coincashe

Invest your cryptocurrency.
Earn interest.

Introduction

The global monetary system is currently a mess of closed structures and debt-fueled economies, so much so that it has curtailed the growth of the free market economy and left billions of people underserved financially. To solve these problems, the public needs a new monetary system that supports the kind of organic growth and innovation that the internet has brought, but still ensures the integrity of financial transactions. Historically, we have relied on high barriers to entry to ensure integrity. Blockchain technology, however, has no such barriers and has shown itself to be a viable platform for a new economy. It has promised a future where users control their data and developers can build logical applications on a trustless distributed computer. Growth demands new, innovative participants who may possess only modest financial and computing resources. The public requires a new, global economy open to anyone so that new organisations can join and extend financial access to underserved communities. The challenge for such a network is ensuring participants record transactions correctly. With low barriers to entry, users won’t trust providers to police themselves. Such agreement hinges on a mechanism for worldwide consensus.

Coincashe is a blockchain entity providing investment services in a decentralised digital economy. Coincashe is proud to provide a platform of curated services that remove any barrier to the mass adoption of blockchain-based solutions in the crypto industry. Where the interests of the people are put first, and where everyone has the opportunity to succeed financially. Assets in the Coincashe treasury are used to invest in the digital and blockchain asset markets, with the aim of generating returns exclusively for the Coincashe treasury. The internal calculation asset for the establishment of the treasury is Bitcoin, Ethereum and Tether, due to the fact that these assets are on of the largest established global blockchain assets.

The Problem - The old monetary system

A Global Monetary System in Decline

The catalyst for the creation of Coincashe is the declining global monetary system. The recent economic collapse created by the global COVID-19 pandemic has revealed significant weaknesses and insecurities in the global monetary system. As businesses were shuttered all over the world to contain the spread of the virus, central banks were called on to support faltering economies. Low capital reserves combined with high levels of debt and outgoing costs means many businesses face severe liquidity issues, and some have been forced into administration by the crisis. However, as was the case during the financial crisis of 2008/09, some have found support from government and central banks keen to avert an economic depression. The problem, however, is not solved. By continuing to bail out businesses with levels of borrowing that now eclipse what was seen during the last financial crisis, central banks are continuing to "kick the can down the road". Quantitative Easing, also known as issuing a new currency, is creating increasingly unsustainable levels of debt which, at some point, will need to be "repaid". Repayment is not necessarily a difficult task in a growing economy, as the government bonds issued to finance state borrowing are often paid in national currencies. Rather, the issue lies in the fact that overprinting/issuing currency results in the devaluing of that currency and consequently the value of bonds.

Consequences of Quantitative Easing

Solving this economic problem is one of the driving forces behind the creation of Coincashe. Later in this whitepaper, we will discuss how we believe our model offers a solution to some of the major issues currently facing the UK and global economy. To understand the severity of the current global debt problem, it is important to understand how the debt issued by governments affects the monetary system. Quantitative Easing, or QE, is a form of unconventional monetary policy in which a central bank like the Bank of England purchases longer-term securities from the open market. It does this in order to increase the supply and flow of money in an economy and to encourage lending.

The Problem - The old monetary system

Central banks make these QE purchases using the currency of the country they operate in. This works to decrease the value of that currency (as increased supply means lower value) reducing the purchasing power of anyone that holds that currency. This means the cost of QE is ultimately paid by average citizens that have to use that currency to meet their daily needs.

The global banking system is also heavily reliant on debt. The operating principles of the current system mean that debt always exceeds the physical currency held at a bank. Banks are required only to hold a certain ratio of their deposits in liquid funds such as cash in order to be able to withstand a sudden increase in withdrawals, otherwise known as a “run on the bank”. A typical liquid holding requirement is around 10% of total deposits. The remaining 90% of a bank’s deposits are then loaned out. This means that a bank with 100 million in deposits need only hold 10 million in reserve while it can lend 90 million out a reserve ratio of 1/10. This effectively increases the bank’s supply of money to 190 million.

As those that have borrowed money from the bank circulate this through the economy, often depositing it in other banks that do the same thing, this 1/10 “money multiplier” increases to infinity. The money multiplier can vary from country to country, however, it is typically around 10 and always more than 1, and it means that global debt from bank deposits always exceeds physical currency, and this is a problem.

The capitalist economic system has enabled sustainable periods of prosperity for humanity. If left to its own devices, a capitalist model should ensure that unsuccessful companies and entities are removed as more successful ones prosper. This can be painful, but it is a necessary part of a healthy economy. Different countries operate different forms of capitalism. In most developed countries, however, capitalism is no longer operating like this.

The Problem - The old monetary system

Economies including those of the US, UK and Europe have become addicted to never-ending government bailouts that do not allow the economic cycle to run its course. Faced with the economic crisis created by the Covid-19 pandemic, many of these governments and their central banks are now bailing out companies with grants and loans in order to keep their current economies afloat. However, few are asking themselves whether continuing to pump debt into the already over-leveraged corporate sector is a sound long term strategy.

Over leveraged companies take loans from a broken banking sector at the cost of inflation. This means that each individual who holds currency in a highly indebted economy pays for that over-leveraged firm through the decrease in their own purchasing power. In this scenario, we see privatised profits and publicised losses. The failures of Keynesian economics are much discussed, and few solutions have been agreed upon. However, the fact that average citizens are paying for the losses made by corporations with which they have no involvement must be seen as an inherent error in the monetary system.

The cost of this monetary and fiscal policy is currently being paid publicly by taxpayers, who are unwillingly bailing out private institutions and corporations. This false form of capitalism is not in the interests of the people. Never-ending cycles of debt are forcing economies into a constant boom and bust cycle with systems that do not allow for true competition. In a healthy capitalist economy, every participant should have equal competitive business rights. However, government overspending, frequent corporate bailouts and a banking system heavily reliant on the constant cycling of debt are taking a toll on capitalism, our economies and our society as a whole.

As citizens live longer and birth rates fall, we are facing a shrinking workforce. As such, our ability to bear an increasing debt burden is diminishing. The amount of demand that must be created to continue current levels of economic growth are unlikely to be met by Generation Y and Generation Z due to the decrease in the current demographic trend. These are important issues that must be addressed by a new economic model.

Solution - A new monetary system

Building a new economy

Coincashe is working towards building a new investment-led economy, encouraging widespread adoption of blockchain, avoidance of hyperinflation, ending the debt-fuelled “boom and bust” cycles, reestablishing equitable economic cash flow distribution and establishing a full reserve blockchain-led banking order.

Blockchain presents significant early investment opportunities. As a growing number of investors enter the blockchain market, demand rises and so too do the values of individual digital assets. By joining Coincashe you are part of a vision for a more stable and sustainable global economy.

Many blockchain enthusiasts look forward to a time when blockchain is used as an everyday method of payment. However, the current monetary system in which currencies are being constantly devalued in order to prevent indebted corporations from failing is stifling financial innovation.

Countries around the world are facing economic crises. Significant falls in economic activity (due to the Covid-19 pandemic) has already prompted unprecedented lending from central banks. In the coming months and years, it is likely governments will continue to push their economies into narrower situations with continued borrowing that devalues their currencies. This could potentially lead to hyperinflation, where the rapidly rising cost of goods and services outstrips the value of a national currency. Trading and investing in digital assets or cryptocurrencies is a potential solution to this problem that could preserve wealth for future generations.

Solution - A new monetary system

Crypto users have already witnessed a growing demand for blockchain assets in the face of global market turmoil: a trend that is likely to continue. As this demand increases so will the value of blockchain assets and subsequently their attractiveness to ordinary people. Considering this significant potential, Coincashe will play an important role in providing outstanding investment experience in this journey. Where the interests of the people are put first, and where everyone has the opportunity to succeed financially.

Fluctuations in stock markets are a normal part of their functioning, however today these fluctuations are being abnormally magnified by debt. Debt has become the central pillar of the modern economy and few have challenged this system, until now. There are two main ways to finance businesses and individual projects. The first is to use debt. This involves taking out loans to pay for things such as University education, buying a house or launching a business. The second way is to use investments. Unlike taking out a loan where borrowers pay interest to lenders on top of what they borrow, investments allow capital to grow in an economy.

Banks prefer to take as little risk as possible, and so they prefer to extend easy credit to borrowers and businesses who, in turn, appreciate the ease with which they can access this money. However, this can cause problems for the economy. For example, in their pursuit of growth many businesses over leverage by borrowing too much. If a company has too much debt it will struggle when business conditions weaken, as they have during the Covid-19 pandemic. During these times, heavily indebted businesses may default on their debt.

This has a trickle-down effect on the wider economy, often causing a wide-scale collapse and putting pressure on national currencies. This could all be avoided if banks were to invest their capital, rather than lend it. The current debt-fuelled “boom and bust” cycle has deeply impacted the middle classes in developed economies, plunging them into a debt cycle rather than encouraging responsible, long term investment. Coincashe plans to provide a model for a new type of banking system in which investment, not lending, is the core principle.

Solution - A new monetary system

The Coincashe platform offers a solution to the questionable economic policies implemented under the current global monetary system. More than this, Coincashe will provide a pathway to rebuilding equitable cash flow distribution within the economy.

However, this alone is not enough to fix the problem. The future accumulation of debt must also be avoided by educating citizens and businesses and encouraging them to choose long term investment over easy credit. It is also important for people to use their purchasing power to defund the institutions that actively participate in the devaluing of the wealth of individuals and the wider economy. Withdrawing capital from these businesses and frameworks can prevent them from wiping out generations of wealth through debt. Blockchain technology is at the frontier of the fight against unsustainable banking practices, and Coincashe utilises it for this very reason.

Taking the power of financial and economic bookkeeping away from banks is a more sustainable economy that has transparent and fair balance indicators. An investment, rather than a debt-led model, also has the advantage of offering a potentially more sustainable rate of inflation that could lead to steady prices and increased productivity. These management methods are not new. In fact, they predate the current monetary system. We have, however, deviated from the path of sustainable growth to a less ethical model that strongly favours the wealthy and leads to the financial stagnation and suffering of average citizens. Contrary to the claims of those in financial power, we can have growth that benefits all members of society in a sustainable way.

It is essential that when the next financial crisis arises, which if current trends continue is likely to be deeper than any seen before, that people find an alternative to the debt-fuelled system that has brought us to our current situation. Coincashe plans to demonstrate such an alternative through blockchain-based investments.