

The rules are changing, money is opening up

 By [Jessica Tennant](#)

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The eighth and final session for the year of Heavy Chef's Inspire Sessions series in collaboration with Discovery Business Insurance took place at Discovery's HQ in Sandton on Tuesday, 26 November. The theme being The Fintechologists, featuring Simon Dingle of Lettuce, Kristia van Heerden of Just One Lap and the co-CEOs of Discovery Bank, Barry Hore and Francois Groepe.

The focus of my coverage, however, is Dingle's talk on the changing nature of money, what it means from an anthropological point of view and why he's an advocate of playing by the new rules.



Simon Dingle of Lettuce | Image source: [@heavychef](#) on Twitter

Dingle is more interested in what financial technology means societally and anthropologically than the technology itself. "There's something very interesting happening in society and culture today that to me is more important than the technology itself, which is very easy to get swept away with and enamoured with, and is very dangerous from a product perspective because it means that we start building technology for technology sake.

"So I like thinking more about what this means for humanity, what this means for culture and society and other more trivial anthropological questions, like why it took me until the age of 35 to realise that the numbers on a toaster are actually minutes. Do you know that? I thought it was like degrees of toastiness, hahaha, but no."

Borders and the power of mythology

He looked at the different maps of the world, to illustrate his point that while borders are made-up, they're real and need to be respected, but so what if we want to change them? What if we want to change the rules?

Borders are a myth and our perspective of them is very much based on what we're told about them. For example, what if we had grown up with Buckminster Fuller's map of the world on our classroom walls - it would have changed our perception of the world completely.

So he believes that every now and then, we should challenge our myths and assumptions and redefine them, because what worked 500 years ago or 3,000 years ago when King Rameses II was able to walk around, doesn't necessarily work today, so we need to constantly challenge our mythologies and question whether borders are serving us well in the modern world.

Tying this into his message, he said that when he thinks about technology, he thinks about the story that it tells people. Dingle referred to Yuval Noah Harari's book, *Sapiens*, where the author says mythology is arguably the biggest tool humanity has.

The leading theory of anthropologists is that mythology is the reason homo sapiens are the dominant species and still around today. "We were able to make up stories about things that didn't exist and use them as organising principles. We could overcome what anthropologists call [Dunbar's number](#), a cognitive limit of 150 to the number of people with whom one can maintain stable social relationships.

To illustrate the power of mythology, he used this example: "If I believe that I'm a Roman legion and I subscribe to the myth of Rome and encounter you on a battlefield, and I see you in the guard of a Roman legion, I know how to act in accordance to you without knowing you as an individual.

"That's what borders are - they're a shared delusion, they're a shared story, they're a shared belief in something that doesn't exist in objective reality that we use as an organising mechanism."

So if we look at how we use our system of mythology to organise the world around us, we should see a system of rules that are up for debate, he said. But it's not easy to get cohorts to join you in building consensus to change a system, even if you've got a better idea than the prevailing one.

Money is changing, play by the new rules or get left behind

This is exactly what's happening in the world of money today, he explained.

“ We've got a critical mass of people suggesting new rules. We don't like the existing rules. We don't think they serve us well in the modern world. They might have been fine a few hundred years ago, but they're not fine today. And we've seen evidence time and time again of them not working out very well for us, need I talk you through the 2009 financial crisis where we essentially took the world economy, realised it had cancer, gave it some Panadol and sent it home. It's going to come back eventually. ”

Just this year, for example, something we called 'quantitative easing' before, we don't even have a name for anymore. "There was more money printed in the US in the October of 2019 than in the decade that preceded it, since the 2009 financial crisis... These rules were fine in the past. I'm not sure they're going to serve us so well in the future."

"What we have though is a critical mass of crazy mofos like me who are playing by these new rules (and they have been since around 2011 in my case) who aren't about to change their mind about the new rules just because the old ones are

what they are. And they happen to be serving us pretty well."

This was inevitable because human beings are information processing units, he said. "We assimilate information, we share it, we process it, we get it out into our networks, and at an information science level, there's an inevitability, there's something that always happens, whether you're talking about someone gossiping in a room or the internet itself. Networks tend towards decentralisation. They just do.

“ *"The world of money has changed and is opening up and leaving a lot of companies behind. Adopt or die."*

[@SimonDingle #TheFintechologists #DSYInspireSessions pic.twitter.com/ZbZBWNZxBt](#)— Heavy Chef (@heavychef) November 26, 2019 ”

The saying that information wants to be free is heavily misunderstood because people think it means free as in price. "Information is not free, it's expensive, but information wants to move freely," he explained.

Fiction writer and essayist William Gibson put it well when he said that "the internet interprets censorship as damage and routes around it". Dingle explained that this is because when you have a decentralised network of information, the rules that apply to a centralised network get turned on their head. "When you have a centralised or what we call a wheel-and-spoke network, all the power lies in the central loci of control, and whoever controls the most significant node in the network comes up with the rules... But when you move to what we call a distribution network, the opposite is true - there is no central loci of control and if you try and control a node in the network, you make that node irrelevant. So when you try and impose the rules of a centralised to a distributor network, you make yourself less relevant."

And this happens to any industry that gets impacted by true distribution. "We've seen this happen to social networks, the media... but we haven't seen it happen to money yet. Until now. And this is something that economists, information scientists, people who study the internet and what it means for humanity, predicted a long time ago."

In 1999, Milton Friedman said:

“ *I think that the internet is going to be one of the major forces for reducing the role of government. The one thing that's missing, but that will soon be developed, is a reliable e-cash; a method whereby on the internet you can transfer funds from A to B, without A knowing B or B knowing A.* ”

That was nine years before Satoshi Nakamoto published the Bitcoin whitepaper, the definitive rulebook for how money is changing in the 21st century.



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Dingle said that today, regulation is starting to align around the decentralisation of money, predominantly in Europe with things like General Data Protection Regulation (GDPR) to an extent, but more pertinently PSD2 (the second Payment Services Directive). "There is now a directive from EU regulators that compels financial services companies on the continent to open up their technology stakes, to appreciate the dynamics of information science in the era of the internet."

And lawmakers are starting to appreciate how the world of money works today. "Since these directives were set in Europe for financial services providers to open up their stacks, we've seen a proliferation in APIs that are now available for you as a customer of those service providers to plug into your financial world from third-party platforms."

The point is, money is opening up, and it's leaving a lot of companies behind. "I think back to the early days on Linux when

I was a teenager involved in the space... thinking open source would change the world, and I keep thinking back to that era and the status quo of companies - the incumbents like Microsoft and Oracle that were fighting open source as a movement, the idea that anybody could take computer code, integrate it for themselves, change it for their own purposes and then reshare it with the world. That was a big, crazy idea that we thought would change the world in a number of ways. But it didn't. It changed the world in other ways. For example, if you have an Android phone, you're running Linux on that phone and if you have an iPhone, at the core of that is also Linux in the form of PSD, which is a distant cousin of Linux but essentially the same thing.

"Linux won, but not in the way that we thought it would, and the companies that fought it frankly aren't around anymore. But my favourite example is Microsoft when it launched a campaign in 2002 called 'Get the facts'. The company spent millions of dollars, they took out billboard advertising around the world, they placed advertorial in magazines, spreading the message that Linux was a bad idea for your business, that if you invested in Linux your ROI would be terrible... They tried to squash Linux with advertising and they almost succeeded, excepted they didn't, and today the best place to get Linux is to install Microsoft Windows, which now ships within the next core out of the box of Windows 10." Microsoft has become the biggest proponent and curator of open source technology in the world, and he believes it's still around today because it embraced open source, and that the same thing is going to happen in the financial world.

"We saw American Express take out editorial in a leading US magazine last year, with a story about how Bitcoin wastes electricity... We're seeing companies like JP Morgan & Co. insist that banks like FNB close down the accounts of cryptocurrency companies. The fight has started and will they succeed? Maybe, if we let them. I suspect it's going to be Microsoft all over again. Adopt or die. Some of these banks we'll be talking about 10 years from now, and others we won't be. The world has changed, the world of money has opened up."

Dingle could write a book about this, and he did exactly that. It's called [In Math We Trust - The Future of Money](#) and it's on Bitcoin, cryptocurrency and the journey to being your own bank. Contact him at me@simon.co.za and follow him on Twitter [@SimonDingle](#). For more information on these events, visit [HeavyChef.com](#) or follow them on: [Facebook](#) | [Twitter](#) | [LinkedIn](#), #DSYInspireSessions.



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