The Book of Payments
Bernardo Bátiz-Lazo • Leonidas Efthymiou
Editors

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Historical and Contemporary Views on the Cashless Society
The present collaborative volume takes a look back and a look forward at a historical moment when money and payment seems up for grabs in a way that would not have been possible just 30 years ago. If the twentieth century was an era of cash, checks, and plastic credit cards, the twenty-first is one of rapidly proliferating forms of electronic value transfer systems, each running on different platforms using different protocols and network infrastructures. When I first enrolled at college in 1985, the ATM was a marvel to me. In goes the plastic card; out comes cash! We lined up sometimes for a half hourbrail to use it. And there was only one, later two, on the entire campus. My students today can access and part with their money using Venmo, a mobile application and web-based service that allows person-to-person payments; using Apple Pay, tapping their Near-field Communication (NFC)-enabled mobile phone to a point-of-sale terminal; using Amazon.com and other online merchants’ one-click payment methods to make purchases online; as well as with all manner of plastic cards and other devices with at least a half-dozen embedded communications technologies to facilitate value transfer. My list is partial but includes NFC, radio frequency identification (RFID), Bluetooth radio waves, magnetic stripes, wireless radio signals (Wi-Fi), supersonic sound waves, barcodes, QR codes, and other graphic representations that can be scanned electronically using an optical scanner. All this to facilitate frictionless, efficient payments, the transfer of value from one party to
another and the clearance and settlement of those transactions in a rapid, secure, and verifiable fashion.

A handbag that automatically locks shut whenever its owner walks too near a “danger zone,” a known location where self-control breaks down and the owner is likely to make an impulse purchase. A brass device modeled on ovoid Japanese Tokugawa coinage that generates a visual and tactile response whenever it is used to pay at an electronic terminal. These are but two technology prototypes from the summer of 2016 developed to create more friction in payments—a direct response to electronic payment systems that make it so easy to spend. Their designers made them intentionally to interrupt the ease with which the cashlessness of today’s electronic value transfer systems allows people to part with their hard-earned money. According to the founder of NewDealDesign—the very name, intentionally or not, evokes the history of financial crisis and political economic reconstruction—the vision behind the coin-like device is to “do something inefficient that people really do have to pay attention to, that’s quite literally trying to stimulate the pain receptors in your body” (Wilson 2016). The handbag is the venture of a personal finance website and is similarly meant to “make shoppers aware of their spending urges in the moment and … even physically deter them from accessing their wallets when they are at their most vulnerable” (Finextra 2016).

So why not just use cash? From an individual person’s point of view, after all, cash is also relatively frictionless: I hand a banknote to you, and you receive it. Transaction completed. Naysayers will argue that cash is cumbersome, costs money to move and store, is prone to theft or loss, is filthy. More important, perhaps, people feel cash, and when they hand it over, they feel its loss. A one-click payment sure is easy to make, and to make thoughtlessly. Hence the self-locking purse and the coin that sends little braille-like bumps into your flesh whenever you use it to pay.

The contributors to this volume bring perspectives from diverse academic and professional fields—from sociology, business, economics, computer science; from finance, information technology, journalism, management consulting. They are from countries as distant, and different, as Chile and Thailand. Providing rich case studies on cash and cashlessness in comparative and historical context, the chapters, together, help place in context the emerging present: a time when global inequal-
ity, consumer debt, political economic instability, and environmental destruction go hand in hand with technological utopianism, new forms of social and political organization—and new ways to pay, new monies even. As money dematerializes for some strata of global society, cash becomes an ever more significant part of the daily lives of others. There are zones of intense payment innovation, as well as payment deserts. Sometimes they are side by side, literally occupying the same geographic space: panhandling in tech hot-spot cities has become a real challenge, when no would-be benefactor carries cash anymore. Just a few blocks from my house, there are stores that only accept cash, that only accept cash in denominations of US$20 or lower, that only accept cash at certain times of the day, that use telephone dial-up modems to process credit card transactions, that have an always-broken ATM or all-too-frequent skimming devices on gasoline pump payment stations.

Understanding payment is a matter of profound public significance. Purveyors of cashless payment systems are not just doing it for the consumer, after all—they have a stake in the value they can glean from encouraging more and more people to pay their way. New payment providers are getting in the game for tolls on transactions, for spending and consumer preference data that can be leveraged for advertising revenue, for cutting out the middleman by inserting themselves in its place. For some, that middleman is the state, and the effort to provide frictionless electronic payment is a play for the disintermediation of the state from the means of exchange. If, as I have argued elsewhere, payment is a public good, understanding new forms of payment through case studies like the ones this volume offers is a necessary part of our contemporary political education. Indeed, we may need it even more than a self-locking purse.

Bill Maurer
Dean, School of Social Sciences
Professor, Anthropology, Law, and Criminology, Law and Society
Director, Institute for Money, Technology and Financial Inclusion
University of California, Irvine
References


Preface: News from the Cashless Front

The second half of the twentieth century observed new ways of thinking systematically about methods for retail payments. Successive generations of researchers and managers in financial institutions debated and theorised their use while visualising their societies in a future where there was no role for material representations of money. This agenda roots to the emergence of the term “cashless/checkless society”, which appears to have originated within the world of business. It was coined in the USA in the mid-1950s to describe a future state of the economy in which a system of electronic transactions replaced the use of coins, cheques, and banknotes as media of exchange.¹ Such a milestone provides the basis for our examination of retail payments while trying to examine questions such as: How did it come about? What have been the most significant developments since then? What is the future of banknotes and coins? As the readers of the contributions to this edited book will see, the discourse and practices around cashless and payment imply wide human, societal, historical and technological trends, many of which have consequences on a global scale.

In its many forms, nuances and variations, the term cashless denotes the “absence of” without actually proposing a solution. Interestingly, it has been embraced throughout the global financial services industry. Replacing cash with payment cards, for instance, has shown to be resilient and broken through geographic, language, religious, and currency borders.² More recently, payment cards embody an international strategy
to increase financial inclusion by allowing ready access to financial markets for low income and remote populations located far from economic centres and banks. In this sense, the diffusion and adoption of cashless technologies often lead to increased communication, participation and social support.

Cashless also symbolises technological globalisation. Diffusion of technology matters and very much so in the early twenty-first century, when this book went into print. Cashless technologies provide worldwide payment networks and business solutions, at the same time as payment technologies are continually in development, passing through extended life cycle stages. These developments are not in isolation but take part in an ever-growing global retail payments ecosystem. Through the contributions to this book we place contemporary developments in a long-term context by detailing the computerisation and automation of payments in their historic context, as well as examining how different parts of the world adopted cashless solutions at different speeds and points in time.

Cashless also involves an element of risk—particularly when considering there is no consensus in the way forward while many compete to impose their preferred solution to replace cash. In this book we explain how institutions supporting cashless attempts are often risky ventures. These risks often emerge associated with a lack of legislation, poor strategy, failure in operation, lack of market interest, even fear and uncertainty in the adoption of new technologies. In this edited book we document occasions where cashless technological innovations could not be implemented due to a lack of appropriate legislation, while on other occasions, a lack of a clearly defined regulatory framework had the opposite effect of incentivising trade and commerce to take the initiative and develop its own cashless payment instruments. There were also cases where, ahead of their time, early cashless technologies failed to perform, adding obstacles to implementing visions of the future or causing uncertainty around the technologies that followed. In other instances, it was the banks that rejected the adoption of cashless solutions as it was considered too risky a venture.

Cashless, however, is not an end in itself but it is rather part of a wider payment revolution. In this context, cash is more than simply a method to fulfil a transaction, numeral or store of value as economists’ conceptions often suggest. In fact, and at the time of writing, the circulation of cash in many economies is rising. Although customers are increasingly finding
other ways to pay for goods and services, such as payment cards, mobile phones, Internet payments and more, paper money is still popular.

Yet people are not replacing one payment media for another. Rather, they adopt the one that is more suitable for the transaction given a particular context. Paper money is convenient as a medium of exchange, easy to handle, anonymous, reliable and widely accepted. Importantly, cash is more than welcome when other payment methods fail during power outages and natural disasters. At the same time, cash has its own disadvantages, as it is not practical for large transactions. Also, it is difficult to track when it comes to tax collection or law enforcement. This is the sort of complex framework this book deals with when exploring the interaction of technology and on-the-spot purchases.

Before we turn to the subject matter of this book we would like to thank a number of people who helped in this project. First and foremost, all the authors in joining us throughout the journey and particularly Dave Stearns, with whom we conceptualised the original idea. D’Maris Coffman for her advice. Alexandra Morton and Aimee Dibbens at Palgrave for their patience and most excellent support throughout the editorial process. Sophia Michael generously helped with the review and editions while Alexander Zarifis helped with the indexing. Finally, Bangor University and Intercollege Larnaca provided the time and space to bring the project to fruition. In particular, Phil Molyneux, Kostas Nikolopoulos and John Thornton particularly deserve special appreciation given their unconditional support.

Bernardo Batiz-Lazo  
Bangor, Wales

Leonidas Efthymiou  
Intercollege Larnaca, Cyprus

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List of Contributors (Brief Curricula)

José Ignacio Alarcón Molina  received his degree in sociology from Universidad Católica Silva Henríquez (UCSH). He is currently a postgraduate student at Universidad de Chile. José research interests are related with economic sociology and sociology of money. He is holder of a CONICYT scholarship and also works as research assistant at a Fondecyt sponsored project.

Yasmine Arafa has over 15 years’ experience in software engineering and IT project management across vertical segments commercially and in academia. She has led research and development projects that involved the multidisciplinary areas of effective computing, social interaction design, multi-agent systems, and their application in real-time smart systems. Her focus is on creating new technology with social significance. Recent projects include context-aware smart systems that enable next generation applications for mobile, social computing and semantic web services.

Can Ali Avunduk has been working on digital platforms and mobile financial services since 2008. He is currently acting as the agency business manager for Google Turkey. Prior to his work at Google, Mr Avunduk was in charge of Garanti Bank’s products and services running on mobile platforms. Before Garanti, he was a member of the founding team at Mikro Odeme, Turkey’s first mobile payment service provider. Mr Avunduk received his BSc degree from Bilkent University, with a major in industrial engineering in 2007, and his MSc degree from Bosphorus University’s Technology Management Program.
Bernardo Báez-Lazo read economics (at ITAM, Mexico and Autónoma de Barcelona, Spain), history (Oxford) and received a doctorate in business administration (Manchester Business School). He has been studying financial markets and institutions since 1988. He joined Bangor as professor of business history and bank management after appointments in Leicester, Open University and Queen’s University of Belfast. He combined full-time appointments with consulting and executive training in Europe, the Gulf States, Latin America and Asia. Bernardo has over 35 refereed articles, three books and eight distance learning books. He is a Fellow of the Royal Historical Society, research associate of Fundación Estudios Financieros (Fundef – ITAM), and edits a weekly report on new working papers in Payments and Financial Technology (see http://lists.repec.org/mailman/listinfo/nep-pay).


Manuel A. Bautista-González (Mexico City, 1984) is a doctoral candidate in United States History at Columbia University in the City of New York, funded by CONACYT’s International Postgraduate Studies Fellowship, and Columbia’s Richard Hofstadter Fellowship. Manuel specializes in the economic, business, and financial history of the United States. For his dissertation, Manuel is studying the concurrent use of domestic and foreign currencies as means of payment and their relationship with interregional and international trade circuits and financial markets in antebellum New Orleans. Manuel obtained a Licentiate (BA) in economics at the National Autonomous University of Mexico, where he specialized in Economic theory and economic history. He has worked in media, commercial banking, higher education and research. Manuel is a member of the Executive Board of the Mexican Economic History Association for the period 2013–2016. He has also been a member of the Editorial Board of the NEP-HIS blog since February 2012. He can be contacted at mab2306@columbia.edu.

Yolanda Blasco Martel is a lecturer of economic history at University of Barcelona (UB). Her research focuses on banking and financial history. She has published in refereed journals such as Business History, and written for publishers such as Oxford University Press, as well as various Spanish academic journals.
The book: *El Banco de Barcelona 1844–1874. Historia de un banco emisor*, with Carles Sudrià, was awarded a special mention by the Prize City of Barcelona, 2009, and has been reviewed in important journals of economic history. Her research is available in her personal webpage: [http://www.ub.edu/histeco/cat/membre.php?page=blasco.htm](http://www.ub.edu/histeco/cat/membre.php?page=blasco.htm)

**Cornelia Boldyreff** lives in Greenwich (London) and is a visiting professor at the University of Greenwich in the School of Computing and Mathematical Sciences. She was previously the associate dean (Research and Enterprise) at the School of Architecture, Computing and Engineering at the University of East London from 2009–February 2013. Cornelia gained her PhD in software engineering from the University of Durham where she worked from 1992; she was a reader in the Computer Science Department when she left. In 2004 she moved to the University of Lincoln to become the first professor of software engineering at the university, where she co-founded and directed the Centre for Research in Open Source Software. She has over 25 years’ experience in software engineering research and has published extensively on her research in the field. She is a fellow of the British Computer Society, and a founding committee member of the BCS Women Specialist Group, a committee member of the BCS e-Learning Specialist Group, and currently (2013) chair of the BCS Open Source Specialist Group. She has been actively campaigning for more women in STEM throughout her career. Together with Miriam Joy Morris and Yasmine Arafa, she founded the start-up, ebartex Ltd, and together they are developing a new digital bartering currency, ebarts.

**Laura Bradley** is a lecturer in marketing at the Department of International Business, Ulster Business School. Her research interests relate mainly to the area of diffusion of innovations with a specific interest in financial services and mobile/Internet-based distribution channels. She is keenly involved in pedagogic research in the area of employability. Her research has appeared in a number of publications such as *Marketing Intelligence and Planning*, *Journal of Marketing Management* and the *International Journal of Bank Marketing*. In addition, she has presented at a number of conferences including the Academy of Marketing, Irish Academy of Management and the Academy of International Business. She is actively involved in academic enterprise engaging process, product and market development projects with SMEs through knowledge transfer projects such as KTPs and Innovation Voucher Schemes. She has a keen interest in third sector/social economy and is a board member of a number of organisations.
Anette Broløs has previously been CFO and director of development in the financial sector and led large financial IT projects. She has an MSc in Economics, a PhD from University of Southern Denmark and an eMBS in Global e-management from Copenhagen Business School. Furthermore, she is sitting as a member of the Industrial Researcher Committee of the Ministry of Science, Innovation and Higher Education Business.

Santiago Carbó Valverde was born in Gandía (Valencia, Spain) in 1966. He holds a BA in economics (Universidad de Valencia, Spain), PhD in economics and a master’s in banking and finance (University of Wales, Bangor, UK). He is professor of economics and finance at the Bangor Business School, UK, and is also head of financial studies of the Spanish Savings Bank Foundation (FUNCAS). He is president of the Rating Committee of Axesor. Santiago is an independent board director of Cecabank. He has been (and in some cases still is) consultant for public institutions such as the European Central Bank, the European Commission, the Spanish Ministry of Science and Innovation, the Spanish Ministry of Labour and the Institute of European Finance) and for private institutions such as banks (i.e. research department of BMN) and leading economic consulting companies; he is also a former consultant at the Federal Reserve Bank of Chicago. He has written over 200 articles and other publications on the financial system and has published articles in peer-reviewed journals such as European Economic Review, Review of Finance, Journal of Money, Credit and Banking, Journal of International Money and Finance and Journal of Banking and Finance. He has given conferences, lectures and seminars at international institutions (G-20, World Bank, World Savings Banks Institute), central banks and government bodies.

Nurdilek Dalziel gained a doctorate in business from the Open University, with a dissertation entitled: “The Impact of Marketing Communications on Customer Relationships: An Investigation into the UK Banking Sector”, Open University Business School. MSc in Management and Business Research Methods, Open University Business School MPhil, “The Development of Retail Banking in the UK and Turkey: Some Implications from the UK”, University of Exeter, BSc in Economics, Istanbul University Academic Experience includes a position as lecturer at the Institute of Financial Services, IFS University College (since February 2013) associate lecturer at the School of Management, University of Leicester (since July 2007), Henry Grunfeld Research Fellow, Institute of Financial Services, IFS University College (February 2013–January 2014), and
visiting research fellow, Open University Business School (July 2008–June 2010).

**Gustavo A. Del Angel** joined the Department of Economics of CIDE in Mexico City in 2001 where he is currently professor of economic history. His areas of research are financial history, banking and microfinance. All of them focus on Mexico. International appointments include national fellow at the Hoover Institution in Stanford University (2015–2016), professeur visitant at the Université de Paris III-Sorbonne Nouvelle (2006) and visiting research fellow at the Center for US–Mexican Studies at the UC-San Diego (2000). He received the Manuel Espinosa Yglesias Award for Economic, Political and Social Thought (Mexico 2007). He is a member of the Mexican Academy of Sciences and research associate at Fundación Estudios Financieros (Fundef – ITAM). Gustavo has also worked in non-academic projects. In 2009–2011 he worked in Banco de México, the Mexican central bank. In the last ten years he also has participated in consulting projects for public sector entities, international organizations, private sector and NGO. He has been non-executive directorate in microfinance organizations. He holds a PhD in History from Stanford University (2002) and a BA in Economics from ITAM (Mexico, 1992).

**Joe Deville** is a lecturer at Lancaster University, based jointly in the Departments of Organisation, Work & Technology and Sociology. A major focus of his work has been the encounter between defaulting consumer credit debtor and debt collector, which was the subject of his first book *Lived Economies of Default*, published by Routledge in 2015. Other areas of interest include disaster preparedness, comparative and digital methods, behavioural economics, and theories of money. He has published single and co-authored articles on these and related issues in *Journal of Cultural Economy, Consumption Markets and Culture, Cultural Studies*, and *Sociological Review*, as well as in two Routledge edited collections. With Greg Seigworth, he recently co-edited a Special Issue of *Cultural Studies* on ‘Everyday Debt and Credit’ and is the co-editor of two forthcoming books, one on the practical work of social scientific comparison (Mattering Press), and the other a book in the CRESC series examining techniques of market attachment (Routledge). He is an editor at the *Journal of Cultural Economy* and a co-founder and editor of both Mattering Press, an Open Access book publisher, and the online consumer studies research network Charisma.

**Leonidas Efthymiou** is coordinator of the Business Department at Intercollege Larnaca and lecturer at UNICAF since 2010. He received his PhD from the University of Leicester in 2011 through an ethnographic study on workplace
control and resistance. His PhD Thesis received the 2012 Best Dissertation award at the Academy of Management Meeting, held at Boston, Massachusetts. He is interested in a wide range of business phenomena, varying from service workers performing emotional, affective and aesthetic labour to cashless payments in the context of corporate legitimacy and sociology of finance. Recent works examine the role of payment infrastructures during banking shutdowns, insolvencies and bank runs.

**Juan Felipe Espinosa Cristia** grew up in Viña del Mar (Chile). He obtained the “Commercial Engineer” professional title in 1996 and then worked for 10 years developing new companies and as an executive in a chemical transnational company. In 2002, he obtained a MBA degree and began a part-time academic career. Then in 2006, Juan switched to a full-time academic and research career obtaining a postgraduate diploma in research methodology at the Social Sciences Faculty of the University of Chile. In 2009 he came to the School of Management, University of Leicester to study for a full time PhD under the sponsorship of the Chilean Government. Juan obtained his PhD in December 2014 with a thesis about the innovation process in nascent British medical device companies. Juan broad actual research interests are located within the social studies of finance and accounting, financial and accounting innovation, and philosophy, science and technology studies.

**Georgina M. Gómez** interests centre on the variety of economic organisations, namely of money, markets and enterprises. She is fascinated by the many ways in which people organize their exchanges at the local level. That takes many formats: creating a complementary currency, engineering a local market, coordinating a value chain or a local system of production, forming a producers’ association or social enterprise, and so on. All of these initiatives require the building of institutions, which are the systems of rules that structure socioeconomic life. The two most critical institutions around exchange are money and markets. Often organised by economic actors locally, they exist in great diversity: there is exchange without markets, markets without money, money that doesn't look like such and is not used in markets, and so on.

**Daniel Gusev** is an active contributor to a global financial services innovation movement, who through his blogging and factual contribution in many projects on the Russian financial scene became an *esprit de corps* of good and socially beneficial products and services. A former consultant with SAP and Roland Berger Strategy Consultants, he has started his innovation course by accident, cementing it by a now influential blog in his 6th year of operation and numerous projects at leading banks, leading to several hit products, crafted in his most
recent position as Head of Innovation at a TOP 10 Russian bank. A cranky reading hobbyist with a fear of missing out all the latest financial service trends and features that might be of greater good to the general public, he believes in certain core principles, one of which is the socially empowering role of technology, which he now tries to apply to his start-up in a field of ‘payment heuristics’, as well as openly helping international players in whatever capacity they see his skills fit for their cause. Daniel majored in History from Moscow State University in 2006 and in Finance from Russian Financial Academy in 2010.

Uwe Hack is a graduate in business administration and has a doctorate in banking and finance from Manchester Business School (MBS), University of Manchester. During his time at MBS, his work focused on the research and theory of scoring models and the financing of small and medium-sized enterprises. Dr Hack started his professional career with Deutsche Bank in Frankfurt where he worked in various areas of investment banking and was European head of asset-backed finance. From 1999 to 2001 he was the Managing Director of Deutsche Bank’s corporate finance department. In May 2001, Dr Hack joined the board of schlott sebaldu AG to become the CFO of the group. He joined GRENEKLEASING AG in October 2005. As the CFO and deputy CEO he had responsibility for investor relations, treasury, finance, risk management, controlling, and regulatory reporting. In February 2009, he became the CEO of Grenke Bank AG and responsible for strategy, risk management and IT. Since March 2012 he has been a professor for international finance and accounting at Furtwangen University.

Thomas Haigh is an associate professor of information studies at the University of Wisconsin–Milwaukee and from 2005 to 2014 chaired the SIGCIS group for historians of information technology. He has published widely on the history of computing, including ENIAC in Action: Making and Remaking the Modern Computer (MIT, 2016) with Mark Priestley and Crispin Rope. Learn more at www.tomandmaria.com/tom.

Matthew Hollow is lecturer in strategy at The York Management School, University of York. Previously he was a researcher on the Leverhulme Trust-funded “Tipping Points” Project. This research explored financial crises in the British Banking sector, both past and present, so as to understand the causes and implications of such changes and to work out how to better deal with their effects in the future. His doctoral dissertation was entitled: ‘Housing Needs: Power, Subjectivity and Public Housing in England, 1920–1970’ (University of Oxford (Wolfson College), History Department, fully funded by the Arts and Humanities Research Council (AHRC). Selected publications include:

**Lakshmi Kumar** received a doctorate from Indian Institute of Technology (ITT) Madras, India. Earlier she completed her masters in econometrics and graduated in mathematics from the University of Madras. Since 1987 she has worked in several academic institutions including S P Jain Institute of Management, Rizvi College and Sophia College in Mumbai. She was an economist at the Madras Chamber of Commerce and Industry between 1997 and 2000. In the year 2000 she joined the Institute for Financial Management and Research (IFMR), Chennai as a research associate. Subsequently she was promoted as assistant professor and since 2012 is associate professor and program chairperson, PGDM at IFMR.

Her primary areas of interest evolve around understanding savings behaviour of low-income households, rural livelihoods and analysis of government-provided basic services. In this connection, she has been part of various field-based studies in Tamil Nadu, including projects sponsored by Harvard University, University of California, Irvine and NABARD, India. She teaches macroeconomics, managerial economics, entrepreneurship, international business and microfinance to business and management students.

**Andrea Lluch** is researcher at the National Council of Scientific and Technical Research of Argentina (CONICET), professor at National University of La Pampa in Argentina and affiliated researcher at the David Rockefeller Center for Latin American Studies at Harvard University. Between 2006 and 2009 she was the Harvard-Newcomen Fellow in business history and a research fellow at the Harvard Business School. She received her PhD from the Universidad Nacional del Centro de Buenos Aires. She researches the history of direct foreign investment, family business and corporate networks in Latin America during the twentieth century.

**Sharon Loane** is a lecturer at the Department of International Business, Ulster Business School. Her research interests centre on international busi-
ness/international entrepreneurship, which examine rapidly internationalising SMEs. A particular area of research interest relates to the Internet/Web 2.0 and internationalisation, as well as investigating the resources and knowledge required for international growth. She also has an interest in regional economic development and public policy support mechanisms associated with enhancing the competitiveness of small rapidly internationalising firms. Her publications have appeared in, for example, the *Journal of World Business*, *International Small Business Journal*, *Canadian Journal of Administrative Science*, *Journal of Marketing Management*, *International Business Review* and *International Marketing Review*. Sharon regularly undertakes knowledge transfer projects with SMEs, particularly around new product/service development issues. She is a member of the executive committee of The Academy of International Business (UK & I) Chapter and of the IE Scholars network.

**J. Carles Maixé-Altés** read both economics and history at the University of Barcelona, where he later received a doctorate in economic history, 1992 (cum laude). He has held the position of assistant professor of economic and business history at the University of La Coruña, Spain since 1992. He is a visiting scholar in Italy (Istituto Internazionale di Storia Economica “Francesco Datini”, Prato; University of Genoa and European University Institute, Florence); and UK (University of Leicester, School of Management and University of Glasgow, Department of Economic and Social History). His research interests include automation and mechanization of financial services in the twentieth century, and structural change in European grocery retailing 1950–2010. He is project leader and collaborator on diverse state-sponsored research projects and has research contracts with companies and public administration (A Coruña Provincial authority, A Coruña Chamber of Commerce, Eroski, and “la Caixa” among others).

**Gabriel Manjarrez** is co-founder and CEO of Mimoni, a company that since 2008 has been developing proprietary scoring processes and algorithms focused on instant credit approval for the unbanked middle- and bottom-of-the-pyramid majority in developing countries. Gabriel and his co-founder, Pedro Zayas, were selected as Endeavor Global entrepreneurs in late 2011 and also as top 10 entrepreneurs for 2011 in Mexico by CNN/Expansion. Mimoni’s investors include Omidyar Network and Ignia, two of the top global impact investment firms, as well as the Silicon Valley VC firms Bay Partners and Storm Ventures. Prior to Mimoni, Gabriel established Progreso Financiero, a US-based, Greylock-backed consumer financial services company focused on providing unsecured loans to the unbanked and underbanked Hispanic immigrant community in the
USA. Since 2005 Progreso has made over US$1 billion worth of loans to US-based Hispanic immigrants in California and Texas. Gabriel received an MBA from Stanford University and a bachelor’s degree in economics from the Instituto Tecnológico Autónomo de México (ITAM). He divides his time between Palo Alto, California and Mexico City.

**Sophia Michael** (MA, University of Warwick) is the English department head at Intercollege Larnaca, Cyprus. She has always been fascinated by the automation of payment systems and has currently begun researching on the use of contactless cards in Cyprus.

**Tony Moretta** spent the first 10 years of his career in financial services, at NatWest Bank in the UK and then at Visa International. For the last five of those he worked on both Mondex and Visa Cash, developing a range of new propositions in closed user groups, transport and mobile, and marketing the technology around the world to other banks. After a period working in the digital television and radio sectors, he returned to the payments world when planning and launching the mobile advertising and payments joint venture in the UK between EE, Telefonica and Vodafone–Weve. Tony currently advises a number of companies on projects within the digital space, including on mobile payment strategy for some major retailers.

**Miriam Morris** has 20 years’ experience as a marketing and communications director. She has worked on urban design and community planning projects across the EU, USA, Japan and the Middle East. Also, she developed and promoted services for older people, and vulnerable young people and children in the UK. Recently she worked with Positive Money to develop their campaign strategy, and is part of NEF’s New Economics Organisers Network. The idea for ebarts originated with Miriam Morris.

**Jennifer Mullan** is currently enrolled as a PhD student at the Magee Campus University of Ulster. She is in the final stages of writing up her thesis. Her research is based upon mobile banking and its diffusion within the global retail banking industry. She conducted an exploratory study that used an innovative methodology, which combined blogging and the Delphi technique. She has particular interest in innovative service industry distribution channels and the use of web 2.0 technology tools as regards innovative methodology development. She has presented her research at several conferences, including Academy of International Business and Academy of Marketing. She has previously taught as a part-time lecturer in marketing and is a PhD demonstrator within the University of Ulster.
José Eduardo Rivero García has a Bachelor’s degree in economics from Instituto Tecnológico Autónomo de México (ITAM). He worked in the banking sector in Citibank Mexico and Switzerland before obtaining an MBA (Finance) at London Business School. He has resided in Brazil for the past 15 years, where he worked at Banco Pactual and Booz, Allen before he opened the first retail Barter Network in the country, Tradaq Ltda, which he has managed as CEO for the last 13 years.

Francisco Rodríguez Fernández was born in Granada (Spain) in 1975. He has a BA in economics and a PhD in economics and business, both from the University of Granada, and he has also followed PhD studies in the universities of Bologna and Modena. He is a professor of economics at the University of Granada. He is senior researcher at the Spanish Savings Banks Foundation- Funcas. He has conducted several R&D projects for international public and private bodies. He has been vice-dean–research of the School of Economics and Business at the University of Granada. He has also been visiting research fellow for institutions such as the New York University, and the University of Alberta, Canada. He is author of several articles and publications in top-leading international economics and finance journals such as *Journal of Money Credit and Banking*, *Review of Finance*, *European Economic Review* and the *Journal of Banking and Finance*.

César Ross Orellana is full professor in history and director of the Doctorate of American Studies at Universidad de Santiago de Chile. His main research intersects economic history and the history of international relations. He has published substantially on Latin American studies particularly around the commercial relations between Japan and Chile as has also contributed to document the banking history of Chile.

Marybeth Rouse completed a Bachelor’s of commerce accounting (honours) at the Rand Afrikaans University in South Africa and joined PricewaterhouseCoopers. After qualifying as a chartered accountant, CA (SA), she was appointed as a senior manager in the consulting division of PricewaterhouseCoopers. She was then appointed as a senior lecturer in the Department of Accountancy at the University of Johannesburg and obtained a Masters of Commerce in International Accounting at the University of Johannesburg. She is currently pursuing a PhD in Accounting and Finance at the University of Bangor, Wales. Her research interests are retail payments, mobile payment innovations and financial inclusion in Africa.

Guillermo Santos is a teaching and research assistant at Departamento de Economía, Facultad de Ciencias Sociales, Universidad de la Republica Uruguay. He has also been a team member of EFHU (Encuesta Financiera de los Hogares Uruguayos) since 2014.


Carles Sudrià Triay is professor of economic history at the University of Barcelona (UB). He has published widely on industrial and energy issues and on

**Sean H. Vanatta** is a PhD candidate in history at Princeton University, where he is completing his dissertation, entitled, “Making Credit Convenient: The Political Economy of Bank Credit Cards in Postwar America.” This project shows, first, how bankers and policymakers constructed the US credit card market through business practice and novel legal regime in the 1950s and 1960s, and then how bankers used cards as a weapon against restrictive regulation in the 1970s and 1980s. Sean is currently the John Rovensky Fellow in US business and economic history. His article, “Citibank, Credit Cards, and the Local Politics of National Consumer Finance, 1968–1991,” is forthcoming in the *Business History Review.*

**Grietjie Verhoef** is professor in accounting, economic and business history and has published contributions in 15 books and published 59 peer-reviewed articles. She completed doctoral study at the Rand Afrikaans University on banking in twentieth-century South Africa. Her research specialisation is economic history of nineteenth and twentieth-century South Africa; business history of Africa and corporate South Africa, especially banking and insurance history; and globalisation and African entrepreneurship. Her work on the professionalization of accounting in South Africa has led to publications on the accounting profession and regulation.

**Ruth Wandhöfer** is a regulatory expert in the field of banking and one of the foremost authorities on transaction banking regulatory matters. She is global head of regulatory and market strategy for Citi Group’s Treasury and Trade Solutions business in London. In this role Ruth’s key responsibilities include driving regulatory and industry dialogue and developing product and market strategy in line with the evolving regulatory landscape. Ruth chairs a number of influential industry bodies. She is also a member of the European Commission Payment Systems Market Expert Group (PSMEG), a very small group of hand-picked industry experts and member of the ECB Contact Group on Euro Payments Strategy. Her publications include *EU Payments Integration – the Tale of SEPA, PSD and other Milestones along the Road* (London: Palgrave MacMillan, 2010) and *Transaction Banking and the*

Jarunee Wonglimpiyarat is a member of the College of Innovation, Thammasat University, Thailand and visiting professor at Boston University, USA. She received a doctorate in business while specialising in technology management from Manchester Business School, University of Manchester. She has postdoctoral fellowships at Boston University and Harvard University. Her industry experience includes PricewaterhouseCoopers, Standard Chartered Bank, Citibank N.A., and the US Securities and Exchange Commission. Amongst other distinctions she now sits on the editorial board of the International Journal of Innovation, Management and Technology.
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