

A quick introduction to Circular Multilateral Barter (CMB)

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What is "CMB"?

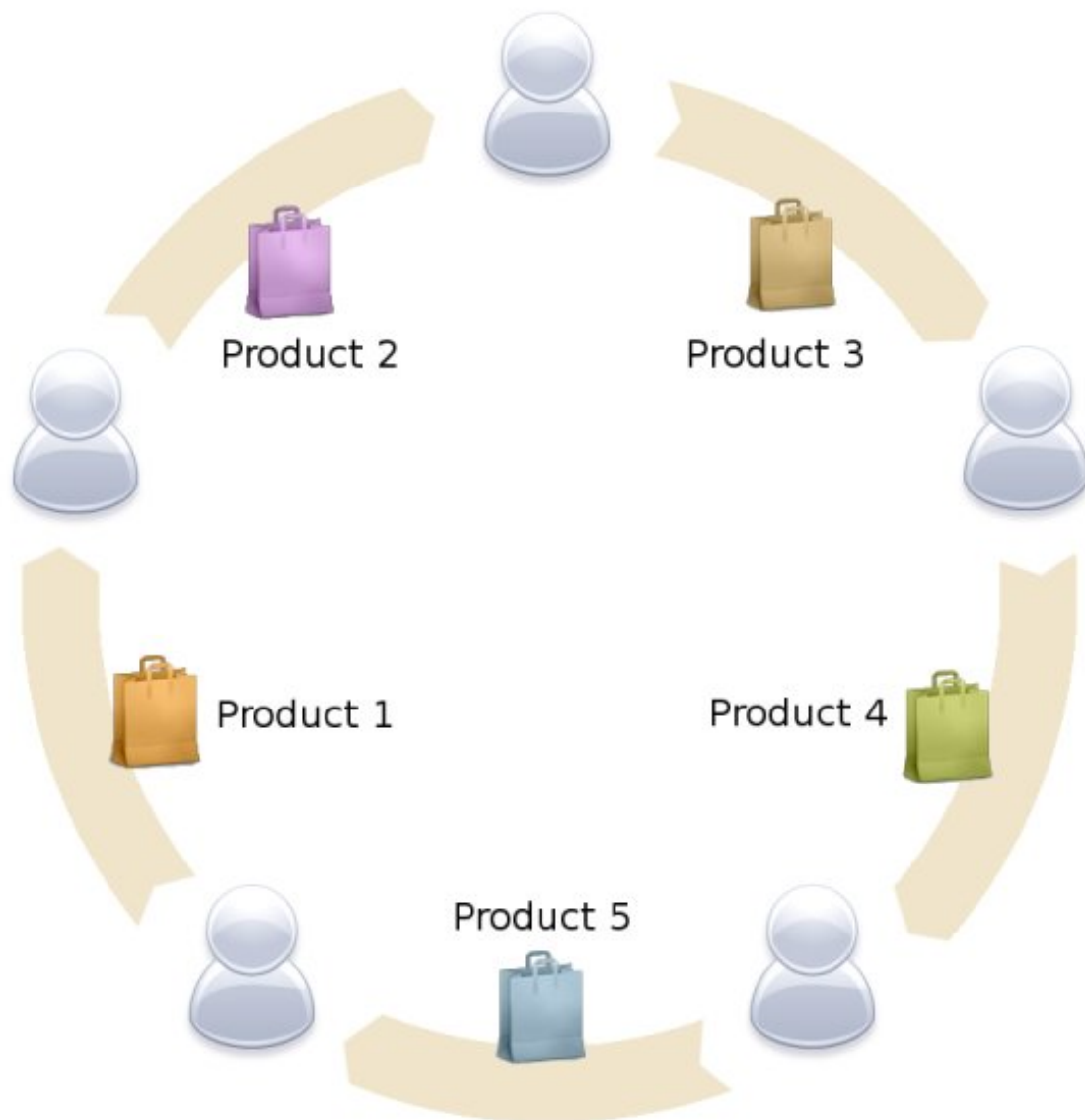
CMB is an open platform for **circular barter exchange**. It gives you the concreteness of ordinary two-person barter along with the flexibility of being able to give to and receive from two different people. That is: you supply goods *to customers who trust you*, and you receive goods *from partners whom you trust*.

Why barter?

Barter can facilitate trade even when cash flow is tight. People are interested in trading products (goods and services) for other products even when they can not afford to buy the products with money.

Why circular?

Conventional two-way barter can only happen when there is a coincidence of wants: "A" wants what "B" has while at the same time B wants what A has. Circular barter allows for a lot more flexibility: A wants what B has; B probably wants what someone else has, and that person in turn probably wants what a fourth person has. Eventually it's likely that the chain will loop back on itself, so that a circular trade can be arranged:



In a circular trade, you know exactly what you're going to receive and exactly what you're going to give. The products are not actually delivered at the same moment, but *the deal is made in one instant*: the agreement to deliver one product, and the agreement to receive another product. Where, when, and how the actual delivery of goods will happen depends on the concrete arrangements you make with each one of your partners. Remember, you should choose people you trust as your partners!

How does it work in practice?

Although, in theory, with CMB the lack of money shouldn't be a problem at all, in reality, you often need certain products right away, so you can't wait for a circular deal to happen. In order to avoid needlessly spending your money, you should, in advance, collect delivery promises for sufficient amounts of these products that you are likely to need in the near future. That is: *you buy a bulk of products which you, later on, receive in portions*. If you do so, your partners will be committed to provide you with the goods and services you need, at the moment you need them.

But there is more!

- You can make payments to other users, transferring to them products that you own.
- You can sell back products that you have bought if you do not need them anymore.
- You can send messages to your customers, as well as receive messages from your partners.
- You can use CMB from any Internet-connected cell phone.
- You can start a local exchange trading system.

Using the system

We did our best to make the system easy to use. Nevertheless, having a quick introduction to the key concepts will make you much more confident when you buy and sell things in the system. Notice that when we say "buy" and "sell", it really means "receive" and "deliver", because no money actually changes hands.

Advertising your trader ID


A unique trader ID is automatically generated for every user.

My business card

To find out what your trader ID is, click the "My business card" link in the main menu:

myusername · My business card

Trader **312998280** «yourself»



John Doe

My business card

Name:
John Doe

Phone:
+1 555 2368

Time zone:
America/New_York

[Edit your contact information »](#)

[Upload your photograph »](#)

[Change your username »](#)

[Change your password »](#)

Your ID will show up at the top of the page.

Make sure your customers will be able to find your trader ID too: put it on your real business card, put it on your website, put it in your ads ¹. Knowing your trader ID is the easiest way for your potential customers to find you in the system!

If you are the sole proprietor of your business, make sure you have uploaded your photograph to your business card, so that your trading partners can confirm that they are delivering goods to the right person.

Putting your products on the market

First, you have to create a list with all the products that you offer together with their respective prices. When this is done, you should register your spare items for sale.

Important notice: In your pricelist, you should list only products that are suitable for use as currency. That is: people have to be willing to buy your product, or be paid with it, over and over. "My old laptop", for example, isn't a good product, because it represents a single indivisible item. "Music lessons", on the other hand, can be an excellent product, as long as there is at least one person willing to buy it, or be paid with it. If you do not offer products suitable for use as currency — leave your pricelist empty (*In this case, you will still be able to make and receive payments in other people's products, as well as to exchange one product for another via circular deals*).

Create a product

To define a new product, click the "My pricelist" link in the main menu, then click "ADD PRODUCT":

[myusername](#) · [My pricelist](#) · Add product

Please describe your new product

Please, be careful: Make sure you have described your product as clearly as possible. Your customers will hesitate to buy an ambiguously described product. Also, make sure "unit of measurement" and "roundoff amount" are correct. *It is very important to make your description and units as clearly understandable as possible!*

Title:

preferably in plural form, e.g. "Music lessons" or "Cars"

Unit of measurement:

preferably in singular form, e.g. "hour" or "one"

Short summary:

Roundoff amount:

An amount in units of this product that's small enough that it can be neglected. This is used when rounding off numbers for display.

A more detailed description:

optional

On this page you can describe your new product, so that your customers know what they are going to receive. Click "Submit" to add the product to your pricelist.

My pricelist

To see your current offers, click the "My pricelist" link in the main menu: (The examples shown here are for someone who has already participated in a trade.)

My pricelist

Product	Available amount	Price per unit
Product A [one]	100	<input type="text" value="2.50"/>
ADD NEW PRODUCT »		
<input type="button" value="Submit changes"/> <input type="button" value="Discard changes"/>		

Here you can update the prices of your products. Although the prices given here are in U.S. dollars, *you should put your prices in the currency that is used in your country.*

Take a look at the "Available amount" column — it tells you the total amount of product that you need to keep in stock, or otherwise be able to deliver. Click on the product's name to see all the customers to whom you agreed to deliver this product together with the agreed (deposited) amounts:

My product "Product A [one]"

Title:

Product A

Unit of measurement:

one

Short summary:

An example product

Roundoff amount:

1.0

Deposited items

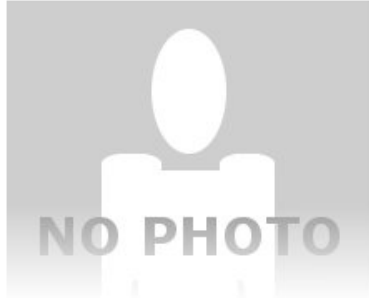
Customer	Deposited amount	
«YOURSELF»	80	withdraw »
«958770802»	20	withdraw »

On this page you can see that you owe 20 pieces of your "Product A" to a customer with trader ID "958770802". You can also see that there are 80 spare pieces of this product that you currently offer for sale. Look at the "Roundoff amount" number in product's description — for your convenience, product amounts are rounded off according to this number.

If there are no deposited items for a product, a check-box will show up here instead, allowing you to delete the product. The next section, "My items for sale", will explain how to increase the "deposited amount".

My items for sale

After you have at least one product in your pricelist, click the "My items for sale" link in the main menu to register your spare items for sale:

Trader 312998280 «yourself»**My items for sale**

Product	Amount	
MAKE A DEPOSIT »		
Product A [one]	80	withdraw »

All items listed here are being actively offered to your customers at their respective prices in your pricelist. Click on "make a deposit"-link

This page tells you one more time that you have 80 pieces of your "Product A" for sale. To increase this amount click on "MAKE A DEPOSIT"; to decrease this amount click on "withdraw". When you list items on "My items for sale", you should set aside that amount of stock of actual goods, or otherwise ensure that you will be able to deliver that amount of a product if required.

Deciding which products you want to buy

In order to buy from people, first you have to list them as your partners to indicate that you trust them. Then you will be able to view your partners' offers, and from there, to add products to your shopping list. Finally, you have to define in your shopping list the exact amounts which you want to buy.

My partners

To add someone to your list of partners, click the "My partners" link in the main menu, then click "ADD PARTNER". *You need to know the exact trader ID of your partner in order to add him/her to your list*².

To view your partners' offers, go to "My partners", then click on the name of the partner whose offers you want to see. From there, you will be able to add to your shopping list those of the products which you want to buy.

Shopping list

To define the exact amounts which you want to buy, click the "Shopping list" link in the main menu:

Shopping list

Partner ↑	Product	I have	I need	Price	My price
Trader X	Product X1 [kg]	2.5	<input type="text" value="10.0"/>	5.50	<input type="text" value="5.50"/>
Trader X	Product X2 [kg]	0.0	<input type="text" value="5.0"/>	15.00	<input type="text" value="14.00"/> *
Trader Y	Product Y1 [one]	20	<input type="text" value="0"/>	3.30	<input type="text" value="3.00"/>

[ADD NEW ITEM »](#)

1

2

3

1. You **have** bought 2.5 kilograms of "Product X1" from your partner "Trader X". You **need** 10 kilograms in total, so you specify that you want to buy additional 7.5 kilograms. The maximum price you are willing to pay is \$5.50 per kilogram (this also happens to be the current price).
2. You want to buy 5 kilograms of "Product X2" at a maximum price of \$14 per kilogram. Since the current price is \$15, your bid is currently void (this is indicated by the red asterisk).
3. You have bought 20 pieces of "Product Y1". You do not need them, so you specify that you want to sell them all back at a minimum price of \$3 per piece (the current price is \$3.30).

Here you can specify your bids for the amounts and the prices that satisfy you. You can also add new products to your shopping list by clicking on "ADD NEW ITEM".

Waiting for deals

Once you've made all your offers, and all your bids, you should wait for the desired deals to take place. Trading turns will be launched automatically at regular intervals. The time of the next trading turn is shown at the bottom of every page.

The next trading turn will be launched at 2010-10-03 05:30:00

During a trading turn the system analyzes all users' offers and bids. When a chain which loops back on itself is found, a deal gets executed. A list of deals you're engaged in this trading turn is then presented to you.

Completed deals (2)

myusername · Completed deals

Completed deals

Timestamp	Partner	Product	Amount	Value
2011-02-16 11:54:34	«YOURSELF»	Product A [one]	-20	-50.00
2011-02-16 11:54:34	Trader X	Product X1 [kg]	9.0	50.00

I acknowledge

The system is designed to arrange trades such that the values of exchanged goods are in perfect balance according to the prices selected by the users. As deals are executed, the relevant customer account balances are updated accordingly.

On this page you can see that you have sold 20 pieces of your "Product A" in exchange for 9 kilograms of "Product X1" from "Trader X". Notice that the displayed amounts are rounded off: you really get 9.09090909 instead of 9 kilograms. The exact numbers will show up in a tooltip when you rest your mouse over the amounts.

Delivering goods to your customers

When a customer wants you to deliver some goods which he/she has bought, click the "Find customer" link in the top menu:

[myusername](#) · [Find customer](#)

Find customer

Trader ID:

Submit

Here you enter the trader ID that your customer tells you. When you click the "Submit" button, all the items which your customer has bought will show up:

[myusername](#) · [Find trader](#) · [958770802](#) · [Owned items](#)

Trader 958770802



Harry Wotsit

[Contact information »](#)

[Owned items »](#)

[Payment orders »](#)

[Recent transactions »](#)

Items owned by this trader

Product	Amount
---------	--------

[MAKE A DEPOSIT TO THIS TRADER'S ACCOUNT »](#)

Product A [one]	20	withdraw »
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This table shows all the amounts of your offered products that this trader owns.

Before you click the "withdraw" link, you should make sure that the person who wants to obtain the goods is the person in the trader's photograph.

Important notice: You need to have a way to reimburse your customers for any fractional amounts that they may have bought, which are impossible to be delivered directly (0.25 bicycles for example). In such cases, you can deliver some amount of other goods or services; or you can give or receive some amount of money, so as to get rid of the fractional part.

If you want to increase the amount that you owe to your customer, follow the "MAKE A DEPOSIT TO THIS TRADER'S ACCOUNT" link.

Making and receiving payments

CMB allows every user to make and receive electronic payments. That is: you can transfer goods from your "shopping list" to other users' shopping lists. It is very similar to a bank transfer — you instruct your partner (the bank) to transfer the ownership of some of your goods to someone else.

Although, in many ways, CMB's payments are similar to bank transfers, there are notable differences making our approach unique:

- Every trader who offers products that are widely trusted and appreciated, with no efforts on his/her part³, can act as a bank — facilitating customer-to-customer payments.
- The type of goods that are transferred (the medium of exchange) should not necessarily be money. Payments can be made in every convenient product that the payer owns, which the payee happens to appreciate.
- All payments should be explicitly confirmed by the payee before being carried out. This allows for simple, reliable, and indisputable point-of-sale payments.

To make, or to receive a payment, click the "Shopping list" link in the main menu, then click on the name of the product with which you want to pay or be paid:

myusername · [My partners](#) · "Trader X" · "Product X1 [kg]"

My partner "Trader X" offers "Product X1 [kg]"

[MAKE A PAYMENT ORDER »](#) [view incoming payments »](#)

Title:

Product X1

Unit of measurement:

kg

Short summary:

This is an example product.

Roundoff amount:

0.1

If you follow the "MAKE A PAYMENT ORDER" link, you will be able to specify the exact amount which you want to pay, along with the payee's trader ID.


If you follow the "view incoming payments" link, you will see all the payments that you are entitled to receive, waiting for your confirmation in order to be carried out.

My payment orders

To review the payment orders that you have made, click the "My payment orders" link in the main menu:

myusername · [My payment orders](#)

My payment orders

Order #	Partner	Product	Amount	Recipient
 3	Trader X	Product X1 [kg]	7.5	«258668749»
ADD NEW ORDER »				

Here you can see that you have authorized trader "258668749" to receive 7.5 kilograms of "Product X1" from your partner "Trader X". In order for this payment order to be carried out, the payee should visit his/her shopping list and confirm that he/she is willing to accept the payment.

Transaction notices

You will receive immediate notices for every withdrawal, and every deposit, that any of your partners make to your account.

Reaching a critical mass

A sufficiently large and interconnected network of traders is needed for your community to get maximum benefit out of CMB. If you want to pioneer such a network in the community where you live or do business, there are three simple things you can do:

Do a campaign

Usually when money is scarce and trade is stagnating, traders are open to new ways of selling their products. Believe it or not, people are quite receptive to good ideas.

Create a local business directory

Set up a local website where businesses in your community can advertise their products, search for products they need, and find new trading partners ⁴. Have criteria determining which traders are allowed to advertise on the website, so that people have a level of trust that the businesses listed are reputable local businesses.

Introduce a community currency "product"

Create a special product in the system, defined in such a way that makes it appropriate for use as a local medium of exchange. Grant appropriate amount of this "product" to credit-worthy businesses in your community. Send regular reports to your members about the credit lines that you approve.

Start small, grow big

As few as three or even two persons can benefit from CMB by using it to *make electronic payments* to each other. That is: you can start with having a very small, very well interconnected network. The more people join the network, the more useful it becomes. Eventually, this will lead to a boom in the number of goods and services that are traded in your community.

Disclaimer

THE SYSTEM IS INTENDED TO FACILITATE COMMUNICATION BETWEEN PEOPLE WHO MAY WANT TO TRADE WITH EACH OTHER. WHILE EFFORTS HAVE BEEN MADE TO DESIGN IT WELL, NO GUARANTEE IS MADE ABOUT THE CORRECT OR CONTINUING FUNCTIONING OF THE SYSTEM. NO GUARANTEE IS MADE ABOUT THE QUALITY OF DELIVERY OF PRODUCTS AMONG PEOPLE WHO USE THIS SYSTEM. IN NO EVENT, UNLESS REQUIRED BY APPLICABLE LAW OR AGREED TO IN WRITING, SHALL CMB, OR ANY PERSON BE LIABLE FOR ANY LOSS, EXPENSE OR DAMAGE, OF ANY TYPE OR NATURE ARISING OUT OF THE USE OF, OR INABILITY TO USE THIS WEBSITE.

- 2 As an alternative, you can look for new partners among the trading partners of your partners. To do this, go to "My partners", click on the name of one of your partners, then click "view trusted traders". Notice that an empty list will be displayed for those of your partners who have not activated the "Allow other traders to see your partners list" option.
- 3 To allow customer-to-customer payments, you should set a valid "price per unit" for your product.
- 4 You can use "[https://CMB-DOMAIN/search/your trader ID/?q=query](https://CMB-DOMAIN/search/your%20trader%20ID/?q=query)" as an "out of the box" search engine for your website, so that people can search for new products and trading partners among the list of trusted traders that you maintain in CMB. To activate this feature, go to "My business card", click "Edit your contact information", select the "Allow other traders to see your partners list" checkbox and submit the form.