

Insideview

The Regulatory and Legal Challenges of Blockchain Technology

INTERVIEW WITH NINA-LUISA SIEDLER

Blockchain technology is seen as a promising alternative to established business models in the financial industry. What are the main challenges from your perspective?

The main challenge for the financial but also other industries is the boundaries of national and regional regulations, which fragment the globe into numerous local markets. While the technology might work globally, law does not – it is decentralized. Plus: No jurisdiction managed to provide true legal certainty yet.

Further, the blockchain space itself fragmented rapidly during the past years. Driven by the need to find initial supporters, public blockchain projects focused on setting economic incentives for early movers. This worked well as long as there had been just a handful of projects, attracting a global community of likeminded. But it fostered the creation of an overwhelming number of initiatives seeking funding on this basis (the

ICO hype), too many projects competing in the same area (who needs hundreds of identity solutions?) and ultimately weakened the power of the movement. I believe we need to rethink what we can achieve with this technology.

What could this be?

Leave aside any business-plan driven motivation for a moment: How would you like the digital infrastructure of future generations to look like? Typically, everyone quickly agrees that we would like them to find a publicly accessible digital infrastructure, at least at the base layer, not being dominated or owned by anyone, just like the public streets outside. No roadblocks at any intersection where you need to pay some toll in yet another currency whenever you make a turn. We need to create a base layer that is not profit driven, but enables the for-profit services and solutions on top of it. Blockchain technology can enable such an infrastructure, but not as it is being built



Dr. Nina-Luisa Siedler
Partner
DWF Germany
Rechtsanwalts-gesellschaft mbH

currently (most prominently: LIBRA – Facebook’s initiative for a global cryptocurrency).

We need new funding mechanisms as no single state will provide for a tax-funded global infrastructure due to its regional scope. I am convinced that Germany could kick off a discussion about the criteria for such future digital infrastructure by setting the right regulatory and tax incentives, aligning the European Union and its member states to agree on finally creating a true single (in this case digital) market fostering all industries (including the financial industry).

In April 2019, the “International Association for Trusted Blockchain Applications” (INATBA) was founded. Can you give us some background on the INATBA idea and goals?

INATBA was formed upon the initiative of the European Commission as private

blockchain industry association with a built-in communication channel to the governmental authorities worldwide. It provides for a governmental advisory board which is currently built with representatives of the World Bank, United Nations bodies, OECD, and alike. Its working groups (supported by the currently about 170 INATBA members, from large industrials to micro startups) strive to cooperate with these institutions in finding sensible solutions for transparent and inclusive governance structures, agreeable standards, and legal certainty.

How does INATBA strive to achieve these goals?

INATBA, together with i.a. the European Commission, will hold its first congress (Convergence – The Global Blockchain Congress) to bring together industry and governmental bodies, fostering a joint discussion about our global digital future.

Thank you for this interesting conversation.