Chapter 2
The Evolution of Trust in Money:
A Historical Approach From Clay Tablets to Blockchain

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ABSTRACT

Trust is vital to the sustained existence of money. No currency can prevail without it. However, following the international crisis of 2008, the liability-side of trust became increasingly apparent. Blockchain and cryptocurrencies challenged the need to trust and proposed an alternative "trustless" system. In the context of rising interest and concern about cryptocurrencies, the authors intend to discuss the role of trust in the evolution of money, from ancient Mesopotamia to modern sovereign fiat currencies and cryptocurrencies, and whether cryptocurrencies are prompting a shift in the paradigm of money or not.

INTRODUCTION

In recent years, there has been a surge in the interest in blockchain and cryptocurrencies. Blockchain, cryptocurrency, bitcoin, altcoin, token, ICO (Initial Coin Offering), DLT (Distributed Ledger Technology), and other expressions are part of a broader and specialized vocabulary that has come to the fore worldwide in all kinds of media. Many people felt that an underground or silent revolution of money had been underway for some years. However, for many others, cryptocurrencies had become a real "fountain of fortune" in the face of the staggering capitalization of some cryptocurrencies: in less than

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a year, bitcoin's price has skyrocketed, surpassing US $41,500 on 8 January 2021, even if for a short while (CoinDesk, n.d.).

Blockchain already proved it is here to stay, with manifold applications, from supply-chain monitoring, authentication systems, and land registration to smart contracts and cryptocurrencies. For their part, cryptocurrencies are making their way, despite serious criticism and even rejection by monetary and political authorities. Some even believe that cryptocurrencies will eventually gather enough support and power to overthrow sovereign fiat currencies. Nevertheless, unlike all other forms of money, past or present, cryptocurrency's creators often claim that trust has no role in the functioning of blockchain-powered cryptocurrencies: they are supposedly built on a "trustless" system.

Such a claim calls for serious attention and raises several questions. Is it possible to create a successful currency without trust? What is the role of trust as money is concerned? What can the history of money tell about the role of trust? Are blockchain and cryptocurrencies disposing of trust for good? And after all, what does it mean "to trust"? These are some of the questions addressed in the present chapter. The authors will start by revisiting the concept of trust and its correlatives. This will provide the necessary conceptual background for addressing the history of money and the role played by trust across the centuries. Within this all-encompassing timespan, the analysis and discussion will focus on some of the most relevant evolutionary steps of money, hopefully contributing to dispel common historical oversimplifications and misconceptions (sometimes ideologically biased) and demonstrate that money cannot endure without some kind of trust.

THE NATURE OF TRUST

Trust is vital in human relationships and interactions. It is part of human nature to be able to trust and being trusted. It seems evident that trust is the cornerstone of society and its survival but understanding what it involves seems difficult to achieve. Everyone can distinguish people they trust. However, if several individuals were asked to define trust with certainty, a consensual definition would not be obtained. Still, one would probably get several common key aspects of such a complex concept.

The concept of trust has been studied in such disciplines as psychology, philosophy, sociology, business or political science, and conceptualised according to different theories, frameworks and approaches. Some authors have studied its development since early childhood (Erikson, 1982), in the organizational environment and performance (Bencsik, Jakubik, & Juhasz, 2020), others have studied trust in customer-salesmen interaction (Mangus, Jones, Folse, & Sridhar, 2020), healthcare context (Peters & Bilton, 2018), and many other areas of human interaction. Because of the extent of the concept, it is nearly impossible to find a consensual definition of it, even in the field of science.

Trust seems to have a brain processing dimension, in which a semantic pointer is nurtured by bindings of the self, the person trusted, the situation and emotion, which in turn bounds to other bindings representing information. Trust and mistrust emerge from the result of processing this entire network of interconnections (Thagard, 2019). However, to reach a more holistic understanding of the concept it is crucial to examine it from other perspectives.

Besides its processing dimension, interpersonal trust can be viewed as "the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party" (Mayer, Davis, & Schoorman, 1995, p. 712). Consequently, trust has always an inherent dimension of