FINANCIAL SOLUTIONS GLOBTECH – FINTECH

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Abstract

The economic paradigm, based on the so-called startup system,that supports these mega-platforms, however, has failed. The start-up successful initiative are very few and are driven to ambiguous venture capital companies ending into join the commonly known Facebook and Google. One alternative to the said system is to generate DECENTRALISED economies.

The network economy must be managed openly by a 'third entity' - which we can call it 'microeconomics', 'crowd funding', 'commons economy', 'decentralized P2P network', 'public infrastructure'. It is therefore a question of creating free networks *'free platform societies'*, with economic architecture based on cooperation between people.

Keywords: crypto currencies, financial mechanism, Blockchain technology

JEL classification: G23

Introduction

The economic and social crisis phenomena create the conditions for the birth and dissemination of new approach for circulation of goods and services and the related modality of exchange.

According to Mr. Geert Lovink, an opinion leader in the web culture of the economy and society, says that we are living in the age of "platform capitalism" dominated by cyber-colossus planetary coalition with high frequency finance and controlling together with almost all resources in play.

The marketing-oriented algorithm, is the monopolist stratagem, to control and exploit users.

Users are anesthetized by the neurotic consumption of information-rubbish on Social network to stop to pursue their own interest.

Results

The economic paradigm, based on the so-called startup system,that supports these mega-platforms, however, has failed. The start-up successful initiative are very few and are driven to ambiguous venture capital companies ending into join the commonly known Facebook and Google. One alternative to the said system is to generate DECENTRALISED economies.

The network economy must be managed openly by a 'third entity' - which we can call it 'microeconomics', 'crowd funding', 'commons economy', 'decentralized P2P network', 'public infrastructure'. It is therefore a question of creating free networks *'free platform societies'*, with economic architecture based on cooperation between people.

Figure 1 - Crowdfunding relation

Source: EUE

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The opinion that over the next few years the crypto currency and the re-established decentralized economy will become Mainstream is convincing more and more.

Examples of these decentralized economies are increasingly widespread both at the level of economic-business realities and at the level of personal individuals/citizens.

Crypto currencies help the decentralized economic system to create confidence and trust between members

The real challenge of digital coins is to prevent unauthorized copies.

The crypto currencies use two mechanisms to prevent it:

1) The first is that every transaction is entered in a public online register that save it in several copies in a way that it necessary to be compared before to be updated

This process prevent double spending, and avoid buying 2 different assets with the same crypto currency.

2) The second mechanism is to protect the registry with cryptography.

Each update brings together a range of new transactions and adds it to the existing log.

Doing this the procedure forecast to frozen and then encrypt the previous version of the log.

The new version of the log, is call 'block' and includes the encrypted copy of the previous log. Anyone can use this encrypted data to generate a number that controls the validity of the block.

Nevertheless, it is extremely difficult to generate this number on the computational level with the attempt to hack the system.

It's this feature, which makes the blocks easy to control but very difficult to copy, and that's what keeps the system safe.

Clearly, every time the log is updated, new blocks are continuously created with the result to produce an uninterrupted chain of blocks.

From here comes the term Blockchain technology.

Let's consider now a beautiful international region with the population that have access to rich natural resources but that suffer of low appreciation of their respective coins; The Balkan region fit as example.

Let do an example relating the networks that operate in this territory.

-A. Companies community network that aggregate goods and services and activate exchange

and

-B. Individuals community that aggregate goods and services and activate exchange.

Example A)

Companies community network that aggregate goods and services and activate exchange: the BexB Community bexb.it A1)

Example A1

The network consists of the composition of many companies and related business activities that gather together to secure a safe demand in addition to their normal market.

The network use a trade Platform that include the use of a complementary currency.

The network accepts the new members. After analyzing and evaluating (balance sheets, history and reliability) by an insurance company.

The value calculated by the insurance is then proposed as maximum value to be secured

Bexb can entrust to a new member a greater amount, depending on a new estimation made by the same network (BexB) based on the criteria of success that this new product's will have in the circuit.

BexB network provide then an initial credit in crypto currency to be spent on the internal circuit for a minimum value equal to the amount insured.

Example A)

Companies community network that aggregate goods and services and activate exchange: Wir Bank egA2)

Example A2

An analogous mechanism has been adopted by Wir Franc in the beginning of 20th century to face the great depression

Unlike other banks, WirBank delivers Wir currency credits, alongside normal Swiss francs credits.

Wir is the Complementary Coin that allows multilateral compensation of goods and services among the 60,000 business customers.

The principle to asset-backed the currency, through credit lines secured by members pledging assets is used also from other complementary currency.

In addition to EuroBexB (Italy) and Wir (Switzerland) see also :

 ➢ Ithaca Hours (U.S.A.);
 ➢ LETS (U.K.);
 ➢ RES (Belgium);
 ➢ Sardex (Sardegna, Italy);
 ➢ SCEC (Italy).

Example B)

But here we have talked about companies, that are income-generating subjects.

If we want to translate the concept to anon generating income subjects as simply persons/citizen, we should assume that the Network must be composed of (trustable people) members who offer to the others participants of the network 1-their time or 2- the use of their assets

To work the Person/citizen platform have to credit a sum (in crypto currency) that the members will spent in the circuit.

Example C)

The first question is what criteria are used to select trustable persons as participants and how evaluate their individual capacity to be sustainable?

The individual or person has the following resources:

1) has a job and annuity that is safe for their quality of life.

2) owns his free time and human and professional skills.

3) own non-interest bearing assets, ie without any income or even only costs.

Example D)

The first point is untouchable because describe essential activities for the quality of life of the person himself.

It remain the n2 and n3 are interesting,

1-the time offering professional and human services

and

2-the non productive assets, eg buildings, housing, etc.

Example E)

Let's imagine now that a group, community association in a region or territory characterised of person/citizens possessing enough time and professional and human capacities and non-profit assets decides to join in a network or a cooperation platform.

Now these resources can be made fruitful through their mobilization.

The initiation of such mobility can be made through the real evaluation of the individual potential activities of the person.

This evaluation can be performed by:

1) Out-of-the market insurance - See Bexb

or

2) by the same Network/Platform

The n2 option is particularly interesting if you consider that: a)

-being the assets of our members network grouped it result to be a new product "other than the single property asset eg apartment"

and…

…it could made it available/disposal for use (factual or administrative) for a Financial Fund in return for an annuity.

or for the issue of a Guarantee in favour of creating crypto currency credit needed to expand the network circuit above described.

Still for the n2 option is particularly interesting if you think of the following example: b)

-to include the idea in a long or short term project for the same beneficiaries.

In fact depending on

1-the market value of all the assets of the members (the new product)

and

2-the results of the business plan of the project…......

The financial market offer a product so called Bank Guarantee (BG) to be used as collateral for the creation of credit to be provided to participants and to make the crypto currency. (asset backed).

Example A and B)

Joining the network of companies and the individual networks would stimulate even more the creation of decentralized economies with sure sensible and measurable impact on the economy of the territory.

All provided that the mixed system created remains under the control of the managers / beneficiaries and the value of the created currency is assets / backed.

….and all that is even more interesting thinking that we are in the Balkans a beautiful and rich international territory with a creative population but with a low appreciation of coins.

Final Remarks

Crypto currencies help the decentralized economic system to create confidence and trust between members. The real challenge of digital coins is to prevent unauthorized copies.

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