



## children's charities' coalition on internet safety

[Andrea Leadsom MP](#)

HM Treasury,  
Unit 1, Horse Guards Road,  
London SW1A 2HQ

3rd December, 2014.

Dear Ms Leadsom,

Re: Government consultation on Digital Currencies

<https://www.gov.uk/government/consultations/digital-currencies-call-for-information>

CHIS is an umbrella body which brings together the UK's largest child protection and child welfare organizations. Our particular focus is the online world. We are grateful for the opportunity to respond to the consultation you have initiated on the matter of digital currencies.

CHIS has no view one way or other as to the general *desirability* of bringing, or not bringing, digital currencies within any kind of wider regulatory framework.

However, we are very concerned about the potential growth of digital currencies to the extent that they might encourage or enable traffic, trade or exchange where either the vendor or the purchaser, or both, can hide behind an "unliftable" veil of anonymity, for example because strong encryption had been used to disguise or hide the identities of the actors and there was no ascertainable point of contact who could or would be able to respond to law enforcement or other proper requests from appropriate authorities who needed to identify the actors as part of a legitimate law enforcement or other enquiry.

Alternatively, even if it was theoretically possible to discover the identity of the actors and there was a clear point of contact who was willing to co-operate in so doing if that either took an inordinate amount of time or was expensive in terms of process costs, then this too would be highly undesirable.

We say this because we know e-currencies have already been extensively used in the purchase of (Illegal) indecent images of children, and were such means of payment to become even more widely or easily available our fear would be that that kind of traffic would grow.

The same is true in respect of any other forms of online payment which allow actors to hide themselves and for that reason you might also consider looking again at pre-paid cards (which use, for example, the Visa, Mastercard or similar payments networks) and other instruments which can be bought for cash with no prior requirement to establish reliably the identity of the purchaser and keep a record of their identity.

Even though, in general, the upper cash limits for pre-paid cards and similar instruments are relatively low at the moment, used in combination they can lubricate significant numbers of illegal transactions. Moreover and obviously if the limits were to rise then that tendency would increase commensurately. Otherwise it would be odd, would it not, if anonymity was *not* allowed in respect of e-currencies but it *was* allowed in respect of pre-paid cards?

Please note the issue for CHIS is not about the possibility of people engaging in online transactions using aliases. The issue is the speed and ease at which someone can be traced if it is necessary so to do.

Yours sincerely,

John Carr OBE  
Secretary  
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