

Bio-chip implant arrives for cashless transactions

Announcement at global security confab unveils syringe-injectable ID microchip

Posted: November 21, 2003 at 7:42 p.m. Eastern

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At a global security conference held today in Paris, an American company announced a new syringe-injectable microchip implant for humans, designed to be used as a fraud-proof payment method for cash and credit-card transactions. The chip implant is being presented as an advance over credit cards and smart cards, which, absent biometrics and appropriate safeguard technologies, are subject to theft, resulting in identity fraud. Identity fraud costs the banking and financial industry some \$48 billion a year, and consumers \$5 billion, according to 2002 Federal Trade Commission estimates.

In his speech today at the ID World 2003 conference in Paris, France, Scott R. Silverman, CEO of Applied Digital Solutions, called the chip a "loss-proof solution" and said that the chip's "unique under-the-skin format" could be used for a variety of identification applications in the security and financial worlds. The company will have to compete, though, with organizations using just a fingerprint scan for similar applications. The ID World Conference, held yesterday and today at the Charles de Gaulle Hilton, focused on current and future applications of radio frequency identification (RFID) technologies, biometrics, smart cards and data collection. The company's various "VeriChips" are RFID chips, which contain a unique identification number and can carry other personal data about the implantee. When radio-frequency energy passes from a scanner, it energizes the chip, which is passive (not independently powered), and which then emits a radio-frequency signal transmitting the chip's information to the reader, which in turn links with a database.



ADS has previously touted its radio frequency identification (RFID) chips for secure building access, computer access, storage of medical records, anti-kidnapping initiatives and a variety of law-enforcement applications. The company has also developed proprietary hand-held readers and portal readers that can scan data when an implantee enters a building or room.

The "cashless society" application is not new – it has been discussed previously by Applied Digital. Today's speech, however, represented the first formal public announcement by the company of such a program.

In announcing VeriPay to ID World delegates, Silverman stated the implant has "enormous marketplace potential" and invited banking and credit companies to partner with VeriChip Corporation (a subsidiary of ADS) in developing specific commercial applications beginning with pilot programs and market tests. Applied Digital's announcement in Paris suggested wireless technologies, RFID development, new software solutions, smart-card applications and subdermal implants might one day merge as the ultimate solution for a world fraught with identity theft, threatened by terrorism, buffeted by cash-strapped governments and law-enforcement agencies looking for easy data-collection, and corporations interested in the marketing bonanza that cutting-edge identification, payment, and location-based technologies can afford.

Cashless payment systems are now part of a larger technology development subset: government identification experiments that seek to combine cashless payment applications with national ID information

on media (such as a "smart" card), which contain a whole host of government, personal, employment and commercial data and applications on a single, contactless RFID chip. In some scenarios, government-corporate coalitions are advocating such a chip be used by employees also to access entry to their workplace and the company computer network, reducing the cost outlay of the corporations for individual ID cards. Malaysia's "MyKad" national ID "smart" card is the foremost example.

Meanwhile, privacy advocates have expressed concern over RFID technology rollouts, citing database concerns and the specter of individuals' RFID chips being read without permission by people who have their own hand-held readers. Several privacy and civil liberties groups have recently called for a voluntary moratorium on RFID tagging "until a formal technology assessment process involving all stakeholders, including consumers, can take place." Signatories to the petition include the American Civil Liberties Union, the Electronic Frontier Foundation, the Electronic Privacy Information Center, Privacy International and the Foundation for Information Policy Research, a British think tank.

Commenting on today's announcement, Richard Smith, a computer industry consultant, referred to what some "netizens" are already calling "chipectomies": "VeriChips can still be stolen. It's just a bit gruesome when to think how the crooks will do these kinds of robberies." Citing MasterCard's PayPass, Smith pointed out that most of the major credit-card companies are looking at RFID chips to make credit cards quicker, easier, and safer to use.

"The big problem is money," said Smith. "It will take billions of dollars to upgrade the credit-card networks from magstripe readers to RFID readers. During the transition, a credit card is going to need both a magstripe and an RFID chip so that it is universally accepted." Some industry professionals advocate having citizens pay for combined national ID/cashless pay chips, which would be embedded in a chosen medium.

Identification technologies using RFID can take a wide variety of physical forms and show no sign yet of coalescing into a single worldwide standard. Prior to today's announcement, Art Kranzley, senior vice president at MasterCard, commented on the Pay Pass system in a USA Today interview: "We're certainly looking at designs like key fobs. It could be in a pen or a pair of earrings. Ultimately, it could be embedded in anything – someday, maybe even under the skin."