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The money makers: The institutionalisation of alternative currencies in North-West Europe

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PART

III



Chapter 5

Alternative Currencies as
Enterprise: Incorporation and
Regulatory Compliance

The figure of ‘the enterprise’ features prominently in the imaginative and practical work of designing, implementing and operating a local currency. In order to collectively act as a single entity, connect to stakeholders in society, receive funding and comply with financial legislation, the Money Makers set up legal bodies that are managed under national law and regulation. Importantly, though not envisaged from the outset, this is not done reluctantly. In fact, working *with* ‘the system’ is a leading drive for the management and staff at STRO, Qoin, and the Bristol Pound, for this is how they differentiate themselves from the small-scale, scattered, and often—in their view—unsuccessful currency initiatives around the world. ‘It is the greatest challenge for any currency initiative’, Gerard at Qoin once said to me, ‘to become financially sustainable’.⁸¹ This remark echoes throughout the workplaces of the local currencies I visited; is emphasized in their manuals; and mulled over during international conferences. Running the currency as an enterprise, my interlocutors argue, is a key way to continue the currency into the future.

For local currencies, ensuring a sound financial structure by becoming a legal entity is tightly entwined with regulatory compliance. The Money Makers do not seek to skirt the law, or to operate outside of its boundaries. On the contrary: working with the system implies that they actively seek out financial authorities and policy-makers to ensure compliance with oftentimes vague or ambiguous regulations. This is because, according to their own advice, currencies ‘need to comply with all the applicable laws in the country where they operate’ (CCIA 2015, 127). The Money Makers operate within different legal frameworks that enable certain types of action and obstruct others. In the Netherlands, STRO is a non-profit public benefit organisation (PBO); Qoin is a for-profit limited liability company (LLC) with shareholders. The Bristol Pound is incorporated as a community interest company (CIC), which is a for-profit social enterprise corporate form that exists only in the UK.

⁸¹ Conversation - Gerard 170130.

In this chapter I develop further my critique that many social-scientific analyses of economic life place too much emphasis on the type of context in lieu of its managing agents. To be sure, the neoliberal project—and consequently its critiques—overemphasizes markets and market competition. This is evident in governmentality studies (Rose et al. 2006). Here, the techniques and processes of management, bureaucracy and audit are often framed as a means to execute the neoliberal project (Lemke 2012) and the focus is on its outcomes: i.e. the creation of neoliberal subjects through governing techniques that enlist populations in their own governing (Dardot and Laval 2013). Because enterprises in this framework are narrowly conceptualized as profit-oriented monoliths that epitomize capitalist logics (Barkan 2018; see for example Brown 2015), this approach would position the economic enterprises of the Money Makers as merely market participants. Instead, my analysis departs from the recognition that enterprises are significant modes of political-economic regulation (Birch 2017) that coordinate a large proportion of economic activity through vertically managed institutions (Focardi 2018). Kean Birch (2017) notes that ‘[...] it seems over half of all economic activity and output occurs within organizational entities rather than through some form of market competition’. It is important to recognize how enterprises form an archipelago of tightly interconnected ‘islands of conscious power’ (Robertson 1923). Businesses exist in an ecology of institutions rather than an ocean of invisible market mechanisms. Therefore, I approach the economic enterprises of the Money Makers as legal-institutional formations, brought into being in order to collectively organise (economic) life.

The incorporation⁸² of alternative moneys drastically impacts upon their shape as well as their substance. Neither the managers at the Bristol Pound nor at Qoin aspired to be incorporated into legal personhood when they set out to manage

⁸² By ‘incorporation’ I refer to the process that turns the activities of the Money Makers into legal entities, rather than implying that the end result is a ‘corporation’. A corporation is a very particular form of legal entity—one that is most closely associated with multinationals. In the case of the Money Makers, their incorporation results in different forms of legal entities. For the purpose of simplicity, I call them collectively ‘enterprises’. This seems fitting, because an enterprise is both a (bold) undertaking and a business or company.

money's movement. Nor did the director of the Social Trade Organisation imagine companies and business-to-business transactions to be central to STRO's alternative currency model. While the previous chapters have described the histories, worldview, and ideals of the Money Makers, the final three chapters of this dissertation each deal with one aspect of the institutionalisation of these ideals through the corporate form. The current chapter five and the subsequent chapter six are paired, in the sense that they are both concerned with the operational structure of the Bristol Pound (chapter five) and of Qoin (chapter six). Rather than focussing on markets, market processes and market actors, the goal of both chapters is to emphasize the centrality of institutions and regulations in alternative currencies specifically, and in economic life more generally. The ethnography of the Bristol Pound introduces the mechanisms of 'incorporation'. It documents the centrality of legal compliance in the attempts to institute an alternative economy and specifically the types of alternative currency it produces in the process. The following chapter builds upon these insights by detailing the business model of the *WoolsePas* (a currency by Qoin), and interrogates its 'managerial governance'. Chapter seven zooms in on STRO's interaction with an institution representing the interests of entrepreneurs in Utrecht, and outlines the culturally sedimented dynamics of collaboration in the Netherlands.

In all three chapters, the perspective of incorporation is helpful to understand the institutionalisation of alternative currencies, because it emphasizes how economies are structured by law and how money flows are, always and in various forms, situated within institutional and organisational arrangements that inherently shape the ambitions and desires of the Money Makers. Through the ethnography of the Bristol Pound I show how regulatory interventions and the need for financial sustainability drive the Money Makers towards incorporating their activities. This evidences that the economic space beyond conventional currency is not a free-for-all field of monetary multiplicity and freedom: the form through which the Money Makers conduct their activities fundamentally impacts upon the shape and

functioning of local economies. Consequently, I use ethnography to engage critically with the institution-negating tendencies of alternative economy scholarship, showing how the efforts of the Money Makers to alter the political physiology of money—i.e. to alter money’s function and boundaries—and the formation through which they act upon the world are shaped by stringent institutional borders.

Incorporating Currencies

On the morning of February 10th 2012, a high-ranking employee at the British Financial Services Authority (FSA) anecdotally choked on a spoonful porridge when reading the Financial Times: ‘Bristol launches its own currency’ (Brown 2012). Ben Briggs, CEO of the Bristol Credit Union (BCU), chuckles as he recounts this story from inside his dark, blueish, office. We are in the attic belonging to one of two credit union locations. The unremarkable building is tucked away in a back street of the buzzing neighbourhood Stokes Croft and doesn’t bear any identifying sign outside, so as not to attract loan-seeking passers-by. It is the third time I visit BCU. This time not to discuss any ongoing business in my role as Bristol Pound’s compliance officer, but to interview the man who merged Bristol’s various credit unions and presided over the resulting institute over the last ten years. It was also Ben who, back in 2011, single-handedly convinced the BCU’s board to partner with a budding local currency in Bristol. ‘I found the idea intriguing. I guess I went along because they [the founders] seemed a bit more together than other initiatives seeking our support. Or, I was just bored’, he grins again. Soft-spoken yet sharp-witted, Ben prefaces his detailed responses to my questions with quick-shifting facial expressions. Peering at me from over his black-rimmed glasses, he says: ‘It was an exciting time. We were like cowboys. We had no idea what would happen—actually, we still don’t.’

Like all key figures in the creation of the Bristol Pound, Ben enjoys telling this tale of regulatory alarm as the group of five men prepared to launch their city-wide alternative currency. The distress of the FSA grew as the Financial Times article

(‘Bristol launches its own currency’, John Murray Brown, February 10, 2012) went on:

A Bristol credit union is launching its own bank notes with which traders in the city will be able to pay their business taxes. The Bristol pound, which is supported by the Liberal Democrat-led city council, will be accepted tender in the city by businesses that sign up to the project.

At that time, the Bristol Pound CIC just started the design competition for the very first paper Bristol Pound and was due to officially launch in May. The terminology used in the high-profile newspaper, such as ‘launching own bank notes to pay taxes’ and ‘accepted tender’, put the scheme ‘on the radar’, as Ben calls it, of the Financial Services Authority (FSA), the Bank of England (BoE), Her Majesty’s Treasury and the Financial Services Compensation Scheme (FSCS).⁸³ ‘You want to stay off the radar ideally. Like Brixton Pound.⁸⁴ They’ve got a small network exemption which they’re actually not eligible for. Or Totnes, which operates illegally but is small. Both are too much hassle for FCA to bother with’, he explains. Within the uneven regulatory landscape in which local currencies operate in the UK, Bristol, as a sizable city launching UK’s first city-wide digital and paper currency in partnership with the local credit union, immediately appeared as a worrying dot on the regulators’ radar. Soon enough, on March 2nd 2012, the Board of Directors of Bristol Pound CIC as well as BCU received a letter from the manager Credit Unions at the then-FSA. ‘Dear Sirs’, it states:

We have recently become aware of Bristol Pound Community Interest Company’s (BPCIC) intention to launch a local currency in the Bristol area. The Financial Services Authority, along with the Bank of England, Her Majesty’s Treasury and the Financial

⁸³ This was before the UK reform of financial regulation on the 1st of April 2013. Following the financial crisis, the ‘failed’ financial watchdog Financial Services Authority (FSA), in operation since 1997, became the twin-peak system of the Financial Conduct Authority (FCA), an independent agency led by Martin Wheatley, and the Prudential Regulation Authority (PRA), an arm of the Bank of England headed by Andrew Bailey.

⁸⁴ The Brixton pound operates in a neighborhood of London. This limited geographical area does fall under the exemption rule.

Services Compensation Scheme (FSCS), are keen to understand exactly how the proposed scheme will work and to ensure that it complies with all relevant legislative and regulatory requirements.

The letter goes on to state the relevant legislation the Bristol Pound must comply with⁸⁵ and a long list of questions follows, in which the regulators asked about the precise relationship between the CIC and BCU as well as the workings of the scheme. The negotiations that followed with the financial regulators, including an audience with the Bank of England in London—’hat in hand’ as Caleb remembers fondly—have fundamentally shaped the current design and practices of the Bristol Pound, as well as the shape of the currency organisation and its management. The institutional relationship between the CIC and the BCU is completely predicated on regulatory decisions and financial laws about what types of money Bristol Pounds are allowed to be.

In the following sections, I position the incorporation of the Bristol Pound in the framework of anthropological scholarship on corporations, to then move beyond market-centred analyses, and finally provide my ethnography, which shows how a regulatory framework defines money and sets terms for managing the Bristol Pound that both enable and constrain the local currency project. In particular, the vignette entitled ‘The smell of non-redeemable vouchers’ shows in what way the local currency is part of the marketplace, and how printing notes results in a form of counter-intuitive profit for the Bristol Pound CIC precisely because of the regulatory demands on paper money. The vignette ‘Money that sticks to Bristol’ shows the demands placed upon digital money and uncovers how these obstruct the day-to-day operation of the currency. The vignette ‘Innovating towards

⁸⁵ These are: The Bank Charter Act 1844; The Financial Services and Markets Act 2000, in particular with regard to: Carrying on the regulated activity of ‘accepting deposits’ in accordance with Article 5 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (the ‘Regulated Activities Order’); and Carrying on the regulated activity of ‘issuing electronic money’ in accordance with Article 9B of the Regulated Activities Order; The Payment Services regulations 2009; or The Money Laundering Regulations 2007.

independence’ describes how the Money Makers aim to break free from these institutional constraints by obtaining their own license through the issuance of loans. This transformation away from the BCU is a long-term project and had not (yet) materialised during my fieldwork. Instead, the Bristol Pound CIC manages to keep afloat by constantly applying for outside funding. I show how these ‘bags of cash’ come with strings attached for the direction in which the company develops itself.

Islands of Conscious Power

The Bristol Pound launched officially in September 2012; five months after its planned introduction. When I asked Caleb, one of the founding directors and current compliance officer, for the reason, he answered: ‘I honestly can’t remember. Probably we were too scared. We were terrified really.’ As I have outlined in chapter three, the long history of, and experience with, currency initiatives in Europe nudged the Money Makers towards treading carefully around regulators by operating with explicit legal recognition. Caleb tells me how the group nervously practised answers for questions on security, counterfeiting, and their connection with the BCU on the train from Bristol to London, travelling to meet with the Bank of England at the very beginning. ‘We wore our best clothes, and had no idea what would happen. We even brought some of the Bristol Pound notes. It was funny that one lady [at the BoE] was really into them and examined them because she found them so beautiful.’⁸⁶ The meeting went well, but it did not give the Money Makers the recognition they hoped for. Sarah, an employee of the Bristol Credit Union shared Caleb’s feeling at the day of the launch:

Even up until the day it was launched the Bank of England and the Treasury hadn’t actually given full approval. It was still sort of like...you know. At the time it was sort of exciting because it was almost like, if we launch are they going to turn around and shut it down?⁸⁷

⁸⁶ Interview - Caleb 180510.

⁸⁷ Interview - Sarah 170310.

One of the best practices in avoiding immediate shut-down and building a sustainable currency scheme, the Money Makers have come to learn, is to incorporate. So the five men aiming to introduce an alternative currency in Bristol were quick to find ways to stabilise their position within the boundaries of the law: they incorporated ‘The Bristol and Bath Local Currency Scheme Community Interest Company’ on 16 August 2010, well before its official launch. Soon after, on 8 November 2011, they refocused to include only the city of Bristol and changed the name to ‘The Bristol Pound CIC’. To this day, the alternative currency continues its existence as a private company limited by guarantee without share capital; yet the financial regulators have never given explicit approval, so that legal action continuous to loom over the future of the Bristol Pound.

It is significant that, even *before* the currency started to circulate, the Money Makers in Bristol incorporated their activities and began ensuring compliance with financial regulators as a formal entity with a distinct legal existence. By incorporating, Caleb, Jack and their associates transformed a group of idealist, dreamers, and innovators into one legal entity with rights and obligations. The Bristol Pound CIC has the agentic powers to borrow money, receive funding, buy and sell property, and sue and be sued. Moreover, through incorporation they hope to safeguard the existence of the currency into the future. This is not a new strategy. Corporations have been ways of organising collective activity for centuries. Early usage of the term goes back to medieval corporations of trade and faith, which acted as a distinct entity. Corporations then came to denote guilds, churches, church representatives, private firms, commercial operations chartered by monarchs, associations, or cooperatives: all forms of collectives that move as a single body (Vargas-Cetina 2011, 127). Because the company has ‘juridical personhood’ it is legally separate from the amalgam of individuals that own or manage it, or those that are employed by it. This makes collectively organising into an enterprise a sustainable choice: activities continue even after persons leave.

Ethnographic studies of corporations have tended to focus on corporate cultures (Kapferer 1972; Sedgwick 2011) or attend to the wider socio-political and economic context in which it operates or the people and communities that experience detrimental consequences of exploitative corporate practice (Urban and Koh 2013; see Coumans 2011; Burda 2011; Kirsch 2014; Nash 2007; Ong 1991; Partridge and Tsing 2012). The large body of work on corporate exploitation is illustrative of how anthropologists have tended to view firms as being the epitomization of capitalist logics—almost regarding ‘the corporate form itself as evil’ (Urban 2017, 3). Much of the anthropology on corporations, specifically ethnographies concerning multinationals, considers them the same way economists portray humanity in the neoclassical paradigm: as the ever-rationalising and profit oriented ‘homo economicus’. Rather than understanding these actors as legal-institutional forms, brought into being to collectively organise (economic) life, corporations are seen as the epitomization of capitalist logics. Theorists of neoliberalism treat them as just another market actor (Brown 2015), while economists in the tradition of neoliberalism consider corporations to be antithetical to markets (Barkan 2018, 446).

In this line of thinking, economies are coordinated by the price mechanism, which is contingent upon individual planning and decisions. Businesses, however, present a wholly different form of economic planning: they are hierarchical and centrally planned entities that supersess the price mechanism directing production and exchange. In the neoliberal tradition within economics, the conceptual problem that businesses represent the ‘visible’ hand—or ‘islands of conscious power’ (Robertson 1923)—by deliberately managing distribution and exchange is solved through the paradigm of efficiency. Businesses exist because it is the most efficient way to organise the distribution of resources with the least transaction costs: firms exist *because* of the free market (Coase [1937] 1991). Consequently, anthropologists and economists have come to actively frame businesses as free market mechanisms themselves.

I investigate the notion of efficiency more closely in the next chapter. Here, I argue that it is important to recognize how, instead of Robertson’s imagery of isolation, corporations form an archipelago of tightly interconnected ‘islands of conscious power’. Businesses exist in an ecology of institutions and in a sea of regulators, rather than in an ocean of invisible market mechanisms (cf. Robertson 1923). Moreover, corporations exist in various forms and incarnations that position themselves differently in relation to market processes. Moving beyond the image of businesses as the evil tentacles of neoliberal capitalism, in recent years the ‘social enterprise’ emerged as a category of description for organisations that aim for profit as well as positive social change. Evidencing that ‘corporate forms can be put to many uses besides being vehicles for the accumulation of wealth’ (Welker, Partidge and Hardin 2011, 6), the Bristol Pound identifies itself as a social enterprise, because its key goal is to ‘do good works’ (Ortner 2017) within the economy of Bristol. The social enterprise is the corporate form of choice for many local currencies because it legitimises their endeavour and provides a route to become financially independent.

Where ethnographies on social enterprises oftentimes treat them as hybrids—entwining, or balancing between, a dualistic view of a social mission versus financial goals (Mauksch et al., 2017, 116)—for social enterprises in the alternative currency business, the financial and the social are by definition inseparable. This is what makes the social enterprise popular amongst the Money Makers: it is financially versatile because the possibility to generate profit is combined with eligibility for a legion of funds and the prospect of attracting social, philanthropic, investors—all with the aim of instituting another economy. Simultaneously, and crucially different from the cooperative model, social enterprises self-identify as flexible, innovative, agile FinTech innovators. In other words, the social enterprise model allows the idealistic Money Makers to remain ‘cowboys of currency’ in charge of the reins. Caleb, founding director of the Bristol Pound, remembers the incorporation of the alternative money:

Yeah, we did have long discussions right at the start: we had to make a decision what kind of corporate vehicle we are going to be. We kind of quickly narrowed it down to a CIC or a co-op [cooperative]. I think we thought—I think our intention was always to be a CIC, so we can be agile, quick in making decisions. *All those advantages of a few people being in charge.* And then we would eventually morph into a co-op, the members would take it over. I didn't imagine I was still going to be doing it, you know, in 2018 actually. I imagined that the members would have taken it over and it would have become a co-op. [emphasis mine]

The Bristol Pound did not become a cooperative and neither did Qoin.⁸⁸ Instead, as centrally managed social enterprises, they juggle the various means of keeping the company financially afloat—and struggle with the strings attached. Regulatory compliance, financial sustainability, and incorporation are tightly entwined in the institution of an alternative currency and the managing decisions that accompany it. Profit is not easily achieved when money-that-is-not-money is not allowed, legally, to generate money.

	Getting Started	Up and Running
Staff costs	Wages or expenses of development and operations team	
Office costs	Office space and equipment costs: rent, overheads, telephones, computers, printing.	
Communications	Hosting a website, designing and printing of publicity materials, producing and sending press releases, audio-visual equipment and software licenses.	
Administration	Opening bank accounts, establishing the legal structure, insurance.	Recurring costs: renewal of insurance policies, bank charges, hosting of website.
Experts	External expert costs such as ICT specialists, lawyers, currency design consultants.	Training of team members and partners.
Equipment	Purchase of one-off equipment for currency transactions such as payment terminals.	Maintenance and development of payment infrastructure.
Production	Design and production of notes, payment cards or other transaction media.	Adaptation or proliferation of transaction media.
Publicity	Engagement activities and launch event.	Ongoing engagement, educational and promotional activities.

Figure 10 - Costs of a local currency

And funding and investments come with demands of accountancy and

⁸⁸ STRO is an association and they incorporated the *Utrechtse Euro* as a cooperation on February 18 2019.

accountability. Yet like any financial system, the operational costs of a local currency require sustained funding. Figure 10 details which type of costs, according to the Money Makers, are to be expected (CCIA 2014, 212). Local currency systems ‘need to cover at least a portion of their running costs in national currency, to establish a cash flow beyond the system’s own currency’ (CCIA 2014, 123). Though most local currencies receive some form of funding or subsidy to cover their operational costs, these subsidies are erratic and temporary—hence an unsustainable source of financial stability. In the section that follows, the ethnography of the Bristol Pound illuminates how socio-economic ideals and the profit motive of alternative currency firms become actualised through a complex of institutional embeddedness, fiscal regulations, and market activity.

The Smell of Non-Redeemable Vouchers

The tasks of the CICs employees all revolve around attracting members for the currency and ensuring the circulation of paper Bristol Pounds. The core activity of the Bristol Pound CIC demonstrates that alternative moneys are embedded in existing market mechanisms: they generate profit by being marketed and sold as commodities. Importantly, this profit belongs to the CIC alone, not BCU, and comes in a particular shape. Here I continue to build on the ‘monetary ecosystem’ of the Bristol Pound, as outlined in chapter four, by detailing how financial regulation allows for the main source of income for the CIC: a three-yearly revenue flow called ‘seigniorage’.



Figure 11 – Comparison of paper money

Because credit unions in the United Kingdom are prohibited from issuing anything resembling conventional money, as only the Bank of England is allowed to print money, the management of the paper money must, by law, be conducted by the CIC. Paper Bristol Pounds are anonymous in the sense that they are not related to any particular member and cannot be credited to the account of a member—moreover, you do not need to be a member to use paper Bristol Pounds. Hence, they are not covered by any FCA regulatory requirements. Nonetheless, the CIC *is* liable under the Bank Charter Act 1844. This particular compliance—specifically section 11 ‘restriction against issue of bank notes’—is ensured as the notes are not ‘payable to bearer on demand’. The vouchers are in accordance not allowed to constitute an instrument creating or acknowledging indebtedness under Article 77 of the Financial Services and Markets Act 2000 (Regulated Activities Order 2001 SI 2011/544), and specifically may not be a Certificate of Deposit. In compliance with these Acts, the vouchers are *non-redeemable* because they cannot be exchanged back into pounds sterling.

Finance officer Victoria once complained that the dusty smell of the old Corn Exchange quarters of the Bristol Pound seeps into her clothing. ‘Ah, the smell of money!’, I joked. ‘Well actually’, Victoria corrects me, ‘The smell of non-redeemable vouchers’.⁸⁹ It is, indeed, per decree of the Bank of England, illegal to refer to Paper Bristol Pounds as ‘money’. In practice this means that the design of the paper money does not feature, like legal tender does, a promise to pay. As shown in Figure 11, the twenty-pound sterling on the left bears the phrase ‘I promise to pay the bearer on demand the sum of ten pounds’ (the sentence under ‘Bank of England’). This is not mentioned on the Bristol Pound note on the right, which instead also references ‘The people of Bristol’ instead of the BoE. The expiry date on this newest version of the Bristol Pound is printed on the blue section: ‘Sept. 30th 2021’. Thus, in correspondence with the FSA, the BCU and CIC answered in 2012 that paper Bristol

⁸⁹ Conversation - Victoria 160419.

Pounds are sold as non-redeemable vouchers: ‘In this sense, the voucher is a pre-payment for goods or services to be supplied at a later stage by a trader member, and is akin to a gift voucher or book token’. Continuing: ‘It is not the intention of the Scheme that the B£ vouchers should be seen as legal tender, and the Scheme will have due regard to any other relevant requirements and legislation particularly appertaining to the design of the vouchers’.

The legal status of paper Bristol Pounds as vouchers means that, per request of the BoE, the notes must expire every three years and their expiry date must be clearly mentioned on the design. My fieldwork in Bristol coincided with the expiration of the second edition of notes and the creation of the third edition. For months, the demanding work of issuing a new edition took up all the energy and focus of the Bristol Pound CIC staff. This process of retiring notes and the issuance of a new edition is not only a regulatory demand, it is also a regular form of income for the Bristol Pound CIC. Every time an edition expires, Bristol Pound users have the option to exchange their old edition notes for the new ones up to a year after the expiration date. Few people, however, do. As such, the corresponding pounds sterling that sit in a guarantee fund become available to the CIC.

The company calls this source of revenue ‘seigniorage’. This term is used in the financial sector to refer to the positive return on issued money: it is the difference between money’s value and its costs. The etymology—‘right of the lord (*seigneur*) to mint money’—affirms it is the issuer of currency that benefits in the case of seigniorage. In the case of the Bristol Pound, it refers to the profit that results from the production and sales of Bristol Pounds which are *kept out of circulation*. Ironically, then, the Bristol Pound CIC partially funds their business through a process that is antithetical to its primary purpose: to circulate money locally. This shows that the regulatory institutionalisation of alternative money, here in its paper form, significantly impacts upon the range of action the Money Makers have. The managers of the Bristol Pound work hard to comply to legislation set by the BoE—yet this compliance forms a barrier to achieving their ideals, namely enabling a local

flow of money. This is no different for the digital currency, albeit in a very different way.

Money that Sticks to Bristol

Although the Bristol Pound is promoted as an alternative currency, digital Bristol Pounds are legally considered to be, and hence regulated as, pounds sterling. Under the Financial Services and Markets Act 2000, article 5, ‘issuing and reconciling online financial accounts’ means that an organisation acts a deposit taker and must therefore be authorised and regulated as such. Meeting these requirements falls under the responsibility of BCU. Jack, Caleb and the Bristol Pound CIC staff repeatedly assured me this was quite helpful at the start: the connection with a financial institution provided legitimacy, instilled trust in the currency, and shielded the daily management of the currency from legislative and compliance tasks, as the BCU is responsible for all consumer protection measures. However, there is a significant downside to this partnership: the BCU controls all major applications and money flow processes. This means two things.

Firstly, to make a payment in Bristol Pounds either online, through the app or through a text message, Bristolians need a Bristol Pound account at the BCU. Membership of the local currency is therefore restricted to individuals and organisations that qualify for BCU membership, as outlined in the BCU Rule Book. Bristol Pound members are also automatically member of the BCU cooperative and are therefore required to keep a one-pound sterling deposit in a Bristol Credit Union Share Account as, literally, their share in the credit union. They are treated in the same way as any other member for the purposes of the Credit Union Act 1979. Unfortunately, applying to the BCU is a laborious bureaucratic process and a continuous source of frustration for the CIC’s Membership Manager, first Jade and then David—who does not control the sign-up process. In fact, Jade told me that half of people applying online to the Bristol Pound do not finish their application as it is difficult and time-consuming.

Secondly, since all online Bristol Pounds appear on BCU's balance sheet and—as outlined in chapter four—will be perceived and reported on as sterling deposit accounts, the BCU is legally the only institution allowed to operate the currency software Cyclos. This means that all Bristol Pound account holders are subject to the requirements under the Money Laundering Regulations 2007. The possibility for money laundering and counterfeiting was an important concern of the regulators before the launch of the Bristol Pound, BCU's CEO Ben told me. Hosting the digital version of the alternative currency in the BCU regulatory context covered these concerns.

The result is that the CIC has difficulty access Cyclos data. After designing its core functionality together with Qoin, it has now become a demanding process to review and act upon the spending patterns of businesses and individual members. This is the cause of daily struggles at the Bristol Pound CIC office: the team aims to ensure circulation and velocity of their currency throughout Bristol, yet cannot quickly broker supply chains based on the information in the software. Oftentimes, the CIC staff are frustrated with the BCU for being so strict in sharing Cyclos data. Sarah, who works at the BCU and was involved with the Bristol Pound from its very beginning, explains the perspective of the credit union:

We have to make sure, we are the data control almost, so we make sure that the Bristol Pound staff equally understand. And that was a big thing at the beginning, because we were already working in a regulated environment, I think the Bristol Pound staff found it a bit hard and thought we were being a bit over the top and officious. Because we were saying oh no we can't just give you that data, we can't just transfer over big files loaded with everyone's names and phone numbers for you to go play with. I don't think they are quite so [...]. But it was like, this is really regulated, it is really serious if there is data protection breach. I think we probably hoped Bristol Pound guys kind of understand that over the years. The fact that you do need to work like that.

This regulation is strict precisely because digital Bristol Pounds are by law regular pounds. As such, the regulatory framing hinders the day-to-day operation of the alternative currency.

Thirdly, and related to the second point: it is impossible to generate profit from digital Bristol Pounds. During the start-up phase of the Bristol Pound, the organisers aimed to ensure its financial stability by introducing conversion fees: exchanging Bristol Pounds back into pounds sterling would be possible, but only against a small fee. An exchange rate, or conversion fee, would legitimise the actual difference between pounds sterling and Bristol Pounds: the key difference being, according to the CIC on their website (the Bristol Pound, n.d.), that their currency is ‘money that sticks to Bristol’ :

Sterling isn't loyal; it goes wherever it can make more of itself, accumulating in tax havens, in big executive pay packets or with distant shareholders. Bristol Pounds stay working on the ground for us. They stick to Bristol creating stronger communities and a greener economy.

In order for money to ‘stick to Bristol’, it is crucial that it actually stays in the shape of Bristol Pounds within the software Cyclos, as hosted in the BCU architecture. A fee would incentivise less conversion of the alternative currency back into conventional currency and would simultaneously provide a source of revenue for the CIC (which, again, would have been an ironic kind of income). However, the FSA forbade these fees on the grounds of credit union regulations. This means that there is no way for the CIC to profit from activities in the digital Bristol Pound monetary ecosystem.

Moreover, if the Credit Union at some point decides to discontinue the partnership, the Bristol Pound has no back-up and must stop its operations. ‘We are the ‘pet project’ of the credit union’, CEO Jack explained. He continues:

They're happy to help us out: the directors really like the idea and even pick up the phone when people call to have their passwords changed. But we can't be too demanding or innovative. Things need to be done their way. That way is a really conventional, inflexible, rule-abiding way. I know the guy who runs the accounts there: he is a really conventional, strict guy. Maybe you have to be that way in order to successfully run a credit union. But it's not helping us. We've made the wrong decision from the beginning to go with the credit union.

In sum, the financial environment of the credit union, where the digital Bristol Pounds circulate, results in a barrier for new members, less control over its circulation by the Bristol Pound CIC team, and prevents the installation of a conversion fee as a way to generate income and actually keep money in Bristol. Despite this, as I outlined in chapter three, the Bristol Pounds' ultimate aim is the development of a sustainable business model for the provision of renewable economic resources at a local level. However, the only way the CIC could operate independently from the BCU to reach this goal would be by becoming an authorized e-money issuer who can issue currency and give out business loans to local enterprises. Becoming a regulated institution provides a sustainable route into the future as the CIC directors see it. Loosening the relationship with the BCU would allow the CIC to become more flexible and independent in the issuance of currency and loans, as well as in the overall operation of the scheme in terms of membership management. This prospect, its potentials and limitations, is what I outline in the last section of this chapter.

Innovating Towards Independence

The familiar sound of an Outlook calendar notification pulls me from my concentration. It is the first week of March 2018, and I am reading up on the new European data regulation at the Bristol Pound office. Behind me, Jacks computer makes a similar noise and I see Johanna gathering her tea cup and notebook. Every Thursday morning, CEO Jack, Finance Director Johanna, and Technology Director

Oliver allocate time in their Outlook agendas for what is called the ‘loans meeting’. Or this is, at least, the intention. In reality the meeting is often cancelled: during my three-month stay it only took place twice. This time will be my first. Recently joined Finance Officer Victoria also attends the meeting, as well as newly appointed Business Manager David.

We pull up a variety of run-down chairs in the meeting room adjoining the main office and form a semi-circle around a relatively small, round table. David and Victoria sit on either side of me and place their notebooks in front of them; I follow their example. Mobile phones are placed screen-side down on the table. When everyone, except Johanna who has gone for a bathroom break, is done arranging their meeting essentials—mugs for hot liquids, bottles for water, notebooks or laptops, pens—and the sounds of shuffling paper, small talk, and reordering chairs quiet down, Oliver observes it is 10 o’clock and urges for the meeting to start. The attendees look towards Jack expectantly. The Bristol Pounds’ CEO sits on the other side of the table. He faces the semi-circle and has put up a Gantt chart⁹⁰ on the large computer screen for us to see. Yet the letters are too small to read and I am unable to decipher what information it aims to convey. Jack kicks off the meeting by asking: ‘Who has got the best knowledge to know what Brian [Qoin’s Technology Director] has done and whether he has finished it and whether it is correct and that it is ready to be implemented on our server here?’. I glance over to Oliver. His blank expression tells me I’m not the only one confounded by this question. Johanna walks in, ‘Have we started yet?’.

I am in this meeting because I have observed the creation of an alternative currency loans scheme at STRO and might be able to contribute from this experience. I have at this point in my fieldwork also worked with Qoin, to whom the Bristol Pound outsources the task of building the core loan functionality in the currency software Cyclos. Moreover, I’m very curious to find out more about Bristol Pounds’ infamous loans project: seemingly forever on the verge of realisation, ‘the

⁹⁰ A standard business method used for project schedules.

loans' now entice looks of exasperation across the board. The Bristol Pound staff as well as project partners at the Bristol Credit Union and the Bristol City Council precede responses to any loans inquiry with a slightly sharper intake of breath. I am sympathetic: the new credit product has been in the making since January 2014. At the time, the just-launched Bristol Pound became a partner in STRO's DigiPay4Growth project (as detailed in chapter three). One of the goals of this EU-funded multi-country collaboration was to create a credit guarantee fund for mutual credit to local businesses (Cordis, n.d.).

In Bristol, this was called the Prospects scheme. Tasked to 'create interest-free loans based on invoices and mutual credit between a network of co-operating businesses' (Cooperatives UK, n.d.), the Bristol Pound CIC received €649.148 euro, the credit union €108.641, and the city council €18.089—all from the European Commission Competitiveness and innovation framework programme. Fast forward to 2018 when DigiPay4Growth concluded two years past and Prospects has long been abandoned—another ambitious experiment that did not quite make it. Yet, its legacy remains very much alive in the promise of financial innovation and prosperity that a local currency-backed loans scheme holds. By issuing loans, in other words, the Money Makers at the Bristol Pound hope they might finally become financially sustainable.

The ability to issue loans is entwined with Bristol Pounds' ambition to become a SEMI: a small electronic money institution. This requires registration with the UK's Financial Conduct Authority (FCA), which implies the Bristol Pound CIC would be an authorised and tightly regulated money issuer. During my fieldwork, the loans project never materialised and the Bristol Pound CIC did not become a SEMI. This, then, is an ethnography of *why* this ambition prevailed so poignantly and in which way it speaks to the boundaries the Money Makers are confronted with, as alternative currencies are stabilised and fixated in institutional contexts.

Weaving through these struggles to keep the currency afloat are issues of management, control and power over the money flow and direction of the Bristol

Pound. The incessant ‘loans project’ and dream to become a SEMI represents a wish for freedom and independence from institutional contexts beyond their own, as well as from the demands of conditional money flows. In fact, the CIC has always been dependent on other institutions in ensuring its survival; evidencing that corporations are not ‘islands of conscious power’ but embedded in a networked archipelago of dependency and power relations. As has become clear, the CIC can only make profit from the seigniorage that occurs from selling paper pounds as vouchers in the market; this, surely, is not enough to run a city-wide professional currency.

This is where Jack, the company’s eternally hurried CEO, comes in. The first desk in sight when you walk into the Bristol Pound office belongs to him. Though he rarely frequents the L-shaped office in the old Corn Exchange building, when present he is sure to be typing away on grant applications and progress reports amidst stacks of books, flyers, and mounds of paper. The Bristol Pound CIC heavily depends on receiving outside funding, of which the DigiPay4Growth project is an early—and fundamentally defining—example.

It is this project which professionalised, or as Technology Director Oliver has it, ‘hammered into shape’⁹¹, the Bristol Pound. Jack had mentioned earlier how the CIC made the wrong decision to partner with the BCU from the beginning of the alternative currency.⁹² Yet Compliance Director Caleb disagrees: there is no way in UK law to go around the fact that digital money is regulated as pounds sterling, and, so he mentioned during an interview, ‘at the time of the launch the CIC was in no shape to obtain such a license’. As I sat down with Caleb to talk about the organisational structure of the Bristol Pound CIC in those early months,⁹³ he answered:

[...] originally everyone did everything really. Then we started to—apart from the tech staff, we always had a tech person, tech director. The rest of us, we all divided stuff up between

⁹¹ Interview - Oliver 180516.

⁹² Conversation - Jack 180222.

⁹³ Interview - Caleb 180510.

us in a fairly haphazard way really. I did legal and contracts and stuff but I did loads of other stuff too.

At the time I was working three days a week as a commercial lawyer. I was able to, you know, we had the meetings in my office and stuff. I was able to help in various limited ways. I knew, I was a lawyer so I had that generic skill but I didn't really know anything about regulation of currencies.

I knew more than everybody else, but it didn't mean that I knew a lot basically. That is what it came down to. So I kind of took on that role, but also general management role. I mean I have got a history in businesses, starting businesses and being involved in businesses. So I have business experience.

The haphazard way of managing the budding CIC all changed when the Bristol Pound became involved in the European funded DigiPay4Growth project, headed by the Social Trade Organisation. Caleb continues:

Where I suppose it changed when we got the European project [...] which is I think in 2013. That meant two things, it meant that we had a load of money. But it also meant we had a lot more reporting to do to people, and a lot more bureaucracy.

It was some of the reporting—it was very...the way the finances were dealt with is very complex. I mean, really unnecessarily complex. So in a way that—Johanna [the Finance Director, or FD] got really involved because I was normally FD at that stage, and I kind of know my way around accounts to a certain extent, I'm alright with figures. But I am not an accountant. And at that stage we just said, you know the financial reporting for the project is too much. So that is where she got more involved.

There was an interesting thing that happened. When we got the European project...it wasn't exactly what we wanted to do.

At the time, The Social Trade Organisation was looking for partners across Europe to test a new type of credit product they developed in Cyclos. Henk, STRO's CEO,

thought the Bristol Pound an excellent experimental ground for something called ‘mutual credit circles’ because they already ‘had an existing membership of three, four, five businesses’, says Caleb. He recalls that, ‘we were interested in it. But if we hadn’t had that European project it was probably not an area we would have investigated.’ He continues to outline what impact the funding has made on the currency organisation:

So we then had, it was quite a difficult situation really over the three years because we were getting the money to do this. We also had within the terms of reference we had a kind of general...DigiPay4Growth mutual credit circles and to make the Bristol Pound work. We had this kind of ‘get out of jail clause’. But we always had a bit of tension within the organisation. People were saying, well actually what we should be doing is concentrating on the Bristol Pound and making the Bristol Pound work. And not doing this European project. Except we need the money from the European project to run the Bristol Pound. So there was always a bit of tension. Particularly me and Jack spent a lot of time doing the European project and less time doing regular Bristol Pound stuff. It was quite distracting. It was a lot of money, and it was worth doing. But kind of veered us off the straightened arrow to a certain extent.

What Caleb describes is that these funds do not come as ‘just a bag of cash’, it is, to borrow Zelizers (1994) phrase, money with a purpose. The DigiPay4Growth project provides an instance of the ways in which grant money might direct or even obstruct the goals of Money Makers. From Calebs story, it becomes evident that this happens in two ways. First, the types of projects that are eligible for funding are not necessarily the projects that are needed to perform the core functions of the local currency as envisaged by its initiators. Second, funders request particular organisational transparency and accountability mechanisms. These then translate into a push to become ‘professional businesses’. The conditional money flows of funding thus direct both the focus, and the organisational shape of currency initiatives.

This brings us back to the ambition to become a regulated e-money issuer. The SEMI application requires a completely transparent picture of the entire business: its directors, finances, IT-structure, governance arrangements, market, stakeholders, risks, and ambitions. The financial experience, operational procedures and risk management systems that need to be present are beyond anything a budding local currency would be able to summon. Embedded in money flows and audit cultures for over four years, the Bristol Pound CIC might possibly succeed in obtaining a license as they continue on their route to professionalisation. They certainly continue to aspire to ever deepening institutionalisation fitting the corporate model. As Finance Director Johanna said during a team meeting in March 2018: ‘We should have flow charts for absolutely every individual possible thing; from someone sneezing to someone wanting fifteen grand.’ The Money Makers need to become managers and employ managerial techniques.

* * * *

Both appraisals and critiques of neoliberalism do not provide an adequate understanding of the role of corporations in regulating economic life. Enterprises are often understood as economizing actors in a market that is regulated by states and central banks. Hence the enterprise is portrayed as the epitome of (neoliberal) ‘market logics’. One of the consequences has been that studies of alternative economies gloss over the tight regulatory framework that defines money and steers its course. This chapter on the incorporation of the Bristol Pound explored more precisely how an (alternative) economy is anchored in a network of agents and regulatory demands. My emphasis on the corporate form and its institutional demands moves beyond a predominant focus on markets, evidencing that alternative currencies do not ‘liberate’ money from its current institutional embeddedness. Instead, they are profoundly institutionalised. At the outset of a professional currency design, the Money Makers actively seek approval of regulatory authorities

rather than trying to ‘fly under their radar’. Ensuring legal compliance is a key task in making money and my interlocutors spend a great deal of time working according to legislative prescriptions concerning what can, and cannot, be money.

The core activity of the Bristol Pound CIC demonstrates that alternative moneys are in fact embedded in existing market mechanisms: they generate profit by being marketed and sold as commodities. Yet simultaneously, the structure in which the Bristol Pounds are sold and managed reveals the solid institutionalisation of (alternative) currencies that is enforced through strict financial regulation. The key to understanding this commoditisation and regulatory institutionalisation lies in the relationship between the Bristol Pound CIC and the Bristol Credit Union (BCU) and the type of money they control: it is precisely this affiliation that concerned the Financial Services Authority, the Bank of England, Her Majesty’s Treasury and the Financial Services Compensation Scheme when they summoned both organisations to outline how they would comply to financial regulation. The regulatory and institutional environment that was created in dialogue between the Money Makers, the Credit Union and the regulators has enabled the Bristol Pound to continue to this day—but ultimately the Money Makers fear that these barriers to financial sustainability and innovative power pose a threat to their existence. The profit from selling paper money is not enough to sustain the business, so that the Bristol Pound CIC has relied on outside funding sources since its inception. These conditional flows of money have directed the focus of the alternative money, as well as demanded increasing levels of accountability and a professional organisational structure—something the Money Makers did not intend from the outset.

The only route forward, as they see it, is to embed themselves more deeply into the regulatory infrastructure of the United Kingdom by becoming an authorised money issuer; a SEMI. As such, they would gain independence and freedom from the Bristol Credit Union. This institution is deemed too slow, inefficient, bureaucratic, and controlling of their core processes. When I started my fieldwork

in February 2018, Jack explained⁹⁴ the Bristol Pound wanted to move forwards to ‘the Bristol Pound 2.0 version’. In order to do that, he said they were ‘exchanging people with no distinct skills for specialized staff that are very good at their subfield, such as running a marketing campaign’. As has been the case ever since the first wave of LETS currencies in Europe, this currency scheme is in flux; moving forwards and changing in the process. ‘People don’t like change. But we’re an organisation that’s about change,’ says Jack, ‘And change is always hard. We need to find the balance between people needing stability and the constant need for change’.

When I had left the field some months later, the founding directors stepped down to make room for a new CEO who has, as one of the Bristol Pound CIC’s employees remarked, ‘more business expertise and experience’.⁹⁵ In the months that followed, the organisation moved their operations from the old Corn Exchange offices to a sleek start-up business hub. The CIC also adopted a new look, which includes a changed logo. On social media, Bristol Pound members comment the new logo is ‘very corporate’, or ‘a conservative blue’ (July 18, 2018, Facebook comments on Bristol Pound). The new CEO of the company explains publicly, on the website (Finch 2019), how the new look relates to a new way of working:

The main reason that we are having to change how we work is that our financial situation is very challenging. Up to this point, Bristol Pound has been reliant on grant funding, which is not a long term solution. [...] we need a new business model to survive.

So, we need a business model that doesn’t focus solely on the currency, and that encourages businesses to build strong relationships with each other.

The changes, however, are not mere cosmetics. After publishing some blog posts on the future of the cashless society, the currency is now taking the plunge and will transform itself into an entirely digital payment system; the smell of unredeemable vouchers will no longer linger in the office after the current edition of paper Bristol

⁹⁴ Conversation - Jack 180222.

⁹⁵ Conversation whatsapp - David 180525.

Pounds expires in September 2021. As the Bristol Pound engages in a new deal with digital payment platform provider Paji Ltd, they will change their name to ‘Bristol Pay’ and shift their institutional embeddedness by ending the partnership with the Bristol Credit Union. In an email from the BCU on June 4 2020, the local bank already speaks of the ‘historic Bristol Pound systems’ and points to the new regulatory environment to which the Bristol Pound will be liable:

This move to the new platform means that digital Bristol Pounds will no longer be backed by or provided by Bristol Credit Union (BCU) but will instead sit on payji’s e-money platform, with a different regulatory status.

After the Bristol Pound CIC switches from under the protective wings of the BCU’s Financial Services Compensation Scheme coverage, it will join the e-money issuer license of the Paji platform. This move towards another regulatory field will certainly bring about new opportunities and significant changes to the way the local currency operates. It is, in the words of the BCU, ‘the end of the beginning chapter for Bristol Pound CIC and this iteration of the Bristol Pound which BCU has been such an integral part of since long before its launch in 2012.’ It is indeed a historic moment for the local currency and these profound changes map perfectly onto the disposition of the Money Makers to continuously experiment with their currencies and to make significant changes to the structure and focus of their organisations. As the CEO of Paji Ltd comments: ‘With their insights into local economies and our smart technology as an enabler, the future potential of the partnership can be a real catalyst for positive change’ (cited in Madle, 2020). The Bristol Pound explains in an email to their members on April 4, 2020 that the new technological environment makes possible ‘a point of sale system for shops, an app for individual users, a website portal for online account access and payments, tokens, and a payment card’. And the questions of control inherent to the administration of money, which I highlighted in chapter four, continue to hold relevance as new software systems introduce a new ‘authority of the steam’.

The regulatory environment, and hence the institutional landscape I outlined is specific to the United Kingdom; it is important to realise that different institutional landscapes determine differences in the shape of the organisations as well as in their currency design and implementation. The next chapter on Qoin brings these variances to the fore. Then, turning to the way in which incorporation is entwined with the ideals of the Money Makers, I explore further how the logics of the enterprises at the centre of my research imbue the neoliberal rationalities of economic survival and competition with social values and cooperation, aspiring to ‘efficiency’ through their own managerial governance, in the Netherlands.

