Payments in 2039 and 2064

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In 2039, retail payment in North America is dominated by three companies: Discover-Verizon (the two parent companies merged in 2026), Walmart-Wells-Fargo, and FidelityPayPal (both organized in 2029). All three offer essentially identical services, linking consumer payments to a directly debited investment account with overdraft facilities. Most consumers prefer to have an account with a single company (which provides them with a variety of platforms and branded services); however all businesses of any size have accounts with all three, both for retail transactions with consumers and for direct deposit of paychecks and payment to vendors.

The last major holdouts for this system were American state and local governments—they objected because the companies wouldn't give them preferential rates. When they came on board, cash finally disappeared; all denominations of coin were retired at the same time, so that the US Treasury began to melt down its pile of Sacajawea dollars on the same day that the last Lady Gaga penny was minted.

The big three settle with each other through accounts with the Federal Reserve Bank, but given the concentration and the sophisticated techniques they use for netting, the settlement amounts are microscopic relative to the gross transactions. Although the Fed imposes tight regulations on the three companies, the regulators generally feel themselves to be one step behind and the Fed makes very little money from the arrangement. The three seem happy to accept the burden of regulation as a way of maintaining their oligopoly position; the tight standards make it extremely difficult for new payments companies to compete with the big three.

Because of their close connections to the government, no one trusts the big three for privacy. Privacy in illegal activities is provided by an ever-changing group of small companies who provide anonymization services (i.e., money laundering) that for example allow individuals to pay for illegal substances (such as the ever popular aspertame, declared a class 3 prohibited substance in 2025). These companies route the anonymized payments through the big three, who continually play a cat-and-mouse game with them, finding them, banning them, and then searching for their next incarnations. (Meanwhile regulators are of the opinion that the big three put in considerably less than their best efforts in attempting to stamp out this activity).

Legal efforts against the anonymization services are complicated by the existence of legitimate privacy services, mainly used by celebrities to disguise their legal but embarrassing purchases (a nutrition guru lost a lucrative hypersocial network franchise sponsorship when a tell-all blog documented his patronage of his local Tim Horton-Burger King).

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Twenty five years later, in 2064, central banks find themselves in a considerably weakened position relative to the payments providers. The providers have developed techniques to farm out settlement and payments activities to the central bank jurisdiction which places fewest restrictions on them (usually jurisdictions in South East Asia or East Africa).

This process began decades before with the more specialist wholesale payments providers, who were naturally more footloose in their activity. For retail payments providers, the continued existence of regional currencies (notably the Dollar, Renminbi, and Cruzero blocs) slowed their adoption of these processes. While it would have been technologically feasible for consumers and retailers in any country to make payments denominated in any currency, individuals still preferred their own currency as naturally tied to values of market baskets of locally produced goods. And while the settlement currency did not necessarily need to be linked to the currency of payment, the currency fluctuations did impose additional risks.

But as regulatory burdens diverged between various countries, payments providers in some countries began to settle on the books of foreign central banks. Attempts to forbid offshore settlement we unsuccessful because of the difficulty of distinguishing between legitimate foreign transactions and shadow settlement transactions. And when the most aggressive central banks began to sponsor the issuance of foreign-currency-denominated short term debt and to provide ancillary services, the central banks found themselves competing by offering easier and easier standards to the providers.

In the end, the only meaning attached to a currency was the unit of account. In cases of severe mismanagement of a government's fiscal position, individuals in a currency area moved *en masse* to the holding of another currency area's bonds, they sometimes also began to prefer to use that area's unit of account in payment, as happened in 2063, in the seventeenth month of the fourteenth shutdown of the US government, when most Americans switched to the use of the Canadian Loonie standard for payment.

Remember, you heard it here first.