IT'S TIME FOR CIVIC CURRENCY

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THE STEAM ENGINE, the telephone, and the Internet are all innovations that gestated for a long time before realizing their eventual impact. Digital currency appears to be joining this list. Much as the telephone was more than a "Yankee replacement to errand boys," in the words of a dismissive British lord, so digital money is more than a functional replacement for legacy payment.

While the exact shape of this new form of money is still an issue of fierce debate and lively competition, the horizon-bound among us are busy with what can be done with digital money, not how we can easily live without it. I dedicate this column to one such proposition, which may be realized faster than expected.

The target of this proposition is "loose float." That's the interest accumulated on spending-ready money that is now claimed by the banks from our checking accounts. Increasingly, it's also going to the countless payments companies that hold on to our money while its value lights up our phone screens. With the average balance in a U.S. checking account coming to about $3,000, this loose float tallies between a quarter and a half a trillion dollars, depending on its definition. And its benefits don't flow to the owner of the account.

Now, imagine this. You write a check for $3,000 to something called The Civic Currency foundation. In return, you receive digital claim check denominated for exactly the same amount. These claim checks are redeemable at face value without restriction from the moment of issuance. It is this unrestricted redeemability that renders these digital claim checks de facto money, which means you could honor a $100 invoice with $100 worth of civic currency claim checks.

Why would the payee accept them? For one, they are redeemable for cash at face value, right away (and without interchange fees!). For two, and here comes the kicker, by accepting these claim checks, the payee does its share to support a universally recognized, noble civic cause.

How is that? Here comes the other side of the story. The Civic Currency Foundation puts all the money it collects from the public in an interest-bearing account managed by a reputable investment bank. The accumulated interest is used first to fund the operations of the foundation (that is how the claim checks are cash-redeemable at par), and then the balance is passed on to St. Jude Children's Research Hospital, Direct Relief, and other universally acclaimed charities.

Merchants will take your claim checks in lieu of a costly credit card transaction to (i) bypass the card networks, and (ii) do their share for the civic cause in favor of which the cash behind the claim checks is bearing interest. And the people who present you with their bills and invoices will likewise be pressed by the same moral imperative to take your claim checks (even if they plan to right away redeem them).

Unlike normal charitable contributions, the civic-currency claim checks do not empty your wallet. You actually don't "suffer" financially because you do with the claim check what you could have done with the cash. So who pays, then? The various payment apps and the service banks, who pocket that very same interest today.

With BitMint technology, the same platform will be used to pass regular dollars as well as civic-currency dollars, using tethered-money protocols (for more on this, see my book, *Tethered Money*). Flowing in parallel, the share of civic-currency payment will steadily grow, propelled by its universal moral force and by its side-effect, relief from network inertia.

To learn more, write to me at the address under my byline. DT