The pandemic has created a parallel universe for massively enriched billionaires. And banks have to play along.

The pandemic has created a new world. Terms such as work-from-home, vaccine boosters, anti-vaxxers and digitalization just scratch the surface of the changes underway. Some of the developments were likely to have become part of our daily lives in any case. The really big transformation is the alternate reality being created before our own eyes.

Or, more to the point, the parallel universe of the super-rich. Never have so many ultra-wealthy set themselves off from the rest of us as in the past two years. This is a completely new form of change and one that has far-reaching consequences.

Frequent Flyer Passports
The most glaring of them is the demand for second citizenship. Nationality was previously conferred at birth or through parentage, but that is no longer necessarily the case, says Juerg Steffen, CEO of Henley & Partners, a nationality consultancy. People who can afford it acquire additional citizenships through state-sponsored investment programs. It not only increases mobility but the wealthy often find increased personal security in their new country of choice. Passports are increasingly becoming like frequent flier programs, Parag Khanna, an author, maintains in his worldwide bestseller «Move».

«The ability to have double or even more nationalities gives them the ability to change the international hierarchy, which helps reduce global inequality to some degree», Steffen indicates. With that, it is not only those from emerging economies who are interested in getting additional citizenships. The newest figures indicate that US citizens are now mainly interested in additional passports, followed by Canadians, the British, and Australians.

International Waters

Looking at this simply in conjunction with traditional tax havens is not giving this development its full due. More than 100 countries offer so-called «citizenship-by-investment» programs. Even European countries that previously had strict nationality requirements are tackling the market intensively. The Professor of Sociology at the University of Bern, Christian Joppke, maintains that citizenship in a European Union (EU) country is the «epitome of a post-national citizenship that does not require or demand a European identity».

It is no wonder that the super-rich do not feel like they are part of the normal world. American billionaire investor and entrepreneur Peter Thiel even goes a step farther. He supports an anti-national, libertarian project called Seasteading, which envisages living space in international waters outside of any individual country’s jurisdiction. And there are a number of similar projects around the world in development.

Banks Challenged

If that all sounds overly futuristic, there is another alternative universe. One already highly developed. That of digital currencies. They are out of the grasp of sovereign countries - and highly popular. Bitcoin might not have any intrinsic value and it might fluctuate massively, as the past few weeks have shown. Yet, at the same time, there have never been so many globally accepted alternative assets and payment methods as there are now.

That poses an incredible challenge for banks. Until now their activities were singularly based on
central banking monetary systems. With that changing and new institutions on the rise, it means a completely different set of paradigms for the financial system. The difficulties traditional banks have with what is going on shows in the hesitation they have in figuring out what to do, if anything, with digital currencies.

Bitcoin & Co. were long demonized - until familiarity set in. But now banks have again put them on the back burner after the drastic declines experienced during the past few weeks.

Seeing Double

The fast pace of digitalization seen during the pandemic has helped make new data and communication breakthroughs possible. It is not about the murkier spheres of the Darknet but the Metaverse, which is increasingly taking shape.

It is clear that in the short or medium-term it will cost something to enter this new «verse», and it is likely to divide society into two classes. New York-based Australian Professor of Philosophy David Chalmers talks of «Corporatocracies», where the conditions of these parallel worlds is set by companies who run the platforms.

More Education - and Health

In his book, «Reality+», Chalmers writes that virtual reality will become indistinguishable from physical reality in a few decades. Virtual consumers will demand the rights of virtual citizens. From that, the reverse is also true. The parallel world of the future will obey the dictates of digital capital and derive its laws from them.

The changing world of work shows how independently it can function from systems and organizations. Against this background, you do not need a great deal of imagination to see that the alternate universe of the super-rich will bring about new educational institutions. The knowledge they will build will allow them to significantly improve the health system exclusively for their purposes. But it will have a price and only a small portion of the population will be able to benefit from it.

More Populism

Parallel worlds also mean that traditional sovereign states will see declining tax revenues. That will lead to more populism as limited state budgets will be spread even more thinly than before. The credibility of reasonable, proportionate politics will fall even further by the wayside.
The increasing fragility of the current world will test all conceivable economic systems and governments. An increasing number of voices have been calling the end of the pandemic for a number of weeks now. But it would be negligent to believe that we will simply return to normal daily life anytime soon.