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# The New Role of Banks in Modern Society: Surveillance and Control

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ABSTRACT

*In the modern world banks are unique. Formally, they are commercial enterprises, but in fact they have a government role, controlling all of the financial activity of the population and organizations. This article examines the roles of banks in the surveillance and pressuring of people that are not usually publicized. There is no political subtext in this article, as the situation described is typical for all countries. The fact that the majority of the examples given are from Russia and the USA simply reflects the experience of the authors. The other important thing to note is that the article describes the ongoing war of "banks against the people," and the cascade of events is accelerating with nearly every month. And the winner in these intermittent skirmishes is always the same.*



## Introduction

### The function of banks

The primary function of most banks is to serve people, or as is now fashionable to say, natural persons. They are referred to as depositors. People can open an account in a bank, deposit money in the account and when they need it, they can withdraw all or part of their money from the account.

In addition to directly storing money, depositors can make various payments through the bank, i.e., they can instruct the bank to pay out or transfer a particular sum to another person or organization. There are various mechanisms for this: payment orders, cards, and different sorts of checks. The person to whom the money is transferred can collect the money from the bank, or the money can be simply added to his or her account in the same bank or another bank. It is even possible to write checks to "yourself" and collect money from this in another place.

One of the most important services that banks provide to their depositors is issuing plastic cards. A company, such as Visa, for example, signs an agreement with banks to issue cards in a certain format and, at the same time, it agrees with organizations that receive money — stores, hotels, banks, ticket offices, etc. — to make payment through these cards. Technically, this system is provided by cash registers or ATMs verifying the cards and communicating to the banks the need to withdraw money from the cardholder's account, and the store receives the "withdrawn" amount on its account, or the amount is simply distributed by the ATM in cash to the cardholder. The use of plastic cards (or mobile telephones "linked" to the card) allows depositors, first, to receive their money anywhere on the planet and, second, to pay entirely without using cash.

Banks offer credit for a specific time period with a certain interest rate. There are various forms of granting credit: using the same bank card system, under contract, using real estate as collateral, or against the delivery of goods, etc.

In essence, storing and transferring money and granting credits are the primary functions for consumers, although banks as custodians of money also provide other services, such as currency exchange, purchase and sale of securities, and so on. The function of banks

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when serving corporate depositors is in principle no different from the functions of serving individual depositors, although the accent is somewhat different. Checks and bankcards play a significantly lesser role and transfers from the depositor's account to the accounts of other organizations and receiving money from them play a much larger role.

Other than serving individual depositors and organizations, banks also perform another activity that is not connected directly with depositors, although this activity is not considered to be primary.

## Findings

### The myth of banking secrecy

The three functions described above have been inherent to banks since time immemorial. In addition, until nearly the end of the 20th century one important rule that all banks followed was the observance of banking secrecy. This meant that nobody other than the depositor himself and the banker knew anything about the deposits and the operations that the depositor carried out. In some countries this rule was followed rigorously, for example, in Switzerland (Guex, 2000). Swiss banks were especially proud of this and considered themselves a benchmark in maintaining this rule. In other countries, information about a specific depositor could be disclosed by court order.

However, in the 21st century this concept has been completely abolished. Approximately 100 countries have already agreed to the automatic exchange of banking information concerning foreign depositors (the AEOI agreement) and they have developed a common format for this (the Common Reporting Standards - CRS). The US has not yet joined this agreement, but it demands (via the FATCA system) that all banks from all countries report information to the US Treasury about accounts held by American citizens. Banks worldwide attempted to protest, citing "banking secrecy" (Switzerland), local laws (England, Canada), and so forth, but they ultimately accepted these rules in the face of a threat to automatically withhold 20% from each transfer using dollar accounts (Song, 2015).

In the event of a state agreement, banks must report to their own central banks as well as to the US Treasury. Somehow without violating domestic law. Like many other countries, Russia has not concluded any such agreement, and left this up to the banks to decide.

Banking secrecy is not even mentioned in most textbooks on banking. Like a relic of this and to avoid any questions, when opening accounts banks request depositors to consent in writing to the disclosure of their account secrecy. Obviously, this is not to disclose to "just anyone," but it is sufficient to know that they provide this information to someone who has no obligation to maintain these secrets. Without this consent they simply will not open an account.

### Who pays for what, or the myth of banks as intermediaries?

If an individual or an organization takes a loan from a bank, then depending on the form of this loan they will pay a defined interest on the amount of this loan. However, if the individual or the organization deposits money in the bank, then things are not so simple.

On the one hand, banks normally position themselves as credit institutions receiving income from the difference between the interest paid in by borrowers and the interest paid out to depositors. Thus, it is assumed that depositors receive some sort of interest on their deposits. On the other hand, banks "provide services" to depositors and this is obviously having a monetary value. In practice, banks solve this problem as follows.

Nothing is paid to depositors for the deposits. Rather, individual depositors usually receive 0.01% annually on their deposits. Thus, if you consistently hold $1,000,000 in the bank, then you will receive revenue of $100, from which, in the US, you still have to pay tax. It is unclear to the authors why this is done. Most likely, this is legal support for the myth that you are loaning the bank money. With the services to depositors, they proceed in various ways. Major banks, for the most part, provide services free of charge. In the US, when you cross a certain deposit threshold they charge for every transaction. Many of them even charge you for depositing your own cash on the account.

It is curious that the payment for transactions is normally in proportion to the amount of money involved in the transaction (but not less than a certain fixed amount), although it is clear that the cost of the service is absolutely the same for $10 and $10,000. Nonetheless, banks do not want any risk. In the US, where checks are very widespread, if you want to cash a check, the bank will "freeze" the same amount on your account until the bank that issued the check confirms that the check is valid. But in fact, this is the bank's own depositor!

In any event, it is clear that the concept that a bank is an intermediary between the depositor and the borrower is currently a complete myth. It is curious that a law existed in the US from 1934 to 1986 (the Q Regulation) that set a maximum interest rate on deposits. The cap was set by the Federal Reserve System (the US FRS). This was at the request of workers, so that banks would not compete and go bankrupt. This ceiling was changed several times (between 2% and 6%), but all the same there was no particular benefit from this. It resulted only in the fact that people stopped keeping money in banks and started holding it in shares and securities. The law was then repealed, interest on deposits fell to nearly zero and the people were forced to take money to the bank by other means. For a history and analysis of Regulation Q (Alton, 1986).

If a bank does not have enough money to give credit, it can always borrow money at a lower interest rate from the state (the so-called, Central Bank). Of course, this is less profitable than the free "loans" it receives from organizations and consumers. In this case, they announce special programs where interest of several percent, rather than 0.01%, is paid on deposits if the depositor commits not to touch the deposit for a certain period of time. Only, these programs are announced less and less each year. Either fewer people want to borrow money from the banks, or the added fuss just makes things more complicated for the banks.

However, in many countries, like France for example, such instruments are not used at all. Now some banks are even paying "negative interest" on deposits. This means that you have to pay interest to the bank for it to hold money on an account (Randow et al 2015).

Since banks receive money free of charge and take no (or almost no) risk, they can exist without any problem while not granting (or almost not granting) any loans. Some banks, by the way, in fact do this and just serve a single holding company.

**Restrictions, or the myth of the independence of banks**

Books on banking usually cite economic independence as one of the principles on which banking activity is based, i.e., the freedom to dispose of its own assets and the assets it raises, and the freedom to choose clients, as well as the fact that the state does not have the right to interfere administratively in the business of the bank and uses only regulatory legal instruments (Mishkin, 2011). In fact, this declared independence is merely another banking myth.

Try to find out why a bank did not open an account for you or why it did not give you a loan. As a rule, the answer you receive will be: "We don't know, the program decided. And why did the program make that decision? "We don't know. They don't tell us these algorithms."

Where do these mysterious algorithms come from? Someone of course developed them. But the state (usually in the form of the Central Bank) imposes them on the banks. But the banks have absolutely no need to know them. Worse, they might disclose them and then organizations could adapt to the algorithms. Like in the Middle Ages, when it was forbidden for the uninitiated to read the Bible, but it was essential to follow its precepts. So that the "faithful would fear and tremble".

However, the declaration of the independence of banks is not only a myth. It has an important practical meaning. It is nearly impossible to appeal a bank's decision before a court. Your motion will not even be admitted. Because a bank is an independent organization and it itself decides whom it will serve and to whom it will grant loans.

Thus, the bank makes a decision that is imposed on it by the state, but the state will not examine this decision because an independent bank made the decision. A classic Catch 22. And you need to solve this puzzle without knowing the rules. This is where artificial intelligence is needed.

The restrictions start at the very moment of opening an account. For consumers, this affects foreign citizens primarily. Thus, in Switzerland one major bank will not open an account for a citizen of the US. In the European Union, two documents are needed in order to open an account. Nearly everyone has one of these, an identification document (passport, ID card, etc.). The other is usually a driver's license. And if you do not have one, then alas. In the US, a tax number is needed in order to open an account. A foreigner may have one, but obtaining one is a separate task.

Much more significant restrictions affect organizations that want to open a bank account. Heaps of papers: foundation documents, registration, rent, directors, employees, payroll, and clients. The approach is relatively gentle only for start-ups.

Even greater restrictions await us when carrying out bank transactions. Any withdrawal, transfer, or even a deposit of money on an account above a certain (and, by the way, not very large) amount requires an explanation of the source of the funds and supporting documents. What is more, if the bank is not satisfied, then it will simply block the account, without any explanations. Thus, it remains a puzzle how a person who deposits his own money in the bank cannot dispose of the funds, as he considers necessary. But this is a fact.

It's even worse for organizations. Practically any transfer of money requires documents proving the legality of receiving or spending the money. And if something is not right, the reaction is always the same: the account is blocked. In order to unblock the account, explanations, letters, and documents are needed and this can take weeks, sometimes many weeks. For small organizations this delay is often fatal.

**Why is it happened?**

Thus, it is possible to confirm that the traditional concept of banks as independent financial institutions receiving money on credit and distributing credits is supported by the mythology but does not correspond to reality. Banks are institutions that serve the state and exert total control over all the actions of people and organizations connected with money. Why? Obviously for the good of the people. The actual calculation depends on the level of hypocrisy reigning in the state. Where this level is high, one is led to believe that the goal of this control is to combat terrorism. In this case, there is nothing to discuss. How can banks frustrate terrorists?!

The next level is combating organized crime and money laundering. This is a much more widespread and much more dangerous gimmick used by state propaganda machines. And it's quite successfully. Here is a quote from a popular (and far from the worst) book on the history of civilization "Only members of criminal groups buy houses using suitcases full of banknotes" (Harari, 2015).

Why members of criminal groups and not flea market traders? They don't buy houses. Or they do not carry their money around in suitcases, but in torn sacks or in bags of coins?

And why not an Armenian who sold his house in Armenia and decided to get away from the flames and the wickedness to America, where not a single bank is in any hurry to open an account for him? It is possible that he brought the money into the country illegally, but he is still a long way from a "criminal group." Today's organized crime is entirely at ease in the modern financial world. Its representatives wear fine suits and have accounts in good banks and (until they have been arrested) they buy houses in the most civilized way. As for money laundering, there are absolutely legal means for turning cash into non-cash funds, and back again. There is no problem here. Where there is no need to support the illusion of freedom, the response to this point is simple: a system of total control is needed so that everyone pays taxes.

**The state and banks**

The "tax payment" response is unpleasant for many because it simultaneously invalidates all the myths and defines commercial banks as a part of the state (and multinational) tax system. On the other hand, this is at least part of the truth.

As a matter of fact, banks have very little interest is the origin of the depositor's money. Be it underground weapons trading or searching for buried treasure. The important issue is whether taxes have been paid on this money. Incidentally, all legal methods of converting cash and non-cash funds ultimately require the payment of some taxes. It is no coincidence that may countries categorically forbid banks to provide services to offshore companies, regardless of their activities. Most countries tirelessly monitor banks to ensure that they, in turn, conduct tireless monitoring of their depositors. A violation is punishable by the withdrawal of the bank's license and the unavoidable closure of the bank.

In the US, where tax avoidance is a serious crime and where gangsters of the past and politicians of the present have been suspected of the same crimes and have been jailed for 10-year old financial violations, banks alert the tax authorities of every "suspicious" transaction. This allows for massive savings, auditing only the tax declarations of those have somehow fallen under suspicion (Internal Revenue Service, 2019). Here, all transactions of more than $10,000 must be reported to the tax authorities, and they can start investigations. They're also other rules. What is more, banks are obliged to report suspicious "structured" transactions, where each transaction is less than $10,000 but they are from similar sources and in total they exceed the admissible limit. Also, operations to deposit cash in amounts of more than $10,000 on a bank account are considered to be suspicious, i.e., subject to reporting. Analogous measures have been or are being introduced in many countries, including Russia, and the threshold is the same, about $10,000. In France, the tax authorities have nearly unlimited powers and collect banking information about nearly all taxpayers (Pellefigue, 2017).

Thus, we can draw some initial conclusions. As satellites of the state and under the state's direction, banks conduct oversight of the entire financial activity of the population and organizations. The benefit to the state is clear. But what do they receive in return? In return, the state grants bank the unprecedented possibility to do business using the money that they receive free of charge. In order to make this possibility a reality, a whole system of measures is adopted. No company in the world can start operations until it has a bank account. And it cannot conclude any legally significant agreement or receive or pay any money.

It is interesting that while big corporations, with their accountants, legal departments, vice presidents for finance, etc., are continuously counting money without ever seeing it "in real life," non-cash bank accounts have accumulated their own mythology. For example, we can cite a standard textbook on banking (Galanov, 2017). "The custody of non-cash funds is nothing other than a state-imposed form of accounting of assets for market participants". Such double-talk is either a conscious or unconscious attempt to conceal the fact of forcing people and organizations to take their money to banks and thus supply the banks with money absolutely free of charge.

Consider a shop. It trades in merchandise and receives money for it. It uses that money to buy new merchandise, to pay salary, taxes, rent, etc. It can keep the proceeds in a safe (no matter whether its own safe or the bank's). It has no need of "custody of non-cash funds." But the fact that it is required to turn this money over to the bank, where it is transformed into "a form of accounting of assets," is simply a method imposed by the state for total control over all the shop's activities and over the flow of monetary funds, which the banks carry out on behalf of the state.

Thus, the state provides banks with the money belonging to companies, free of charge. No less energetic measures are taken to ensure that each individual brings his or her money to the bank.

**Combating cash**

The principal means selected for achieving this goal is combating the circulation of cash. Often it is forbidden not only to buy a house with cash, but also a car. Salary is paid nearly everywhere only by transfers to bank accounts. Have you tried to pay your rent or electricity bill with cash? The entire modern payment system is constructed in such a way that people are obliged to keep their money in bank accounts. European countries are more and more limiting financial transactions using cash.

Recent limitations (Cash Transaction Limits, 2017):

- France: up to 1,000 euros.
- Spain: up to 2,500 euros.
- Italy: up to 2,999 euros, excluding any cash payments for housing, including apartment rents.

- Greece: up to 1,500 euros, moreover, Greek citizens must spend no less than 30% of their income using electronic payment. Of course, the banks control this.

While combating cash transactions is still a difficult task and requires coordinated efforts by the state and the banks, the confiscation of cash in transport is much easier. When flying into the US (and many other countries) you are required to declare any amount that exceeds $10,000. In the event of a violation, the money will be seized, a fine will be issued and investigations will begin. This is stated officially on the Customs Service website (US Customs and Border Protection, 2020). What is not written anywhere is that if you declare the money you are carrying, it can still be seized and investigations of the "origin" and legality of the money can still be started. What is the difference? You will not be fined. The desire to eliminate the circulation of cash is so great that the authorities are attempting even to make it difficult just to hold it.

Starting in January 2019, JPM Morgan Chase Bank (USA) prohibited the use of bank safe-deposit boxes to store cash (so what are they for, only for diamonds?!). All the major banks in the US immediately followed this example. It remains only to prohibit holding cash greater than a certain amount subject to criminal proceedings, and then to discontinue the circulation of cash entirely.

Incidentally, in France, which was at the time the most advanced in the use of plastic cards, at the beginning of the 90's of the last century a project was being discussed to completely transition to cards and entirely abolish the national currency. Technically, the country was already prepared for this. However, the project did not go forward. In Germany, the quantity of cash being held by the population has grown over recent years. There are many people in the US who are not at all inclined to take their money to banks (Miller, 2014).

In all cases the reason is the same. People see the transition to non-cash payments as a limitation on their freedom. Moreover, a complete rejection of cash would mean that banks would entirely control your money and could take it away for any reason, in "a single click."

**The most important**

We have reached the function of banks that is normally not made public at all, but from the point of view of states is perhaps the most important: surveillance.

Our smartphones inform us (and not only us) where we went in the course of the last month, and when we were there. The banks inform us what bank transactions we made during that month. We can switch off the phones, but matters are worse with money.
In 1986, at one of the largest supermarkets in Paris, Auchan, it was possible to pay at one out of some 30 checkout counters using plastic cards. This was convenient, there was no line there. In 1996, at the same Auchan there were only a few checkout counters that accepted cash. And they had enormous lines. Who wants to stand in those lines?

Banks, together with cellular network operators and social networks, provide a level of surveillance that famous authors of anti-utopias could not dream of. E. Zamyatin, "We," and G. Orwell, "1984", saw video cameras as the basis for surveillance. The denunciations and self-denunciations that social networks provide to the authorities significantly increase the transparency of our movements and financial operations.

## Discussion

Money gives people independence. This is an undeniable truth. And not those 100 people who control half of all of wealth. The authorities have always had a particular relationship with them. But the 20-25% of the well-to-do people who form the basis of the contemporary world order. It is namely them that the authorities monitor with the help of banks, and in the case of insubordination, the authorities are always ready to put pressure on them and force them spend more time thinking about their own problems. It is no coincidence that in the event of a crisis, the authorities of all countries rush to save the banks, although from the point of view of traditional capitalistic doctrine, the weakest of them should in fact collapse, rather than overwhelming the economy.

Who likes the fact that bottled water is taken away at the pre-boarding check, and then a half hour later they offer you a glass of water in the airplane for 3 euros? As if 21st century technology cannot tell the difference between a bottle of water and a bottle of ammonium nitrate. So, let's put the question another way. Why do people put up with this?

The thing is that the authorities learned long ago how to turn the population into zombies and force them to do stupid things, explaining this as the authorities' tender care for their well-being and frightening them with meaningless fears. Since it is essential to follow the rules (otherwise they will close your account, they won't let you on the plane, etc.) and since this is usually not very difficult, we peacefully comply with the rules without thinking about them particularly or just grumbling slightly. After all we are respectable taxpayers, what do we have to worry about?

This is natural, until they start to fence us in. However, by that time you are entirely helpless. There is no trade union that could defend you. You cannot turn to the courts, since banks supposedly decide for themselves whom to serve and how. And even if you succeed, the time spent regaining control is such that you will lose the deal or go broke.

The desire of any state to keep its citizens under control and in fear (of losing their wealth, freedom, etc.) is understandable and unlikely to be shaken any time soon. The times have long faded into the past when economic freedom was considered to be the route to a prosperous society, and violations of the law needed to be uncovered and punished, and not prevented in advance. Therefore, the transformation of banks into appendages of state authority must be recognized as a complete and irrevocable fact.

However, it is obvious that people's desire not to be under constant scrutiny by Big Brother has not disappeared. Therefore, an active portion of society has been seeking, continues to seek and will seek means to avoid total surveillance and pressure carried out with the help of banks. The more organizations search for such means, the more the scrupulous control by the banks more often than not develops, at the least, into a serious slowdown of all work and, at the most, a risk of complete collapse.

The question is whether there is an alternative to this process that will not force us to abandon all of the joys of technical progress that we have become accustomed to and that we are becoming more used to all the time.

**Alternatives**

You can only fight the system from inside the system. Obviously, this is beyond the power of individual depositors. There need to be professional crusaders. But who are they? People who have nothing better to do. These people are not reliable. Clearly, it has to be people who can earn something from it. Prestige? Unlikely, this is the wrong issue. Money? Yes, of course. But a system supported by the governments of many countries can only be brought down if people are offered something in return. However, this can only be done by highly influential financial corporations or by economically powerful states. The first question that arises is “can the banking system be brought down from inside?”

Let's assume that “old-style” banks appear in one country, such as Switzerland, China, or the UAE. They accept deposits from people and organizations without considering their nationality or the source of the funds being deposited. The only thing needed is money. They do not require any documents when accepting or transferring money: no agreements, official documents, proof of purpose of the payment, nothing. They have a clear lending policy: the only criteria for paying out a loan are the borrower's ability to pay back the loan with interest. They pay real interest to depositors. And they do not exchange any information with anyone at all.

Would such banks be financially successful? Without a doubt. And not because money from terrorists and criminals would flock there. But because it would be profitable to deposit with them. And because when depositing with them, people would know that this would always be their money, i.e., what makes them free.

But could such banks survive in the modern world? Not likely. First of all because any modern bank is a part of the worldwide banking system. It has to have the ability to transfer money to other banks and to receive money from them. Without this, it is impossible to carry out a single commercial transaction, which is the life’s blood of nearly all depositor organizations. There has to be a connection with systems such as Visa or MasterCard, otherwise people need to carry cash with them, which they are unused to. But these connections would be barred with an iron hand by the governments of all the countries served by the banking system. It is unclear what sort of circumstances and political and economic means would be necessary to overcome this. Are there any other routes? The first, but still feeble hopes are connected with cryptocurrency.

**Cryptocurrency**

We will attempt to examine this option on the basis of one of the first and currently the most widespread cryptocurrencies. Bitcoin (Rainer et al. 2015) is built on two fundamental principles. The first is that all transfers of money are automatic (without any meaningful control), irreversible (which is accompanied by certain advantages and certain problems), absolutely transparent, and are immediately stored in (transferred to) a multitude of databases, so that there is no difficulty in confirming the transfer at any time. The second principle is the complete anonymity of all of the participants in the money transfer process. Everyone operates under pseudonyms (keys) and all of the participants have an unlimited number of pseudonyms that they can invent for themselves. At the moment of transferring the money, the transferor presents his/her secret key, which no one other than the transferor knows but which can be used to confirm that the pseudonym belongs precisely to him/her. In theory, each pair (pseudonym and secret key) should be used only once, so that any tracing is useless.

The system for moving bitcoins has obvious advantages compared to the transfer of other forms currency through banks and payment systems. There are no limitations, costs for transfer are minimal, not to mention that there is no pressure or humiliating interrogation, such as where is it coming from, what is it for, etc.

The system is very young (the first transactions were made in 2009) and not entirely perfected, but there are no doubts as to its perspectives. It is no coincidence that the value of bitcoins is rising compared to other currencies. At the same time, in order to examine bitcoins as a system that could displace banks, a series of questions needs to be answered.

The first is of a technical nature: who issues (produces) bitcoins? In fact, bitcoins arise as payment to data transfer centers for these transfers, but since there are many such centers and they receive work in a rather haphazard manner, then new bitcoins are released randomly. The impression is that these algorithms can be trusted no less than Central Banks. At least they have a precisely defined procedure, unlike Central Banks. But some questions remain, nonetheless, such as the limitation on the overall volume of currency issued.

Significantly more important issues are connected with interactions between cryptocurrency and traditional money. The first and principal one is currency exchange. It stands to reason that exchange markets exist where it is possible buy and sell bitcoins. After all, these are not drugs. But average people do not trade on markets. Consequently, there have to be some sort of currency exchange offices or something like that. But these require enormous financial support. At one point China started to do this, but then changed its mind. So far there are no other candidates.

Such a currency could develop independently if everyone who accepts Visa cards started to “accept’ bitcoins. There are certain grounds for this. When using plastic cards, any company (store, hotel, and so forth, no matter what) accepting cards for payment pays the bank and the payment system a fairly high commission of up to 7% of the sum it collects (which, incidentally, increases the cost of the product by 7.5% without any benefit for the seller). Thus, the payment for using bitcoins is many times less, namely because there are no banks and other organizations standing between the seller and the buyer and drawing benefits from this. But is this enough?

The question is not only whether bitcoins can create a real threat for banks, but also when states will sense a threat. If they unite and take aggressive measures, they can prevail. Although we have seen examples where they missed the chance. But some of them have already started to worry. Russia is already examining a draft law that proposes up to 7 years in prison for attempts to use cryptocurrency. See, “Would you like 7 for a bitcoin?” (Novaya Gazeta, 2020).

In this sense, the story of Libra, the cryptocurrency proposed by Facebook, one of the richest companies in the world, is a good illustration. At first, Facebook proposed to use Libra for settlement inside of the social network itself and its servers. Visa, Master Card, PayPal, Uber, Spotify and other respectable companies joined or expressed a desire to join the project. In the US, the banking lobby immediately took steps to nip this project in the bud. The Senate and the House of Congress immediately worked together (which is rare for Republicans and Democrats) to organize investigations and they closed down Libra even before it started. The arguments were a lack of compliance with banking regulatory rules and the possibility of uncontrolled money laundering. President Trump, in general a protector of business, personally pounced on Libra, “If Facebook [and other companies] want to become a bank, they must seek a new Banking Charter and become subject to all Banking Regulations”. The pressure was such that the practically all of the payment systems left the project, and its future has become unclear (Reuters, 2019; wikipedia).

**Pressure**

All the same any electronic transaction leaves a trace and every euro, and every bitcoin can be monitored, at least, when it is spent on something physical. After all, a house, a television or even a package of sausages enters the possession of a particular person. However, everything remains exactly the same as concerns cash. Every banknote has a number and supplying all stores with devices to read these numbers is not much more difficult than supplying them with devices to read information from plastic cards or smartphones. And for modern Big Data, tracing several trillion numbers is not at all an insurmountable task. Of course, unravelling the trajectory of the movement of monetary units is not a simple task and states are trying to simplify this. However, the investigations of a train robbery in England that were based in fact on tracing the appearance of stolen banknotes (and small denominations, at that) showed that this is a puzzle that can be solved (wikipedia). And today technology is much more advanced than it was in 1963.

So why have the governments in all countries declared such a merciless war on cash over the last decade? And they do not even mention the basic technology examined in this section. Because of its high cost? Of course not. The answer is simple: tracing is one thing, but pressure is another. They are not at all the same things. One consists of blocking your account and forcing you to prove for months on end that you are not guilty, and the other is like turning over your entire back garden looking for hidden money. Or distribute circulars to all of the realtors and stores in the world not to accept banknotes with particular numbers. The last variant is still a violation of democratic institutions, while the first one, as we have seen, is conducted quietly and peacefully.

## Conclusion

In general, the prognosis is not optimistic. And it depends not so much on banking specifics, as on the general prevailing ideology. If that will be liberal capitalistic values, then the entire modern system of pressure and tracing of everyone and everything with the help of banks will sooner or later be swept away. But if that will be the idea of social justice, which is again quickly accelerating (and which is very appealing, by the way, if you don’t know what it leads to), then contemporary banks suit this ideally. After all, “the only way to rid man of crime is to rid him of freedom”. We will follow the simple rules and “mind our own business”. The state will take care of the rest to its increasing advantage.

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