

# Attention Internet Shoppers: E-Cash Is Here

By PETER H. LEWIS,  
Published: October 19, 1994

**CHICAGO, Oct. 18—** The first trials of an international electronic cash system will begin on Wednesday, with a bankroll of one million "cyber bucks" and several hundred volunteers eager to spend them, the system's developer said today.

Digicash Inc., which has offices in Menlo Park, Calif., and Amsterdam, hopes to establish its system as a standard for commercial transactions on the Internet, a global computer network that links millions of users. If the system proves workable in the trials, it is expected to begin commercial operations within months.

The development of an electronic cash system, which eventually would allow buyers and sellers to conduct commercial transactions entirely within the part of cyberspace known as the World Wide Web, is considered critical to the continued business growth of the Internet.

Using credit cards or other means of conventional currency transfer, a consumer would transfer a given amount of E-cash, as electronic cash is rapidly coming to be known, to his or her computer. Then, while shopping on the Internet, if the consumer finds something to buy, he or she could simply click on an area of the screen and transfer E-cash to the seller.

The seller's software would automatically contact the buyer's bank to verify that the E-cash was valid. However, Digicash's system would protect the privacy of the buyer, much as cash transactions work in the real world.

Although goods and services are already being sold on the Internet in a limited way, sales typically involve the transfer of credit card information over the network or more conventional billing systems. Once established and widely adopted, Digicash and other electronic cash systems would eliminate much of the cross-over between conventional banks and cyber banks, and allow spontaneous purchases that are cumbersome under other systems.

"Potentially it could change the context of the Internet and launch commercial services at a much faster pace," Jayne Levin, editor of the Internet Letter, said.

Several other ideas have been proposed for the electronic transfer of money over computer networks, using a variety of credit card technologies. But Digicash has the support of many influential leaders of the Internet community, Ms. Levin said.

Much of the value of the Internet consists of bits of information, stored on tens of thousands of data bases around the world. A standard unit of electronic cash that could be transferred at the click of a button would make it more convenient for a customer to purchase information or information-related services, without having to establish an account with the seller beforehand.

Digicash Inc., which was founded in Amsterdam by David Chaum, a computer scientist, and is privately held by him, expects to make money by licensing the software for its electronic cash system to banks and other institutions that want to act as banks on the Internet. The software needed to buy and sell products electronically through the Digicash banks would be distributed at no cost to customers and sellers.

While commercial banks are obvious potential customers for the Digicash banking software, other potential buyers might include telephone and cable companies, Internet service providers and other organizations that provide Internet access.

"If you try to make cash that doesn't resemble the cash we have today, it's not going to work," Mr. Chaum said today at the International World Wide Web Conference here.

"As payments on the network mature, you're going to be paying for all kinds of small things, more payments than one makes today, and they're going to be that much more revealing," Mr. Chaum said. "Every article you read, every question you have, you're going to have to pay for it."

Mr. Chaum bristled at the suggestion that E-cash's privacy and anonymity might be used to circumvent the Internal Revenue Service or other legal and taxing authorities. "Not true, simply malicious slander," he said. The cyber bank would have records of E-transfers and E-deposits, he noted.

- FACEBOOK
- TWITTER
- GOOGLE+
- EMAIL
- SHARE
- PRINT
- REPRINTS

- | MOST EMAILED | RECOMMENDED FOR YOU  |
|--------------|--|
|              | 1. White House Plans Tillerson Ouster From State Dept., to Be Replaced by Pompeo                     |
|              | 2. Matt Lauer Offers Apology (With a Caveat)   |
|              | 3. It Started as a Tax Cut. Now It Could Change American Life.                                       |
|              | 4. Michael Flynn Pleads Guilty to Lying to the F.B.I.  |
|              | 5. Trump Pressed Top Republicans to End Senate Russia Inquiry  |
|              | 6. Why a Generation in Japan Is Facing a Lonely Death  |
|              | 7. LIVE BRIEFING: Senate Republicans Scramble to Find Revenue for Tax Bill With Vote Expected Friday |
|              | 8. The 10 Best Books of 2017   |
|              | 9. Republican Tax Bill Hits Snag Over Deficit Concerns   |
|              | 10. Nine Women Accuse Israel Horowitz, Playwright and Mentor, of Sexual Misconduct                   |

Log in to discover more articles based on what you've read.  
[Log In](#) [Register Now](#) [What's This?](#) [Don't Show](#)