

Simon Dingle debunks fintech and cryptocurrency myths

 By Leigh Andrews

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Simon Dingle started his Catalyst Africa presentation by confirming that when he's not making apps or writing books, he loves thinking out loud in public about a variety of divergent topics. As a result, his session covered many bases and left attendees wanting to find out more about a plethora of topics.



Dingle presenting at Catalyst Africa.

For example, Dingle kicked off by recounting one of his favourite stories, about King Ramesses II. Having been dead for 3,000 years, he started rotting again for the first time in a long time in 1974, as the room he'd been kept in at the University of Egypt in Cairo had too much moisture. His caretakers found that the top mummification expert in the world at that time was stationed at the University of Paris, but even if you're dead, you can't travel to France without a passport.

And so, the Egypt government issued King Ramesses II with a passport for his restoration.

“ So there is life after death albeit of a very special kind- the curious case of Ramses II passport.

pic.twitter.com/D3CzTdQVCs—Ravinder Kaur (@rkadelhi) September 30, 2018

Dingle said this links to his fascination with how impose things from our imagination upon the real world, which then manifest in society through our force of regulations and status quo. These then inform the way we operate, associate and interact with each other.

Dingle said that borders also have a very material impact on our day-to-day lives, yet they're also concepts that started in someone's imagination. We've seen the disastrous consequences of these 'arbitrary edges' in Africa, where borders randomly placed around mountains and rivers cause massive disputes for those that found themselves on either side of the borders.

But Dingle reminds us that our entire worldview is just a perception. For example, when we think of the world, we usually picture the typical Eurocentric map, as that's what is hung on the walls of most classrooms. The people drawing those maps were based in Europe, so they felt it was the centre of the world.

Aligning your worldview to that of others

Then they started exploring and drew in more areas as they were discovered, and we only later discovered the world is round, that it's a planet and that's it's not the only one in its solar system – there's no up or down in space.

But Dingle's favourite alternative view of the world is that of futuristic systems theorist Richard Buckminster Fuller who popularised such terms as "Spaceship Earth", and said what if we look at the world from the top-down and just unpack the world map differently?

Because if we turned the globally accepted world map upside down it would be equally relevant, navigable and accurate; it's just a different perception. The Australia-based Upside Down World Map company took note of this and challenges the perception of what's up or down on planet earth.

“ I always need to use quite a bit of brainpower to find my bearings on an upside down world [#map](#). For example even locating [#Europe](#) took some active effort. Maps have shaped our view of reality significantly. Source: <https://t.co/JXyS1YCAHe> [pic.twitter.com/c4jbAnm03b](https://t.co/c4jbAnm03b)— Simon Kuestenmacher (@simongerman600) [February 26, 2018](#) ”

Think of how our perception of the world would change if this is the map that had been hung in our classrooms and what we would think of people in other countries. That's why Dingle has made it his life's work to challenge perceptions and ensure the 'rules' and stories we've told ourselves about the world transition well into the future with us.

Dingle also reminds tech businesses of the importance of challenging perception and says today, most businesses are tech businesses, to some extent.

When we get enamoured with technology and what's made possible, we sometimes forget it's the story they're telling that's most important, and whether or not that's a good story, and whether or not the story works for everybody. Because fundamentally, what sets humans apart from the other species on this planet is our ability to tell stories.



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Dingle says this is something that has fascinated anthropologists for a long time.

Neanderthals were not only physically bigger and brawnier than current human beings, but they also had a larger cranium, yet they didn't evolve the ability to tell stories and myth was not a part of their culture.

Dunbar's Number challenge

This links to the Dunbar's Number challenge, which states that we can't account for more than 100 to 150 individuals in our social circles or organisational units, so we get around this with mythology.

It's this ability to make up stories and myths that truly fascinates Dingle, as we turn those into reality as they're imposed on others, which links to the concept of game theory.



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Dingle says the other thing about the human brain that we know for sure is that it's terrible at predicting the future. One of his favourite examples is from the 1950s when there had been hyperbolic growth of all things tech-related after WWII, and helicopters were the new cool technology.

Predicting the future

Futurists spoke of a glorious future where we'd all have flying cars once we figured out how to mass-produce them. Just look at this example from the *Popular Science Magazine's* "May live to see" 1925 magazine cover prediction of what life would be like by 1950...

“ The city of 1950... from *Popular Science Monthly* in 1925 pic.twitter.com/UfEvsC1YL8— Finn Harries (@FinnHarries) [June 19, 2017](#) ”

We love to reflect and have a fascination with stories, but our inability to predict the future and science's finding that we're an irrational species is why we're still using things like credit cards, which Dingle calls "a relic of the 1950s".

While other industries have come up with new stories of what we're able to do with technology to drag us into the 21st century, money has very much stayed trapped in the 20th Century, with the rules that fundamentally worked in the very early days still being perpetuated, now.

But Dingle says something very interesting is happening when it comes to money rules in terms of game theory.

Money rules in game theory

When there's a new challenger to the rules, there are really only three ways you can survive as a society. You can either:

1. Try playing the new game;
2. Refuse the new and continue to play along by the old rules; or
3. Refuse to play at all.

Dingle says we are seeing this play out in the world of finance at the moment. A new set of rules has been imposed, which would have fallen away if a critical mass of people had refused to play by them.

Dingle says this hints at one of the most important stories we've ever told.

He says the first thing really that really sent our evolution as a society into overdrive was language, and argues that the second such invention was money.

Currency through the ages

We use language to imagine and we used a system of IOUs to solve the currency problem, as the barter system implies that if you don't have the value I'm exchanging with you right now, you can come back with that value later. As long as you have the IOU note, I know you're good for it.



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But Dingle says the barter system itself is a bit of a myth as it's hard to put into practice and have both parties deliver as promised.

“ If I'm catching fish and want to swap them for pumpkins, what are the chances of me having a good day fishing on the exact day you're harvesting your pumpkins? ”

That's why the likes of seashells and shiny pebbles have long been used as tokens of trust, as the overall tribe would help us vet that information and remember transactions, much like is done with the [human-size quarried limestone Rai stones](#), still used as currency in some cases on Yap island in Micronesia.

These were stored in the town square and could be exchanged fractionally, with the tribe recording the transaction and remembering it, as lying was met with beheading.

“ Fact: In the Yap Islands, these stones called rai were a form of currency.

The Yap didn't have gold or silver to trade, but they needed something recognizable to hold value.

Instead of exchanging the rock from one person to the next, they functioned similar to a ledger system.

pic.twitter.com/cOLMiCNRvP— Doha Debates (@DohaDebates) [October 15, 2019](#) ”

Dingle calls it “a beautiful story about a society coding transactions and keeping everyone accountable, making sure there was value transfer,” but due to Dunbar's Number challenge, the concept doesn't scale beyond tribes of a certain size. We had to create centralised vestiges of trust that were outsourced to third parties.

That's what gave us the scale that resulted in the financial system we have today, for better or worse.

'Doing trust and freedom' in the world of finance

Now, for Dingle says we're seeing a return to that fundamental distributed way of 'doing trust' thanks to computer networks and their larger capacity for memory than the average human brain.

For the first time, this presents to the financial world what the internet has done to almost every other industry based on the flow of information.



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Leigh Andrews 29 Oct 2019



This has really put the rules on their head because distributed open networks fundamentally work in a different way to centralised information networks.

Thinking back to the early days of the internet, Dingle says we saw this with the likes of the world's first internet providers CompuServe and AOL, which had that central locus of control and allowed connection through servers, but you could only communicate with others on the same.

Dingle feels the saying, "information wants to be free," is often misinterpreted when we think of the value of information, as it's actually quite expensive. Where it does want to be free is in the way it flows.



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He feels that sci-fi author William Gibson, puts it best:

“ The internet translates censorship and routes around it. When you take the rules that apply to your centralised network, and you seize the centre node, you are the most powerful and essentially own the network. It's incredibly effective. But when you try and do that in a distributed network, you actually lose control. Because now the network sees your node as irrelevant and starts routing around it. No networks are fully centralised and no networks are fully distributed – all information networks tend towards decentralisation, where some nodes are more significant than others. ”

Dingle agrees this view may seem dramatic or anarchic to some, especially if you consider how much of the news we hear today is controlled centrally.

The 1999 Bitcoin prediction...

This builds up to Dingle's point that the new set of rules being imposed through new networks on the world of money is in much the same way that the internet has done to almost every other network of information flowing around.

Milton Friedman is said to have predicted the rise of Bitcoin in 1999 when he said that the internet would soon be one of the major forces reducing the role of government through a rival e-cash so that you could transfer funds without A knowing B, or B knowing A.

Unfortunately, lots of pieces needed to be put in place to make this a reality, starting with a way for computers to prove that they'd done a piece of work. Dingle says this may sound trivial, but is something that proved difficult for cryptographers and computer scientists to imagine in the early days of the internet.

The one thing the internet gave us immediately was digital abundance. Think of how easy it is to spread pictures of your cat all over the internet, thanks to the abundance of being able to proliferate information.

From digital abundance to digital scarcity

On the other hand, scarcity in that digital world was unimaginable until British scientist Adam Back's Hashcash protocol.



Bitcoin, blockchain and the future economy

Terry Levin 19 Aug 2016



Hashcash uses high probabilities and large number of generators to tackle the problem of spam, which is a direct result of digital abundance.

The fact that you can get 300m email messages out there at virtually no cost means even if your success rate from spam is only 0.05%, you still have a bit of a business going.

Back proposed stamping emails digitally at a minor fee, as charging a few cents per email wouldn't mean very much if you were sending to your team of 20, but it would if you were a spammer trying to blanket 100m people.



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Very soon the cost would become exorbitant and you wouldn't be able to run your scam.

Computer scientists soon got hold of the concept and said the rules looked a lot like how money works. So while Bitcoin wasn't the first attempt at cryptocurrency or digital cash, it stands out for taking all these pieces together into a very compelling picture in the world of computer science and cryptography, where people had been expecting something like this to happen for a very long time.

“ Explaining this, Dingle loves going back to the original [Satoshi Nakamoto white paper](#), as he says our imaginations run wild in speculating what Blockchain technology is good for, but the white paper's intention was quite clear. It's there in the title – a peer-to-peer, electronic cash system that most importantly does not rely on the trusted third party. ”

It took that notion of distribution of decentralisation and gave us a way to do so at scale, without being stuck on a Micronesian island, chopping each other's heads off.

“ 11 years ago today... pic.twitter.com/SH2cLDmtdQ— Bitcoin (@Bitcoin) [October 31, 2019](#) ”

Cryptocurrency is money at scale

Dingle says another misunderstanding of cryptocurrency is that it's 'electronic gold' or only fundamentally good as a store of value. Instead, Dingle says, “This is how we can do money at scale.”

The fact that we don't know exactly who Satoshi Nakamoto is, goes back to Dingle's earlier point of the power of myth and

storytelling.



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24 Aug 2018



Money has always had a very powerful mythology and story that accompanies it, and Dingle feels blockchain's technology is magnificent, but the true standout feature is that it has, for the first time, given us digital scarcity at scale.

Unfortunately, Dingle says lots of misinformation is being spread about cryptocurrency and Bitcoin in particular at the moment, but just think of the myth of the US dollar's supremacy...

More US dollars were printed in October 2019 than in the ten years preceding that, back to the 2009 financial crisis, when quantitative easing was first introduced.



Seeking sanity in an upside-down world

Adrian Saville 4 Sep 2019



In Bitcoin, the methodology is the opposite so we don't need to trust in either the government, a central or private bank, or even the people saying the Bitcoin network is amazing. It's open-source code you can interrogate yourself in order to see exactly what's happening, as you can query every transaction that's ever happened on the network.

Dingle says we're starting to see the world wake up to this reality and what it means for society, but those enforcing the status quo are fighting against it.

Dingle says, "history doesn't repeat itself but it sure does rhyme," and he's hearing a lot of rhyming with the 1990s when he was a teenager interested in the Linux operating system.

Open source for the win

Admittedly it was a 'pretty radical idea' at the time, because until then you needed a company to write software, then 'productise' and sell it.

Instead, Linux suggested doing so in open-source fashion, with communities of developers using code repositories online to collate their code and work collectively on something without knowing each other, which was downloadable as a product.



Driving the fintech and regulation success story

Lee Naik 8 Nov 2019



But enterprise software companies rallied against this. Dingle says there were even billboards next to highways in South Africa spreading this misinformation about Linux about lack of reliable ROI, suggesting that while the product itself was free, there were hidden costs involved in support and customer service if something went wrong.

Today, Microsoft is one of the biggest contributors to open-source software in the world and today's [Windows 10 download](#) includes the Linux kernel bundled in.

Dingle adds that we all use Linux today as it's the basis of most iOS and Android operating systems.

Cryptocurrency fake news and misinformation

Looking at the world of cryptocurrency today, Dingle says we're seeing misinformation campaigns about Bitcoin wasting electricity.

These originated from an advertorial placed by American Express that stated: "A Bitcoin transaction uses more electricity than an American household does in a year." Dingle says that's categorically not true, as is misinformation around the price of payments on the Bitcoin network and how long transactions can take when the network is congested.



Cryptocurrency advertising is an emerging industry

Craig Lebrau, Lebrau Press 4 Nov 2019



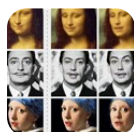
Dingle explains the weighting of a Bitcoin transaction relies on the fee you pay and the speed of the transaction, but you can manipulate these variables and choose whether you want the transaction to be fast and slightly more expensive, or slower and cheaper.

"I've been using Bitcoin on a daily basis since 2011, and I've never had a transaction that I couldn't push through very quickly if I needed, nor have I ever paid a fee I felt was exorbitant. Just last month, we saw a transfer valued at \$5m with the equivalent of around R36 in transaction fees."

This is why Dingle says the information wars being fought around the story of cryptocurrency are so interesting: any time a movement aims to change the status quo, it this cycle repeats.

It ties back to the famous quote that's sometimes attributed to Mahatma Gandhi, sometimes to Nelson Mandela: "First they ignore you, then they laugh at you, then they fight you, then you win."

Dingle says we saw just this happen in the open-source world – but the laughter's not so funny when many have missed the train on this as others are now buying yachts off their early action.



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The Fear, Uncertainty and Doubt (FUD) campaigns continue to swirl around Bitcoin and cryptocurrency, but Dingle says there's also lots of healthy good news such as the first really formidable backed security for Bitcoin launched this year by Bakkt.

The consortium behind it consists of Microsoft, Starbucks, the Continental Exchange Company, which owns the NY Stock Exchange and several others.



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Marius Reitz 26 Jun 2019



Dingle says that it's taken off pretty well and adds that the Lightning Network protocol is growing in leaps and bounds.

This is built on top of Bitcoin to enable micro-transfers at the cheapest possible rate.

Fielding questions from the audience on what's possible in the decentralised finance space, Dingle concluded with a reminder that the stories, mythology and the rules we think are sacrosanct and immutable can be threatened.



Understanding Bitcoin Lightning Network: Your guide to the complicated world of Bitcoin

Bitcoin Lightning Network 14 Mar 2018



If enough of us play the game, it won't go away. As we enter the fighter stage against those FUD campaigns, there's a chance we could win in a very big way at doing to money what the internet has done to so many other aspects of life.

Watch for my exclusive interview with Dingle from Catalyst Africa, on the biggest tech catalyst of the past decade, the media's role as we head towards 2020 and how brands can cut through the clutter of the current age of digital abundance and attention 'spam'. Dingle doesn't do Facebook or Instagram, but you can follow [him](#) and [Catalyst Africa](#) on Twitter for the latest updates.

ABOUT LEIGH ANDREWS

Leigh Andrews AKA the #MilkshakeQueen, is former Editor-in-Chief: Marketing & Media at Bizcommunity.com, with a passion for issues of diversity, inclusion and equality, and of course, gourmet food and drinks! She can be reached on Twitter at @Leigh_Andrews.

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