

The E-money

E-MONEY the 30-second history

When banks started creating

money in the form of loans with a stroke of a pen in a balance sheet – many centuries before the advent of information technology – this went some way to making money the virtual idea it is today. But in those days cash was still represented by a thing – a note or a coin. A cryptologist from Los Angeles called David Chaum is credited with having invented the first digital money, which he imagined in 1981 and then developed and launched under the title DigiCash. It had built-in coding to protect the money and to make it untraceable – most e-money is not these days. Chaum moved on when DigiCash unravelled in 1998, and used his ideas instead for voting systems, where similar problems of protecting personal identity needed to be solved. He was followed not far behind by two innovators from the National Westminster Bank in London. Tim Jones and Graham Higgins, who invented the first electronic purse, using – among others – a digital money called Mondex. Mondex was sold to Mastercard but it failed to spread as rapidly as expected. As the digital money pioneers put it: there was a need for their inventions, but not nearly enough demand.

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3-SECOND BIOGRAPHY

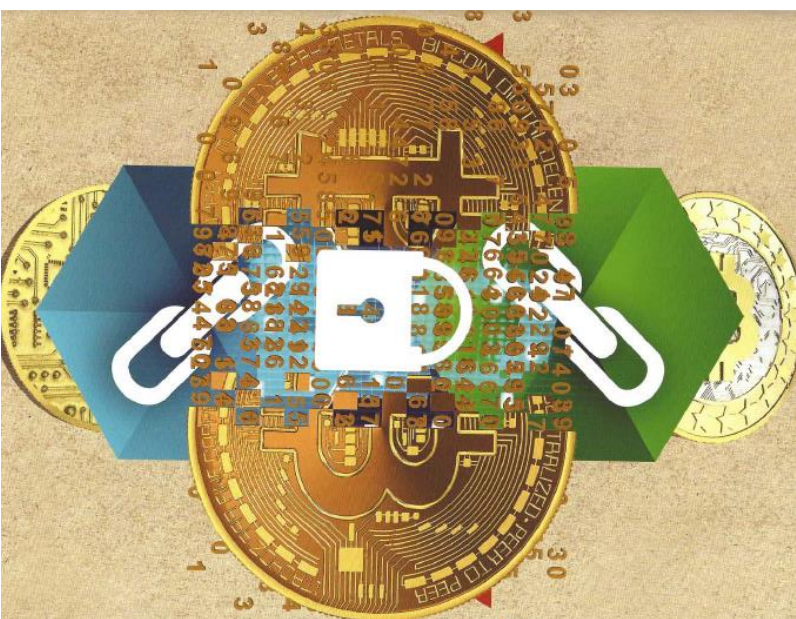
DAVID CHAUM
1955–
American cryptologist and mathematician who launched the first digital money, DigiCash

30-SECOND TEXT

David Boyle

3-SECOND SURVEY
Cash can be heavy to carry, dirty to count and expensive to guard; it may be more convenient to use blips on a screen.

3-MINUTE OVERVIEW
E-money allows you to exchange small sums with a click. Pioneers include Michael Linton in Canada, with his Local Exchange and Trading Systems (1983) and the mysterious and unidentified Satoshi Nakamoto, who launched bitcoin (2008), using the so-called 'blockchain' technology that encrypts the ledger in every transaction.



Ethereal perhaps but e-money needs to be as secure as a bank vault.