

Call for Sessions - WEHC 2015 [S20149]

Proposed title of the session

The interaction between the multiple payment systems and the emerging banking infrastructures in global and historical comparison

Abstract

Even today businesses in many countries commonly rely on various means of payment as alternative to cash for settling transactions. In the historical past, in virtually all countries across the world, merchants and producers settled transactions using various payment instruments including coin, cash, paper money, IOUs or book credit. Such historical diversity of payments suggests that business people frequently preferred to use cash alternatives according to economic change, trading risks involved and regional variations even though there was no scarcity of coin (Kuroda 2003 and 2008, Hudson 1986). These payment instruments were often mutually complimentary and used for different purposes by different groups of people. We may call this complex matrix of payment forms the multiple payment systems. Some institutional and technological innovations in payments in the nineteenth century added a new dimension to the multiple payment systems through the rise of national currencies (Helleiner 2003), the emergence of superior coins (Sergent & Velde 2002) and importantly the rise of central banking. For the nineteenth-century monetary authorities, the reduction of currency-related transaction costs was an urgent agenda (Helleiner 2003). However, we are only starting to develop an understanding about the interaction between the multiple payment systems and the new payment infrastructures that the emerging formal central banking introduced (Shizume 2008). In what ways did the existing multiple payment systems interact with the new banking infrastructures that emerged while merchants and producers faced with economic change? By adopting a broad geographical and chronological perspective, this session will address precisely these interactions and their long term consequences.

We will explore this topic by comparing the historical case studies of England, India, Japan, the Netherlands, West Africa and others with particular focus on mainly but not exclusively four issues. Firstly, we will examine how the multiple payment systems interacted with formal central banking that emerged. Secondly, we will investigate the change and continuity of the multiple payment systems in the interaction with new payment infrastructures that formal banking introduced and analyse which factors were responsible for the change. Thirdly, we will study how the new payment infrastructures connected with regional economies. Finally, we will speculate whether the above changes led to the decline in currency-related transaction costs over the long run. Through presentations and intensive discussion, we will explore the historical roots of the development of payment systems across the world and will contribute to the better understanding of the diversity in the nexus between indigenous payment systems and institutional banking infrastructures in today's world.

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