Week 2.1 Breaking down current media of exchange

**Credit Card**
- Based on publicity (credit rating system)
- Credit company has extensive personal information
- Virtual account
- Debt-based
- Multi-step transaction
- Extensive records are kept
- Signature generally used for verification

**Check/ATM Card**
- Semi-public (at time of transaction)
- Bank has extensive personal information
- Virtual account
- Non-debt-based
- Two-step transaction (bank deducts, bank pays)
- Records are kept
- PIN used for verification

**Checks**
- Semi-public (check bears personal information)
- Bank has extensive personal information
- Physical representation of virtual currency
- Pseudo-debt-based
- Multi-step transaction (write check, cash check)
- Extensive records are kept
- Signatures are used for verification

**Cash**
- Anonymous
- No third party mediation
- Physical, tangible currency
- Non-debt-based
- Immediate transaction
- No records
- No need for verification (no trust involved)

**Critical Variables**
- **Level of 3rd party mediation** seems to be associated with record-keeping, publicity, and verification procedures. In the credit system, this is because credit is based on trust-worthiness ("Can I trust this person to pay me back?") and the system works to establish trust between two people who do not know each other. 3rd parties also introduce more than one step into the transaction.

- **Verification methods** are used to prevent fraud (the equivalent of paying with someone else's cash; theft). Identity verification of some form is necessary whenever there is no immediate exchange of currency. This is linked to anonymity/publicity.

- **Record/tracking procedures** allow trust to be established. Trust-worthiness is proven through past performance. Records themselves also need to be trusted to be true. Whatever the authority is (3rd party, a tracking technology, word of mouth), it needs to be trusted as objective, accurate, and tamper-proof. Records are linked to anonymity/publicity.

- **Virtual or tangible medium** of transaction is a matter of portability in most cases. In the case of the checking system, it is a matter of time-delay. A check acts as an officiated IOU; e.g. in the case of a security deposit. The transaction has not yet occurred, yet it has been established by both parties that it may occur in the future, and at the discretion of the person holding the check.

- **Debt-based or immediate** transactions allow future funds to be represented as current funds. The vendor trusts the buyer to be able to pay back his or her debt. In the case of 3rd party mediation (e.g. credit cards), the vendor trusts the credit card company to be able to pay the debt, and the credit card company trusts the card holder to pay back the currency lent out.