



The currency of social networking

AFTER THE FAILURE OF A CLUTCH OF PREDECESSORS AND IN JUST A FEW SHORT YEARS, VEN HAS ESTABLISHED ITSELF AS A VIABLE DIGITAL CURRENCY. **GRAHAM BUCK** REPORTS.

Social networking sites have become an international phenomenon and it was inevitable that they would, sooner or later, establish links with the fast-developing world of electronic and virtual currencies. One of the resulting unions has been the digital currency dubbed Ven. Launched in July 2007, it has made steady progress in little more than four years. Pegged to the US dollar, Ven's value is now determined on the financial markets from a basket of various currencies, commodities and carbon futures, and it trades against other major currencies at floating exchange rates.

Ven was developed by the social network Hub Culture –

which prefers to describe itself as a global collaboration network. With its declared aim of "building a brighter future", Hub Culture was formed in 2002 and now has offices in London, New York, Bermuda, Hong Kong and Geneva. The same year saw publication of the book *Hub Culture: The Next Wave of Urban Consumers*, and HubCulture.com was established simultaneously as a meeting place for the individuals described in the book, to bring them together at events such as roundtable dinners and charitable fundraisers.

The site describes Hub Culture as the world's first socially operated company and a leader in networked space and knowledge brokerage. The HubCulture.com site uses technology to transact high-value deals and its principal tools, of which Ven is one, involve collaboration.

Ven can be spent at any Hub Culture Pavilion – which since early 2005 have replaced the original events as longer-term temporary projects in key locations around the world. The first appeared in January that year on Rio de Janeiro's beaches and was soon followed by others in Miami and Saint Moritz. The currency can also be used to make micropayments on the internet generally.

Early attempts at establishing a digital currency, such as DigiCash, launched in 1998, and later variants CyberCash, Beenz and Flooz, proved unsuccessful, but Ven has so far proved a success story. Initially launched as an application on Facebook, towards the end of 2008 it was made tradable to any individual with an email address, thus becoming the first global digital currency to progress from an online social network to the real world.

From its initial function of bringing community-powered exchange to the members of Hub Culture, enabling them to trade goods, services and even knowledge, in 2009 it moved to becoming the first digital currency to be priced from a basket of currencies, commodities and carbon futures, giving it "green" credentials.

By this time, Ven had attracted the attention of the Wall Street Journal, which interviewed Hub Culture's founder Stan Stalnaker and described him as "an evangelist, of sorts, for peer-to-peer currencies".

Stalnaker says that the genesis of Ven came about partly from a desire to help Hub Culture members who regularly travelled to different parts of the world and had to deal with





different currencies during the travels. He chose the network as an ideal place to start a personalised currency that was "green, social and efficient", as it already had trust built into its infrastructure.

He told WSJ: "You're going to see, inexorably, the movement towards peer-to-peer finance. People will trade individually and independently among each other, all around the world."

This year has seen Ven mark new milestones. In April Hub Culture Knowledge Brokerage Services negotiated the first commodity trade using a digital currency, when a gold production contract in South America was sold to a private buyer in Europe. On Earth Day 2011 (22 April), the first carbon credit trade priced in Ven was exchanged between sports goods manufacturer Nike and non-profit group Winrock International with the London Carbon Market for afforestation (the establishment of a new forest) in Brazil.

According to Stalnaker, Ven's "transparent and stable nature" makes it a potential exchange rate volatility hedging tool for commodities and also a signal for market-led integrated carbon pricing at the global level.

Hub Culture now claims to have more than 25,000 professionals, executives and entrepreneurs "motivated for positive social and economic change" using its network. Since its launch in July 2007, more than eight million units of Ven have exchanged hands, of which 95% have been used in the

Hub Culture platform for redeeming goods and services.

The figures are likely to have grown further since a deal was announced at this year's Sibos banking conference in Toronto, Canada, in September, under which Ven was displayed on Thomson Reuters' terminal network. Heralding the new vistas that will now be opened for the currency, Stalnaker says that the deal will provide live pricing on more than half a million institutional desktops globally, with Thomson Reuters acting as the independent calculating agent for Ven.

Hub Culture is bullish on the prospects for Ven, which it says has become the first socially networked currency to become practically applicable at the institutional level, in addition to being exchanged in the peer-to-peer and business space. It notes that the Ven economy has grown to include a large portfolio of goods and services, including contemporary art and membership services.

Hub Culture adds: "Over time it is expected to help link capital market liquidity directly to consumers, opening opportunities for social finance initiatives, micropayments, and capital liquidity access that complement existing structures in partnership with banks, non-governmental organisations and financial institutions around the world."

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