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BUSINESS AND FINANCE - EUROPE

Deutsche Bank to Test 'E-Cash' With DigiCash in Pilot Project

By

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LONDON -- In a move that lends greater credibility to the idea of digital commerce, Deutsche Bank AG has launched a pilot project with DigiCash NV to test the use of electronic cash over the Internet.

The trial, set to begin this autumn, will allow for Deutsche Bank customers to pay for information, services or goods over the Internet using personal computers. The technology is based on DigiCash's e-cash system, which allows users to download digital coins onto their PC's, debiting their bank accounts in the process. The coins can later be used to pay for products over the Internet.

Deutsche Bank is currently testing the technology internally, as a prelude to the coming trial. Once the test begins the bank will also release the names of a number of German businesses that have agreed to accept e-cash as a payment method. Although the companies have yet to finalize the full details of the trial, the bank sees the launch as a step toward the full adoption of the use of electronic cash over the Internet.

"In launching this pilot project, Deutsche Bank aims to test the possibilities of innovative payment forms and procedures and to expand their range of Internet services," said Wolfgang Johannsen, head of Deutsche Bank's department for technological development.

Amsterdam-based DigiCash has been working on payment technology products since its inception in 1990. E-cash is based on a complex encryption process that the company contends allows for secure payments. No party in the process -- buyer, seller, bank -- can cheat the other.

Last month, DigiCash unveiled a similar project with Mirita Bank, a commercial bank in Finland. According to DigiCash, the bank had more than a 1,000 requests for e-cash accounts the first day it offered the service.

But as one of Germany's larger financial institutions, Deutsche Bank's decision to back e-cash could give credence to the acceptance of digital payment methods.

"Deutsche Bank is one of the world's leading banks," said a spokesman from DigiCash. "We are hoping that having one of the top banks on board will serve as an example that e-cash can really happen."

While the idea of electronic cash has been floating around for several years, banks and corporations have been hesitant to take any solid steps until issues of security and reliability have been better clarified.

Several companies, including Visa International Inc., Mastercard International Inc., Netscape Inc. and AT&T Corp. have been working on making secure payment methods involving credit card numbers over the Internet. DigiCash, however, is one of the only companies working with the idea of actual digital cash.

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