

## Three Criteria for A Better Medium of Exchange

To truly tap the potential of digital currencies, where we have full freedom of design, the best medium of exchange is one which has two primary features:

1. **Stability.** If the price of a currency is going up, then people want to keep it, rather than spend it. This is called deflation. If a currency is going down, that is inflation, and buyers don't want to accept it. Both of these types of volatility stunt economies. That's why the crypto economy is growing slowly when so many people like it.
2. **Asset-backing.** Government currencies have eroded away savings through inflation because they float—they are not backed by assets, so governments can print them without restraint. In time, their people become less wealthy because their savings are eroded and spent by politicians in an inflationary tax. Today, most cryptocurrencies are Cryptofiat currencies—the same as government currencies but in the digital world. Bitcoin, Ethereum or other digital currencies have no more asset-backing than the US dollar.

These two similar but different properties of a currency have not been attained in an engineered way. Worldfree's **FreeMark** is the first to incorporate stability, by pegging to commodities, and asset-backing.

"Cryptofiat" currencies like Bitcoin and Ethereum have neither stability nor asset-backing, and, although they may be good as investment vehicles because of their volatility, that same volatility problem discourages their use for daily transactions. They are basically lousy mediums of exchange—worse than the government fiat currencies they are supposed to replace.

However, why would investor buy a stable currency? If it is worth about the same in the future as it is today, then there is no upside. A stable currency maintains its purchasing power, but is that incentive enough to switch from a local currency for transactions?

The FreeMark, in addition to being stable, provides inflation and deflation resistance, and limits exchange-rate exposure. But that is not enough. That brings us to the third feature a better medium of exchange requires in order to achieve mainstream use:

3. **Royalties.** The FreeMark utilizes the patent-pending technology of paying royalties based upon the growth rate of the amount of FreeMarks in circulation—the money supply. This provides a viral incentive for its adoption, and encourages owners to save.

A new user of a digital currency must slightly change their behaviour patterns, and a royalty provides the motivation. The proprietary way that the FreeMark does this gives earlier investors the highest return when the digicurrency is successful. It turns traditional inflation on its head, and provides a motive for viral market growth.

In the early days of the FreeMark returns can be outstanding as the growth rate is higher, while in the long run the FreeMark is more like a "Cryptobond", with expected steady, sustainable returns as its adoption grows. The FreeMark replaces existing fiat currency with asset-backed sound money, as a first-mover **Responsiblecoin**. Worldfree's FreeMark is one of a new class of digital currencies called "Responsiblecoins", because they restore fiscal responsibility to global monetary society.

Worldfree's approach with the FreeMark digital currency is remarkably different. We are restoring legitimacy to mediums of exchange, and simultaneously "connecting" them to the physical world to provide stability by commodity pegging. The FreeMark is inflation and deflation resistant, which is a huge value for people in developing countries who want to enjoy the same kind of monetary stability successful developed countries like Switzerland have, without leaving their home nations.

The FreeMark is literally a *better* medium of exchange, engineered to be stable, asset-backed, yet still provide a rate of return comparable to other cryptocurrencies.