

# Brave New Money: PayPal, WeChat, Amazon Go - A Totalitarian World Currency in the Making

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My book in German\* with the translated title: "Brave New Money: PayPal, WeChat, Amazon Go - A Totalitarian World Currency in the Making" has just been published by Campus. I have translated the "Introduction and Overview" and part of Chapter 1. I will publish this translation in two parts over the next few days. This is part 1.

The future of payments has arrived in early 2018, when the first Amazon Go store opened its gates for the general public in Seattle. If you shop there, you will not have to queue at the cash register. There is none, thanks to – as Amazon calls it – the most modern shopping technology. You just download an app and sign on before entering the store. Then you freely take everything you want from the shelves and put it into your shopping bag – or put it back on the shelf, if you change your mind. When you are satisfied with what you've got, just leave the store, unencumbered by cashiers or shop detectives. Amazon's surveillance apparatus has followed you around the store and registered your every move. Shortly after you have left the store, you will get a bill on your smartphone and the money will be taken from your account.

Shopping cannot be any easier than this. The activity of paying is eliminated in this consumerist utopia that is just becoming reality. Without your involvement, you will be rid of your money. You don't even have to take out a card, give a signature or swipe your smartphone. The seller and the person who manages your money are merging. This is there we are headed, not just in Amazon Go stores. In the future of payments, all convenience will be on our side, all the power will be with the other side.

In China, a different utopia is becoming reality. The Chinese government is working on a system to assess the virtue of all Chinese citizens. If you treat customers nicely or if you "volunteer" for some public service activities, you will be rewarded with social points. If you are caught jaywalking by one of the omnipresent surveillance cameras, which are increasingly equipped with facial recognition software, you might have a few points taken from your social credit account. If you dare criticizing the government or neglect to pay a fine you will lose many points. If your account goes too low, you will be barred from booking decent hotels or flights or fast trains.

The standard way of paying in Chinese cities is by using the multi-purpose apps WeChat or Alipay. You can think of them as a combination of Facebook, Google, Amazon and Paypal. They cooperate closely with the government. WeChat even has a special app which uses the services facial recognition feature to function as official identity documentation for any purpose other than international travel.

WeChat and Alipay register and store everything customers do with their money and otherwise, and use that information to make a numerical assessment about that person's virtuousness and trustworthiness. If you spend lots of time playing computer games or if you have a patchy record of paying your bills on time, your standing worsens and you will experience all sorts of economic or social disadvantages. Given the close cooperation with the government, it can be expected that these private assessments of creditworthiness and the government's social credit system will merge. All information about what citizens buy and which services they use, where and when, can enter into the social credit system.

It may be an attractive idea at first thought, that a person's virtuous or devious social behavior

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should be recognized and sanctioned more than economic success or failure. However, if a government has the power to decide and to sanction not only what is legal and what is not, but also what is good behavior and what is bad behavior, then the threshold to a totalitarian society has been overstepped.

The Amazon-Go-society is different – at first glance. No supreme authority will regulate your everyday behavior, as long as it is within the law. On closer inspection, though, the two systems have uncomfortably large areas of overlap. Both are based on reliable automatic identification of acting persons in any context and on total surveillance of all actions. Cameras and other surveillance equipment are following the Chinese with every move they make. The same is true for Amazon-Go-stores. The fact that Amazon is marketing their surveillance technology to police departments does not do anything to attenuate the similarities.

Amazon Go is just a particularly advanced example of the pay-as-you-go-world that is forming in front of our eyes. We don't own and control anything anymore. Instead we pay for using the services, which things we used to own, can provide, and we do so in ever smaller instalments. This is economically feasible only if usage can be automatically registered by surveillance equipment and automatically charged. In the Amazon-Go-store, the removal of an item from its shelf is a separate purchasing-action, which has to be surveyed and individually charged. This is the road to complete surveillance that we are led onto in other matters, too. They are not selling the bits and bytes of a computer program to us anymore, which we can use at will. They are selling the right to use the bits and bytes of a program that remains in their ownership and under their control - and with it, all our data. If they decide to do so, they can block us from using the program. We do not buy bikes anymore; we rent a bike by the minute. We do not pay the government any more to build roads for us, we pay for using them by the mile or kilometer. From this, the government and those who run the payment infrastructure gain almost complete knowledge of the whereabouts and itineraries of all citizens. You cannot even pay cash on buses and trains any more in many places, to partly escape this complete surveillance. Increasingly, we trigger automatic payments with every step and click we make. This pay-as-you-go-system is relying on and is at the same time fostering the same complete surveillance that is currently implemented in China. It renders individuals completely dependent on those who exercise control over the financial bookkeeping and access-rights-management in the background. If they decide that you do not have the financial claims to all or any of those services, or if they deem you unworthy of using them for some other reason, you will be completely paralyzed, unable to do anything. Just like Joe Chip in Philip Dicks Science Fiction "Ubik", written half a century ago. Chip is unable to leave his apartment, because he cannot pay the door to open, due to lack of funds. Dick, who became posthumously famous for writing the book on which the Blade Runner movies were based, was a real imaginative genius. The term sharing economy was more than four decades off, when he wrote this, and paying digitally instead of with cash was far from being the norm at the time.

Automated facial recognition and other technologies used for implementing the pay-as-you-go-system are helping to merge the digital world with the real world. What we do in the real world, is mapped into a digital representation with increasing completeness. These digital representations of our lives are used for personal profiles on everybody, profiles, which anybody can obtain, who has the money or the power. This can be a potential landlord, a potential employer, a bank, an insurance company or a powerful mother-in-law. All these users of our

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data will make assessments of our worthiness just like the social credit system in China.

In the same way as in China, such assessment systems serve to promote desired ways of behavior. This is exercised in a more decentralized way in the western system, to make better consumers, more docile employees or more careful insurance-customers of us. Even in the arena of political behavior there are areas of overlap with China. Big data applications to statistically assess your trustworthiness and value as a customer are prone to treat political activism and social behaviors that stray from the norm as liabilities. If such a system is implemented without strict checks on which data can be used – checks which are increasingly hard to implement, society will be pushed toward subservience to authority and strict adherence to prevalent social norms.

It is not simply an unintended side-effect of the pay-as-you-go-system that it produces and requires so much data. This is the main attraction of the system for those who push for its implementation. Just take computer programs. They do not cost anything to produce. Producers could easily give governorship to everyone who pays. They don't want to do that anymore. They want complete control and all data. Corporations wanting to commercialize our data work together in harmony with governments eager to survey and control populations, for purposes that may range from tax-enforcement to crime prevention and political oppression. Reliable identification is a crucial ingredient in the agendas of both of these main actors. Thus, it is terribly convenient that pay-as-you-go is a major driver of biometric identification via facial recognition, iris-scans or fingerprints in everyday-life.

## Cash is in the way

As long as every other transaction is settled with cash, a complete digital representation of everything that the population does, is out of reach. The stubborn preference for cash is a major stumbling block on the way to the pay-as-you-go-world of total surveillance. This is why they tell us, that cash is outdated, dirty, fishy and inconvenient. However, the preference for cash is based on some real and strong advantages of this payment technology, which has served us well for thousands of years. Some of the more important of these advantages are not becoming less, but more important, with increasing digitalization of all walks of life.

The following are the advantage of paying yourself with analog money, rather than asking someone to please pay for you with digital money:

1. Cash-transactions are anonymous. Only those who observe the transaction on the spot will know about them. The seller need not know the name of the buyer. Nobody can see from my account, what I have bought when and from whom. This is true for intelligence services, the police, a social credit authority, bank employess, credit card companies, rating agencies, spouses and parents. None of these will know from our account statements where we spent our days, and what we were doing.
2. With cash, neither the buyer, nor the seller needs to give up something in advance and trust that the other side will stick to their promises. If you sell your car to an unknown person, you do not want to hand her the car and trust that the money she promises to wire, will arrive. If you are the buyer, you do not want to wire money before you have control of the car. Providers of new, faster digital payment methods like to make you

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think that these can achieve the same. So far, this is not true. The money transfer can be cancelled after the fact.

3. Cash helps you keep tabs on your spending. This is particularly important for those who struggle to make ends meet. If you pay everything electronically, even small and tiny payments, you will not have the visual and haptic control of your wallet emptying out and you will be so swamped with receipts that effective control is not realistic any more.
4. Cash is a very robust payment technology. It does not require any technological infrastructure. It can be used even during major disruptions of the energy supply or the mobile network. The civil protection strategies of countries like Germany explicitly recommend that people keep a decent supply of cash around for such technical emergencies. If we only have the option of paying digitally, a breakdown of the internet or the mobile network will paralyze large sections of the economy. If only your own technological infrastructure, like your smartphone or your credit-card malfunction, you can be in deep trouble, if you are travelling and need to pay for a place to stay or to travel home.
5. The same is true, even more radically, if, due to an error or for some other reason, all your accounts are suddenly blocked. Only with cash, you can keep paying for food, shelter and travel. Cash empowers.
6. Cash is also a very inclusive payment technology. Children and people with physical or mental handicap often have a much easier and safer time using cash than digital payment methods. You will give your children small sums of cash to go and buy something, but you will probably hesitate to give them your credit card.
7. Cash is the only possibility we have to store our money in a way that it cannot be lost in the next banking crisis. Digital money is nothing but a claim on a bank. If the bank goes broke, the money is gone, unless a well-capitalized deposit insurance system covers the loss. None of the existing deposit insurance systems, however, is well enough capitalized to cover the deposits of one of a large bank, let alone all the deposits of a failing banking system.
8. Cash also protects us from a milder form of expropriation in favor of a failing banking system: negative interest rates.
9. Cash is the cheapest payment technology for users. Banks and payment service providers charge for executing our payments. MasterCard and Visa have profit margins, which are quite a bit higher than those of your regular company. Someone has to pay for these.
10. Of course, the advantages of cash are not only valued by law-abiding citizens, but also by criminals and other rule-breakers. Tax evaders and drug traffickers also like the anonymity that cash affords.

One man's meat is another man's poison. For banks, payment service providers, IT-firms, governments and some merchants the list above as a list of disadvantages of cash.

Those who want to sell as much as they can to us, or want to give us as much credit as they prudently can, dislike that cash helps us control our spending. Police and intelligence agencies think of the anonymity of cash as a major disadvantage. They can convincingly argue that catching the bad guys and preventing bad transactions would be easier if cash was not available and thus financial surveillance was more complete. However, in order to prevent

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criminals from taking advantage of citizens' rights for privacy and other freedoms from government interference, one would have to do away with those freedoms altogether and democracy with it. To argue that some crime can be prevented by clamping down on the use of cash is just a first step in an argument. All too often, the second step is not mentioned. Not even an attempt is made to prove that the gains in terms of crime prevention outweigh the loss of civil liberties.

In a democracy, this judgment should be made after public discussion by lawmakers in a transparent procedure. Instead, as we will see, the far reaching removal of privacy in financial affairs has been decided far away from parliaments in a diffuse transnational nowhere-land, through the mechanism of standard setting groups expert in evading democratic control.

Cash is also a costly nuisance to credit card companies and IT-firms who want to have our valuable financial information. Every transaction that we perform without a data trace can distort the profile that they collect on us and thus make it less informative and valuable. We are likely to settle the more sensitive transactions in cash - transactions, which might allow conclusions about our employability or health, or creditworthiness or our inclination to incur risks. A potential employer who wants to screen out sickly or nonconformist candidates, an insurer who wants to screen out risk lovers and the sick, will not want to pay as much for a profile, if it does not reliably tell them, if I drink, buy lots of drugs or medical services, practice a dangerous sport or read a radical magazine.

Banks would much rather see our money locked-in in the banking system than to allow us to remove it at will in the form of cash – including in the most inconvenient moments for them. If there was no such cash-exit anymore when the next major banking crisis hits, banks would not have to rely on already overstretched governments bailing them out yet another time. They could simply be made whole again by a devaluation of our deposits. This works, because our deposits are legally a debt of the bank to us. If the bank has to write down lots of its assets in a crisis, causing losses, its capital is depleted. If the deposits, i.e. liabilities, are also written down, the loss is erased and the banks' capital is restored. This writing down of deposits can happen in one large step, cutting them by, say, 20, 30 or 50 percent, or it can be done gradually by imposing negative interest rates of say 3, 4 or 5 percent. If this was possible, banks would not have to rely any more on governments rescuing them, and governments would be rid of a big headache.

We mentioned advantages of cash for criminals and tax avoiders, so let's also look at the disadvantages of cash for these groups. To transport cash in large amounts is difficult and expensive. If the sums go into the two- or three-digit millions, cash is not used any more. Rather, the mafia, the ultra-rich and large corporations employ banks and specialized law firms to transfer digital money into tax havens in a way that ownership is concealed. Criminals use forged freight papers and similar tricks to insert dirty money in large volumes into the legal money circuit. Those who pretend that pushing back the use of cash would eliminate money laundering, crime or even terrorism never mention that the bulk of money laundering and terror financing is done with digital money. They use the argument that cash is unwieldy, to argue in favor of getting rid of large-denomination notes, but they fail to admit that even with large-denomination notes cash is too unwieldy for really large transactions.

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For companies like Visa, Microsoft and Vodafone which provide the technical infrastructure for digital money transfers, cash is a nuisance, because they are not involved and don't gain money and data from cash transactions. Every transaction that is digitized means additional business volumes for them. Also their market power increases. If the alternative option of using cash is eliminated, they will increase their margins.

Thus, Visa, MasterCard and their allies are running large global marketing campaigns to tell us how foolish and old-fashioned it is to pay autonomously with cash and how modern and convenient it is to have someone else manage your payments digitally. They bribe restaurants into refusing to accept cash. They provide vendors of homeless-newspapers and churches with card readers, because this provides terrific PR for cashlessness. Governments worldwide issue laws and regulations to prohibit or restrict autonomous payments with cash. They make them harder or more expensive and generally cloak them in the suspicion of illegality.

It is not only the Chinese government, who wants to know everything about their citizens. Western governments, too, strive for the totally transparent citizen. The leading power, the USA, even wants to bring every person on earth into the digital system of automated surveillance. And so it happens that governments of all colors, from Sweden to Saudi Arabia, are working together in harmony with one another and with the leading private corporations of the IT, telecommunications and finance sectors in a global public-private partnership against cash.

## A coordinated global campaign

The surprise move of the Indian government in November 2016 to take 86 percent of cash out of circulation with only four hours warning was one of the more visible actions in this global campaign to digitize all payments. In most industrial countries, more indirect and less visible ways of pushing back the use of cash are employed. The ATM-network is thinned-out, banks start to charge for cash withdrawals, rules are passed, which prohibit merchants from passing on the cost of card-payments to customers, taxi-drivers are required to enter into contracts with card-companies and prohibited from refusing to accept credit cards. Banks and merchants who deal with cash payments are harassed with pointless and tedious rules. Laws are passed, which require travelers who want to cross a border with a few thousand dollars or euros in cash, to tell any border official who deigns to ask, where the money is from and what exactly they want to do with it, lest it be confiscated.

According to a forecast from 2016 of the then-CEO of Deutsche Bank, John Cryan, cash will be gone by 2026. In Europe, a general upper-limit for cash-payments is under discussion. Several countries have already prohibited their citizens from paying larger bills autonomously, without the help of banks or card companies. At the same time, rules and regulations proliferate, which make sure that none of our digital payments and accounts remain hidden from police, intelligence services, the taxman and social security authorities. The last remains of bank secrecy have been eliminated.

It is no coincidence, that similar moves and regulations against the use of cash can be observed all over the world. Malawi, Nigeria, the Philippines, Mexico and several dozens more countries have even declared the official aim to become cash-free countries as soon as possible. At the same time, these countries are working on forcing their whole populations into large government-

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run biometric databanks. Digital payments and biometric databanks are two parts of a coordinated global campaign, which is driven forward under the camouflage-terms financial inclusion and digital identity. Financial inclusion is Orwellian newspeak for taking away the option of using cash. Digital identity is a devious nod to a development goal of the United Nations, which asks for every newborn on earth to be given an official identity. Even though, there is no mention of “digital” and “biometric” in the development goal, and even though, biometric registration does not work well for newborns, this campaign is pushing for the forced digital-biometric registration of every person, under the pretext of the development goal, even for the large majorities of the affected populations, who are already well equipped with identity documentation.

Nominally, this campaign is run by the G20-group of governments of the most powerful countries, under the name *Global Partnership for Financial Inclusion*. The goal is to push back cash, digitize all payments and to biometrically register all earthlings. The real drivers are global leaders in banking, the credit-card-business and information technology from the US, together with the US-government. They have formed public-private lobby-groups with names like *Better Than Cash Alliance*, *Consultative Group to Assist the Poor* and *Alliance for Financial Inclusion*. These groups have written the strategy papers of the G20-Partnership against cash and they have been invited to drive the campaign forward as “implementing partners”. It is always the same companies that hide their commercial interest behind these benevolent-sounding catchwords and group-names. They are MasterCard, Visa, Citibank, Microsoft and PayPal sometimes directly, sometimes through their foundations.

The most important weapons in the stealth-war of the G20-partnership against cash are the international standard-setting bodies and the international financial institutions IMF and World Bank. The standard-setters are informal clubs of the world's more powerful governments and/or central banks. They set the standards for what is considered best practice in finance. Very few people have even heard of these very powerful groups. They go by cryptic acronyms like FATF, CMPI and BCBS, which stand for *Financial Action Task Force*, *Capital Markets and Payments Infrastructure Group* and *Basel Committee for Banking Supervision*. They have no formal mandate or power and can only give recommendations. At the same time, they are exceedingly powerful and largely unaccountable. Their recommendations are almost always transformed into binding law around the world, without any serious discussion in parliaments, because they have already been declared the “global standard” by the G20-governments. In the countries not represented in the G20 and their standard setting bodies the international financial institutions use their power to make sure that these standards are abided by anyway.

The World Bank and the IMF, the standard-setting bodies and major agencies for economic development, like USAID, have all vowed to use their regulatory and financial power to further the goals of the *Better Than Cash Alliance*. This is the explanation behind the otherwise surprising fact, that so many governments of very poor countries, who should have other things on their minds, have recently made it a priority, to become cashless and to register their whole populations in biometric databanks.

It is from the transnational nowhere-land of the standard-setters' realm, that the EU-commission has been prompted to think about a general upper limit for cash payments and to pass a regulation that allows customs officials to confiscate cash at the border, even if no rule

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has been broken. It is here that the harassing rules have their origin, which forces banks and merchants to eliminate every minute risk of money laundering with the involvement of cash is involved, while at the same time, nobody seems to care about large-scale tax-evasion and money laundering as long as it is performed digitally. It is in this shadow-empire that the rules are negotiated without the disturbing interference of parliaments, which ensure that almost nothing can be bought anonymously over the internet any more. The general public and parliaments hardly even notice that this is going on. This is why there are always heated discussions about new data preservation rules in telecommunications, while the much more intrusive, very long-term storing and even active surveillance of our financial accounts and transactions go almost unnoticed.

## [Part 2..](#)

\* Korean and Chinese versions are scheduled to be published in 2019. A Vietnamese edition is in the making.

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