

Cryptocurrency: Feedback is invited for estcoin idea

24 August 2017, by Nancy Owano



Credit: CC0 Public Domain

(Tech Xplore)—Cryptocurrencies are being talked about worldwide and now it looks as if Estonia could be one actor to take them to the next level. Estonia is thinking about issuing its own crypto token and holding an ICO.

Diana Ngo in *CoinJournal* was one of several writers and news sites reporting on the idea.

A proposal to issue so-called estcoins could involve running an initial coin offering (ICO). An ICO enables companies to crowdfund their finance. David Meyer in *Fortune* called it a "trendy way of raising capital that gives investors [virtual](#) coins or tokens, rather than shares."

Estonia seems a credible place to launch this sort of thing. Ngo referred to Estonia as a "small and digitally advanced nation" and having a successful e-Residency program.

To be sure, Estonia gained attention as forward-thinking when it comes to technology, in offering its e-Residency idea. *TechCrunch* said, "The program is almost like a digital citizenship, and lets

participants take [advantage](#) of a host of government services, including start a European Union-based company without actually setting foot in the country."

The latest statistics show Estonia has over 22,000 e-residents signed up from 138 countries.

The weekly application rate is higher than Estonia's weekly birth [rate](#).

Estonia e-Residency program managing director Kaspar Korjus authored an August 21 Medium post in which he spelled out his country's concept and the estcoin idea.

Almost three years ago, the question was asked, with Estonia having just 1.3 million residents, what would happen if there were digital residents too. Korjus said at that time "every citizen and resident could already obtain a secure digital identity that enabled them to access Estonia's public services entirely online. This minimized bureaucracy and made every day life easier, especially for entrepreneurs. "So then we wondered — why stop there?"

The idea was that "They could then enjoy many of our same advantages online, especially when it came to starting and running a [company](#), no matter where in the world they are."

So what about these estcoins? These would be the Republic of Estonia's own crypto token. Ngo said that they would be available to "e-residents" looking to support Estonia's broader "new digital nation" plan.

In his Medium blog, Korjus said Ethereum founder Vitalik Buterin had "a keen interest in Estonia's development as a digital nation and has provided valuable feedback for the estcoin proposal." If estcoins were issued on top of a blockchain, possibly issued in multiple formats at the same

time, it would be easy to use them inside of smart contracts and other applications.

Korjus said the estcoins could be accessed by anyone in the world through the e-Residency program and launched through the ICO. "In time, estcoins could also be accepted as payment for both public and private services and eventually function as a viable currency used globally. "

As for competition, Ngo wrote that "For some industry observers, estcoin could directly compete against decentralized cryptocurrencies such as Bitcoin and Ethereum."

For now, though, some steps need to be taken to get this [idea](#) under way.

Korjus on his post is inviting feedback.

"Should Estonia begin issuing its own crypto tokens to e-residents (as well as citizens and residents)? Can a country have its own ICO? If so, what should be the biggest considerations in how these crypto tokens are developed? What do you think the impact of these crypto tokens could be, both for Estonia and for e-residents?"

If the proposal garners support, the next stage, before the ICO, would be a white paper, he said, that outlines the value of estcoins and "how the investment will be used to develop our digital nation. It is likely to begin as a pilot project that can be scaled up based on demand."

As for the bigger picture, "Eventually governments will adopt digital [cryptocurrencies](#). It's just a matter of when, and in what form," Fitz Tepper said in *TechCrunch*.

"Will the United States ever replace the dollar with bitcoin? Absolutely not. But will they supplement their gold reserves with bitcoin or another cryptocurrency? Much more likely, especially if Bitcoin becomes a major part of the U.S financial system," he added.

Korjus, meanwhile, understands why acceptance of cryptocurrencies has hardly been overnight. "It has understandably taken time for all governments to

understand and embrace cryptocurrencies as they have a duty to address major challenges, such as the risk of money laundering. In the long term, however, governments may have no option but to (literally) accept cryptocurrencies."

© 2017 Tech Xplore

APA citation: Cryptocurrency: Feedback is invited for estcoin idea (2017, August 24) retrieved 20 September 2021 from <https://techxplore.com/news/2017-08-cryptocurrency-feedback-estcoin-idea.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.