core competence of banks
4. Any type of token will work: acceptance by the public is key
5. State and legal systems should not be flawed (property-justice)
6. Private sector organisations can also instill trust and stability

Capital Market Union

- Re-open the (securities/financial) market to the public
- Do not impose any financial prudential regulations or thinking on new peer-2-peer based instruments but
 - Demarcate the boundary
 - Warn and safeguard the consumer (via light conduct-rules)
 - And allow incidents and crises to happen
- Payment Services Directive 3 should allow market players the free choice to be licensed and contain a 'warning-regime' for consumers



Thank you !

Prepared by
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References

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