

Ask A Genius 10 - The Future of Money

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What is the future of money, of finance?

Money as an abstract entity made world trade possible by replacing barter. So, you have some means of containing value. Even if you want to buy something, but don't have the specific item that the guy wants who is buying something from you, you can have a trade. All transactions become possible.

Since money is abstract, it is flexible and has held up, even with more rapid transactions and more world-spanning finance ongoing. The pace of financial change will keep accelerating like everything else. It will force drastic changes in how value is stored and companies are financed.

One problem that I see that will become more and more of a problem, and will require shifts in how things are done, is that companies that trade in abstract products like media companies may go through their business cycle of 'boom-and-bust' faster than the thing can be turned into securities on the stock market.

There'll still be traditional stores of value like land. There will be oil, applications for oil, even as the world moves away from an oil economy into other means of generating energy. The financial markets may start moving too fast for traditional means of valuing products and companies.