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**Equity based 'money'
& interest free credit**

 OnsGeld

STRO 
SOCIAL TRADE ORGANISATION



Cyclos
Payment software

Sardex  **Pay**

CIRCUIT 
BETAALNETWERK VOOR @NDER GELD

Florijn

Shares in a cooperative ('units')

Participants (contractual relationship)

- ✓ Pay with units (shares)
- ✓ Interest free credit

How to get units?

- Earn them
- Buy from other participants
- Buy from the cooperative (nominal value)

How to get rid of units?

- Spend them
- Sell to other participants
- Sell to the cooperative (nominal value or less)

Interest free credit

- Participants agree on sale of goods & services
- Seller accepts a reduced price (deduction)
- Cooperative pays on behalf of debtor
- Debtor owes the original price

Incentives (1)

- Additional turnover for seller
- Only if it's worth the reduced price
- No costs nor interest for the debtor

Deduction to cover risk and costs

Deduction is a function of credit risk

Incentives (2)

- credit is available
- (no) price inflation
- (no) debt growth over time
- resources are used; not overstretched

Fiat MONEY

Debt money

Equity 'money'

Money =

- a measured power to discharge oneself of monetary debt
- the embodiment of the general unit of value (MONEY)

Fiat MONEY:

- By decree (public / the law)
- Legal tender (discharge of debt)
- Payment = (willful) transfer of ownership

Advantage: no counterparty risk

Debt money:

- Contractual (private)
- Counterparty risk
- Payment = settlement (no MONEY needed)

Advantage: payment over distance

Why is debt money as good as MONEY?

Fixed exchange rate (Parity = 1:1 exchangeability)

Enforced by the central bank. Backed by the tax payer

Socialisation of risk. Privatisation of power.

How does equity 'money' fit in?

- Free/managed exchange rate (not fixed)
- Based on real value (the assets of the cooperative)
- Ultimate risk is absorbed by the shareholders
- No government backing

Equity based credit systems

- Credit available
- Balanced incentives
- Risk appropriately allocated (no moral hazard)
- No government / tax payer / CB backing

- ✓ **Fiat MONEY system &**
- ✓ **Equity based *credit* systems**
- ✓ **Managed exchange rates**
(value based & transparent)

~~**Debt money system / central bank**~~

Fiat MONEY system

- Issuer accounts MONEY as an asset
- Issuance of MONEY affects the money quantity

Debt money system

- Central bank accounts MONEY as a liability
- Issuance of MONEY does not affect the money quantity

Fiat MONEY has a bad name

*The perverse effects of the debt money system
are attributed to a 'fiat money system' that doesn't exist*

The cure to the debt money system is discredited in advance

Fiat = 'let it be done' 'by decree'

Fiduciary = special position of trust
/ act for the benefit of someone else



Questions?

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