

## digi.cash

### Presenting an alternative electronic currency

Digi.cash digitally mints electronically-signed coins and banknotes which in turn are held on smartphones, computers or storage media. The encryption technology used means that the electronic banknotes can securely circulate over public communication networks, without the risk of theft or counterfeiting. The company, which was spun out of Capital Markets CRC, officially launched a digital Australian dollar in August 2016.

### Background

digi.cash was founded by a group of individuals fascinated by the concept of electronic cash. Some of them had previously worked with the inventor of electronic cash, David Chaum, back in the 1990s in a business also called DigiCash, before the internet became mainstream and before smartphones made the concept commercially possible. The board and executive team includes pioneers of internet technology and financial technology spanning banking and securities markets. With the backing of Capital Markets CRC, digi.cash has developed and tested a product aimed at being as similar to cash as possible in a digital world. The company's ambition is to move the concept of electronic cash to mainstream availability and this includes being a part of the proven, regulated payments system.

### Business model and strategy

digi.cash tender is created and transferred as 500 byte long RSA 'blind signature' tokens, allowing the payer in a transaction to remain untraceable. However, importantly, if a user loses their smartphone, their digi.cash can be restored. Transfers of digi.cash can take place by any means of transferring data, including email, Facebook, Skype, QR code and NFC. digi.cash is already issuing a number of other national currencies on a trial basis with the ability for users to exchange them directly between each other. Digi.cash is currently operating under an exemption ruling by the Reserve Bank of Australia, which limits the total funds on issue to \$10million. It is applying for the licenses needed to remove this limit, but may also partner with licensed financial institutions as users adopt the technology. The company also sees potential in this technology operating beyond electronic currencies to other financial securities including shares.

### Competition

The company is operating in the rapidly growing electronic currency space which includes cryptocurrencies such as Bitcoin, Ethereum and Bitcoin cash. The cryptocurrencies market is now valued at more than US\$300bn globally. A key point of difference between digi.cash and cryptocurrencies, however, is that cryptocurrencies are largely unregulated while digi.cash is operating under Australian payments systems regulation.

#### Board

Chairman	Dr David Skellem
Director	Peter Clare
Director/CEO/Founder	Andreas Furche
Director/CTO/Founder	Jelte van der Hoek

#### Market size

Capgemini and BNP Paribas estimate that the global non-cash market will grow at a CAGR of 11% from 2015-2020 to 726bn transactions, with developing nations growing at a faster pace of almost 20%. E- and m-payments are forecast to hold a 32% share.

#### Upside Case

- Opportunity to secure a share in the rapidly growing digital payments market
- Opportunity to displace exchanges
- Opportunity to rollout beyond Australia

#### Downside Case

- Currently limited to Australian dollars
- Earlier version of DigiCash failed in the US in the late 1990s due to lack of takeup
- Competition from blockchain which has the support of banks/exchanges

#### Company contacts

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