

PAYMENTS IN A TIME OF CRISIS

“SOCIAL DISTANCING,” the idea that we can slow down the spread of the novel coronavirus by isolating ourselves as much as is practicable, could help fight the disease but may also have bad knock-on effects of its own. It could shut down restaurants and other socially minded businesses, causing layoffs and lack of cash for necessities, leading to civil unrest. More and more entertainment and crowd-intensive businesses may be brought to a screeching halt. People who work at these places could be left with no income.

An untold number of those laid off will be living from paycheck to paycheck. When they cannot feed their kids, they may take action, putting the civil order in jeopardy.

Initial proposals to deal with this include easing taxation and deferring mortgage payments. But these measures are too slow and too slanted against the most vulnerable. Some economists propose an injection of cash focused on those who need it most. Alas, as we know, a spigot of cash is a gold mine for fraud and abuse. In the Iraq war, when Saddam Hussein’s regime collapsed, the U.S. government spread around bundles of \$100 bills, producing little relief.

Today we have digital-money technology. Smart phones are ubiquitous, and tethered-money technology is well developed (see my book, *Tethered Money*, published by Elsevier).



Whether or not blockchain is an effective money-transmission solution, this crisis shows that the power to mint money, inject money, and redeem money is best handled through the authority that manages the crisis itself. Centralized digital payment can be directly distributed to individual phones. The funds can be marked “emergency money,” which is minted as a means to contend with the crisis, and will have to be redeemed against normal currency when the crisis is over.

Here, the full power of identity-bearing digital money comes into play. Any solution where the digital expression carries both value and identity (as, for example, with BitMint) is a solution where the money per se can be cryptographically tied to any logical terms.

An example is range of use. Tethered digital money can be limited to necessities. A differently marked coin will only buy meds, say. Digital coins will carry their chain of custody, and when redeemed will allow the authorities the means to monitor the community and spot individuals in need of help. For example, if an elderly patient

living alone fails to buy his meds, the authorities would get a warning signal and a public health official can pay a visit.

Digital money can be injected in small, frequent, measured doses. It may be posted on peoples’ phones on Monday morning and lose its value a few days later to inhibit hoarding and abuse.

What is needed without delay: Allocate a tiny portion of funds directed by Congress to fight the coronavirus to commission any credentialed centralized digital-money solution builder to design, build, and test a working solution for the task of phone-injected crisis survival cash.

Let every digital-payment solution with a reasonable prospect for efficacy be funded in parallel, so that, should this crisis follow some of the most alarming epidemiological models, we as a society will have effective tools to quell civil unrest and find a quick path to recovery.

The ultimate victory in this coronavirus crisis is in the hands of physicians and biochemists. But we in the payment industry have a vital role to play to maintain social order. Let’s together as a professional community rise to the challenge. Smart and smooth payment systems are among the underpinnings of social tranquility, and we are the custodians of those systems. We should step up. DT