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Subject: Response to your call for evidence.
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ACCESS TO CASH

Looking backwards, i.e. using the rear view mirror, you are making a case to reduce the ‘need’ for cash.

The trust in and need for cash will decrease if devaluations continue to occur.

The members of this team can be seen as a conspiracy to continue to drive down the value of cash by whatever means suits their vested interests. Once identities to a transaction have been confirmed, modern banking technology is only equivalent to an electronic calculator so don’t pretend its rocket science. Banks overstate the case for banking services and in particular the need for speed - which they dress up as ‘adding value’ to maximise their own value extracting procedures.

- 1 Bank robbers, Oligarchs, drug dealers, politicians like Blair shouldn’t have access to cash
- 2 The mentally infirm or those on state benefits should not have access to cash
- 3 The value of cash should be reliable and if not constant it requires a yardstick as a comparator - that used to be gold
- 4 Dr Borsodi’s constants is a way to define value and provide a baseline for all currencies
- 5 Identity is the passport to access to cash and currencies.
- 6 Tobin tax should be payable on all transactions using cash as a currency
- 7 It should be compulsory to vote and this confirmed identity made a requirement for access to cash
- 8 All transactions with cash should be monitored with an embedded chip - either in the person or the ‘coin-of-the-realm’.
- 9 We need another Isaac Newton to stop the chisellers devaluing our currency

Q1 Cash demand next 15 years

Given the pile of cash ‘printed’ to shore up the banks, a flood of money onto the markets is not just a distinct possibility but in the short term a major danger. That danger needs to be prepared for. New coins and banknotes are usually a sign of instability in a currency. Even though the latest efforts by the Bank of England are at least some defence against counterfeiting, identity theft negates ownership and the validity of cash transactions. Criminals dislike the prospect of not having access to their ill-gotten cash so buy into tangible assets. Similarly, any actual or pending devaluation by a government destroys trust in the use of cash and encourages a black economy, money laundering and cashless transactions. Banks seek to discourage the use

of cash and encourage their versions of cashless transactions. When cyber attacks destroy confidence 'helicopter-money-with-a-death-date' should be a contingency to enable an emergency cash reserve to be distributed to the whole population. This currency needs to be regularly and fully retrieved by the Bank of England and be valid and only used for small life-preserving transactions - food, water, heating and lighting. As an emergency measure it should be counted as a debt until the validity of cash and faith in the currency is restored.

Q2 Meeting consumers need for cash with digital

Banks make a lot of money out of people who are incompetent or irresponsible with money and such people should not have access to cash.

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The state needs to set qualifications for the use of the coin of the realm restricting it to taxpayers whose income can be verified and who are on the electoral role with a confirmed identity. Trading or transactions above a certain value should require licensed trader verification and proper accounts. Higher denomination notes should be printed but issued* more rarely, and the writing of personal cheques encouraged for precise amounts rather than 'rounded up' to a banknote denomination. Cheques, as now, will be channelled/recorded via the retail banks and open to inspection by HM Revenue & Customs.

Q3 Digital innovations affecting users of cash

Reintroduction of sterling currency and embedded chip.

Q4 Regulation

The Bank of England should be the repository of savings accounts and cash guaranteed a value.

Q5 How should cash be paid for?

Only a commercial bank would ask this question and think that it is entitled to payment for the use of someone else's money. What chutzpah ! The Bank of England issues currency in the form of coins and notes for the commercial transactions in the country and collection of taxes for government services. It is the most essential service for the smooth running of an economy. Having money on deposit with the Bank of England should guarantee the value of the deposit whilst it is out of circulation. This is the job of the Bank of England NOT some jumped up moneylender. Bonds issued by the Government offer interest if money is deposited as a loan to the government via this method. There is no reason why a deposit of cash with the Bank of England should not equate to the purchase of a bond - indeed it is implied in the Bank of England's 'promise to pay the bearer on demand' on its bearer bonds (banknotes to the uninitiated). How commercial banks cannot provide a profitable interest-bearing deposit service by this means is beyond me. Cash should be paid for - BY THE RETAIL BANKS. Alternatively the government can guarantee the value of their coinage by minting coins with an intrinsic metal value which guarantees against a default within specified values. The face value would be the traded value whereas the embedded metal could be one 5th the face value - thereby guaranteeing a stop loss should value of the currency slip. The value of metal in the coin should be pitched to remain below the face value - not unlike the recently minted £20 silver coin. *There is nothing to stop the

government issuing notes (or indeed coins) with an embedded microchip recording every transaction and identifying the need to pay taxes for this service. Transactions involving more than one denomination of issued currency could be amalgamated into a single piece of paper which promises to pay the bearer the required amount of currency. That's a banking service which people might be prepared to pay for. Then again, maybe some competitors might issue their own 'currency' or printed cheques and guarantee them. It does not prevent trusting (but not necessarily trustworthy) parties from just passing 'valuable' pieces of paper between themselves - but this is what got us into the last mess ! Paper is worthless and without intrinsic value. There has to be some validation of the worth of a currency and an updated version of Dr. Borsodi's constants is the simplest way to do it. This would not prevent a government, with the stroke of a pen (or more devious means) devaluing the currency. Burning money is not just a metaphor, with paper money the transactional evidence can be readily destroyed so the value of cash has to be identifiable, inherent, long-lived and current. Cash is king and the sovereign should govern the good conduct of the bank that issues a currency in its name.

P.S. Few people are going to melt a coin for the £20 worth of silver in it if it can be exchanged for £100. Guaranteeing the exchange requires both sides of a transaction to be identified as trustworthy. An embedded microchip can do this and much more but it requires the currency issuer to take charge and have the power to control and eliminate abuses. Other than the Bank of England, I cannot see that anyone else is involved. This is why 'the banks' don't like cash.

'Helicopter money' is simple to devise. It is banknotes imminently due for recall being perforated with a 'death date'. These banknotes can be issued by the state for state benefits and defined uses only. It should be illegal to try to pass a perforated note except via a recognised retail outlet, so visible confirmation of imminent 'lack-of-currency' needs to be evident on the banknote. Retail readers for the perforated notes would hark back to the punched cards of pre-computer days.