

Building a new financial system

By  Danette Breitenbach

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Existing financial systems are not able to meet the today's world's needs. It's evolving once again - just as money developed from favours to bartering to what it is today,



Marcus Swanepoel, CEO of Luno

Although it may have worked for years, the existing financial system is not suitable for today's world. It's therefore weak and cannot be fixed. "We are in the midst of a transformation. We have the opportunity to build a new system," says Marcus Swanepoel, co-founder and CEO of [Luno](#).

He defines money as a communications mechanism, capable of transmitting who you are and how you contribute to society. However, as often is the case with something new, it is often misunderstood.

"The new technology is exciting, but there is a lot of misunderstanding around it. Just as there are risks in the current financial system, there are risks here. What people do not realise is that Bitcoin is ranked the lowest in risk by the UK Treasury when it comes to financial products."

Just as you trust your bank, you need to trust your third party. "At Luno, for example, we are a huge team of people and work with regulators," he says.

Education

A large part of their work is educating people. "The media loves Bitcoin, but because of the media people associate it with notorious happenings. The biggest mistake we made was not realising the amount of interest Bitcoin and how it works would generate."

How a credit card works is much more complicated than Bitcoin, he says, but people are not interested in how it works because they trust their service provider. “We find as a company we spend a lot of time educating people about how normal money works. For example, forex prices change. Bitcoin works the same way.”

Many people also still believe that money or even gold sits in a vault in a bank. “This is why we have to educate them. Only when they understand how money works can we educate them about Bitcoin.”

The risks in Bitcoin are the same in the current financial system: phishing, and Ponzi schemes. “That is why education is so key. Users need to know how to identify risk.” He believes that Bitcoin has forced people to think about security. “We are educating them when the bank should have.”

Security

He explains that the way Bitcoin is stored is safer than any bank. “We believe that the way we store Bitcoin on multiple continents, in different values (we do not store online as many people think), it would take three armies with force and perfect timing to break our system. We would know there is a problem before they get very far.”

Bottom line, he says: “If it sounds too good to be true, then it probably is. This not only true for Bitcoin but the hundreds of currencies and schemes out there, so we warn people: be careful, especially with their account details.”

ABOUT DANETTE BREITENBACH

Danette Breitenbach is a marketing & media editor at Bizcommunity.com. Previously she freelanced in the marketing and media sector, including for Bizcommunity. She was editor and publisher of AdVantage, the publication that served the marketing, media and advertising industry in southern Africa. She has worked extensively in print media, mainly B2B. She has a Masters in Financial Journalism from Wits.

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