

Dan Awrey, *Beyond Banks: Technology, Regulation, and the Future of Money*, Princeton University Press, 2024.

Recent technologies emerging from the information revolution have driven far-reaching innovations in payment systems, materialising in new instruments such as digital currencies and cryptocurrencies. A monetary taxonomy proposed some years ago by Adrian and Mancini-Griffoli (*The Rise of Digital Money*, 2021) identified up to five distinct means of payment: central bank money; cryptocurrencies; b-money, associated with commercial banks; electronic money (e-money) offered by private-sector providers; and, finally, investment money issued by investment funds. This “financial revolution” raises fundamental questions for scholars in the social sciences and law – not so much concerning the traditional functions of money (medium of exchange and payment, unit of account, store of value), but rather its future.

This is an epochal transformation, as acknowledged by Dan Awrey, Beth and Marc Goldberg Professor of Law at Cornell Law School, in this important volume, which seeks to build a bridge between economic history, legal analysis, and public policy. In fact, the book pursues an even more ambitious objective, consistent with the author’s intellectual background: the regulation of a monetary system undergoing rapid technological change, in relation to which the current institutional architecture – largely centred on commercial banks – appears increasingly obsolete. Put differently, what is now under strain and in need of repair is the fiduciary element inherent in money, upon which the legitimacy of payment systems ultimately rests. The urgency of this concern is aptly captured in the subtitle of the Introduction: *We need to talk about money*. Awrey’s reconstruction takes the seventeenth century as its point of departure, which he regards as the cradle of the Western banking system. This is the focus of Chapter I, *The Goldsmiths’ Experiment*, in which the author retraces the experience of the “small community of goldsmiths that operated on and around Lombard Street in the City of London”. While it is true, as Awrey notes, that “the origins of our modern system of banking, money and payments can be traced at least as far back as the Italian banking system of the early thirteenth century [...] the United Kingdom is the birthplace of the modern bank”. In exchange for deposits of gold and silver coins, City goldsmiths issued paper receipts that gradually began to circulate as transferable (private) means of payment.

The Goldsmiths’ Experiment – which established a symbiotic, though subor-

dinate, relationship with the newly founded Bank of England (1694) – was replicated across Western Europe and adapted in the New World. In the United States, it laid the foundations of the modern architecture of the US payment system, centred on a multiplicity of commercial banks issuing paper money and supported by emergency liquidity mechanisms. For Awrey, the essence of the Goldsmiths' Experiment – “one of the most important developments in the history of finance” – lay in the consolidation of monetary instruments that, although formally private debts, functioned as money. They circulated not because public authority backed them, but because they were embedded in networks of trust that nonetheless remained fragile: detached from public institutions, exposed to economic fluctuations, and cyclically destined to become “bad money”.

Making banks safe (Chapter II) thus became a central objective of governments throughout the nineteenth century and into the early twentieth century, pursued through the creation of rescue networks centred around a central bank entrusted with the role of lender of last resort, and through legislation designed to constrain banks' deposit-taking and investment activities. Along this trajectory, commercial banks became *The Only Game in Town* (Chapter III): the sole legitimate and reliable channel for creating money usable in payments, and the only institutions granted access to public monetary infrastructure – a circumstance that, over time, would generate competitive distortions.

The pivotal role of money, made possible by the integration of banks into monetary sovereignty, endured until the emergence of new financial architectures, examined in Chapter IV, *New Experiments in Money and Payments*. According to Awrey, the contemporary moment is characterised by an evolution akin to that which culminated in the circulation of goldsmiths' notes in the seventeenth century because we are witnessing the dissemination of new monetary instruments and “private” payment systems. From this perspective, the author focuses on four case studies: peer-to-peer payment platforms such as PayPal, Wise, Alipay, and WeChat Pay; mobile money platforms built on existing telecommunications networks; stablecoins, described as the “de facto currency of the digital realm”; and, finally, “cryptocurrency exchanges like Binance, Coinbase, and Kraken [...] the supermarkets of the crypto world”.

These payment systems share several defining features. First, “all use new technology to solve often age-old payment problems that the conventional banking system has so far been unable, or unwilling, to tackle”. Second, they operate outside the perimeter of conventional bank regulation and therefore do not

benefit from the traditional privileges and protections of the financial safety net. Third, they promise payments that are cheaper, faster, safer, and more convenient. In this process, “many of them have also come to issue new and exotic types of monetary IOUs”, that is, promises to pay. Awrey’s central claim is that the ongoing “financial revolution”, driven by the global technology industry, tends to separate the functions of money from banks, concealing – rather than eliminating – risk. In short, it de-institutionalises money, as it occurred in the period leading to the Great Financial Crisis of 2007-2008. The result is the emergence of a dangerous “shadow monetary system”, from which an updated version of Gresham’s law arises: “Where people and businesses value good payments today and discount the risks of bankruptcy tomorrow, the resulting shift of assets and activity into the shadow monetary system increases the risk that bad money will drive out good”. Nonetheless, Awrey argues, institutions that “hold customer funds and operate payment systems [...] should be regulated as a payments institution”.

In the subsequent chapters, Awrey develops a reform proposal grounded in the conviction that the current phase of financial transformation – considered irreversible – requires a profound redefinition of regulatory rules. Chapter VII, *A Blueprint for Reform*, sets out his prescriptions for governing the new universe of payment systems. The cornerstone of this blueprint is the separation of the “institutional bundling of financing, money and payments” historically concentrated within banks, a bundling that has rendered them “inherently fragile”. This pillar branches into three directions: first, “a dedicated payments charter”; second, “an open access rule that gives these payments entities a legal right to directly connect to basic financial market infrastructure”; and third, “a new governance structure for the payment system”. In other words, the law should acknowledge the risks inherent in new monetary instruments and payment systems and institutionally buffer them, allowing for the continued existence of monetary plurality (“the genie is out of the bottle”) while also ensuring a public anchoring of monetary trust – something that markets alone are unable to provide.

The proposals advanced by Awrey imply a definition of money, even if this definition is never made explicit. Nevertheless, the author’s perspective lies within a broader intellectual tradition that has approached the monetary question from heterogeneous theoretical and cultural premises. While Awrey does not pursue an autonomous theoretical systematisation, his analysis implicitly dialogues with contributions that have conceptualised money as a social, legal,

and political institution, as evidenced by the extensive bibliography accompanying the volume. Among these are authors such as Alfred Mitchell-Innes (*What Is Money*, 1913), who interpreted money as a social technology enabling the transfer of credits between individuals and the state, and among individuals themselves; and Hyman Minsky, from whom Awrey draws the concept of capitalism's "inherent financial instability" (*Stabilizing an Unstable Economy*, 1986), with its corollary of the non-neutrality of money.

There is, however, a notable absence with whom Awrey engages implicitly yet displays clear conceptual affinity: Geoffrey Ingham, the prominent scholar of sociology and political economy and author of the influential *The Nature of Money*. With Ingham, Awrey shares a critique of the functionalist view encapsulated in the formula "money is what money does"; he emphasises how monetary and payment innovations render the institutional geography of money more complex and demand heightened regulatory and theoretical attention; and he assigns public authorities a hierarchically superior role in ordering the contemporary monetary puzzle. Ultimately, the conviction remains that the current financial revolution – while profoundly affecting the forms, instruments, and infrastructures through which money circulates and is used – cannot transform its fundamental nature. Technological and institutional innovations may alter the modes of production, management, and transfer of money, but they do not undermine its essential foundations, which remain anchored in long-standing social, legal, and political relations.

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