



## Striking out for PKI

*Reversing its usual wait and copy approach, Luxembourg is leading the world in establishing public key infrastructure (PKI) to facilitate highly secure internet transactions. LuxTrust SA was founded on 18th November principally with public money but with banks and professional chambers also lending their financial backing. So what are the chances of this initiative getting off the ground when similar initiatives have failed?*

By Stephen Evans

During the dot.com boom one of the most frequently touted solutions to providing on-line security was public key infrastructure (PKI). This involves individuals being issued with a unique digital certificate on a smart card to prove digital identity for accessing services and data or making payments. There would also need to be a certification authority to check legal and regulatory conformity.

### Little interest to date

However, the apparently attractive idea could not get passed the chicken and egg problem of there being no applications because there are no certificates... and no certificates because there were no applications. Some have suggested including key chips plastic ID or bankcards, but little demand exists as other on-line security solutions exist and have proved successful. Also, there is little to push hardware vendors to incorporate card-readers into their PCs. This may start to change in Belgium where new ID cards are currently being issued containing a memory chip.

In Luxembourg, PKI has been talked about since the late 1990s, with money invested and studies undertaken, but ultimately without result. Despite this, work continued within the state backed LuxTrust Economic Interest Group (GIE) which sought to coordinate the efforts being made by the likes of the Economy Ministry, the Henri Tudor Public Research Centre



LuxTrust's founders

and the Luxembourg Association of Banks and Bankers (ABBL). The project was moved forward with the appointment of Jeannot Krecké to the post of Economy Minister, who saw PKI as a way to boost the country's profile with e-commerce firms.

### Change of attitude

After years of indifference, the attitude of sections of the private sector appears to have changed. So LuxTrust SA was founded with capital of 4.5 million euros, 3 million euros from the state and the SNCI. The remainder of the equity is shared between the BCEE, Fortis Luxembourg, Entreprise P&T, Dexia-BIL, the Chamber of Commerce, the Chambre des métiers, Banque Raiffeisen, Nomura Bank Luxembourg, Bourse, HVB Bank Luxembourg, National Certification & Homologation Company and the National Technical Control Company. The company is a PSF, regulated by the CSSF.

Backed by the Economy and Public Administration Ministries, the project is seen as essential

for the development of e-government and e-commerce. Public Administration Minister Claude Wiseler said this private-public project meant that Luxembourg has been able to take this step forward that has not been possible elsewhere partly because they have mostly been private initiatives that have led to differing standards. "Our multi-sectoral approach will thus enable us to obtain a maximum of mutualisation which will ensure its viability," he said. There is the hope that the communes will use it too.

### Government led

Serge Allegrezza, director of Statec was appointed chairman of the LuxTrust board. In his previous post with the Economy Ministry, he was instrumental in pushing this project forward. Speaking to Business Review, Allegrezza confirmed that the "biggest client will be the government both internally and to facilitate contact with citizens. At present, we don't have this solution and we need it," for e-government projects. So what are the chances of

success? Allegrezza recognises that PKI projects have not been successful abroad and as such LuxTrust is going out on a limb somewhat. Yet with the backing of big local institutions the possibility is there for the project to build momentum. "We hope banks will begin to integrate the chips onto their credit cards," says Allegrezza. "They have not made any promises as first we have to show that this system will work." He insists that the project will be more than just a banking solution as the state and professional chambers will have significant input. At the moment, work is on going to hire technical and financial management and the system specifications are being finalised for February at the latest.

It is perhaps curious that LuxTrust has not received financial backing from the e-commerce firms which it is ostensibly meant to benefit. Time will tell if Luxembourg's unique mix of public-private partnership can get the ball rolling on PKI when several similar initiatives have failed in the past around the world.