

08 February 2017

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Blockchain & Trust - an economic perspective

Digital Shift



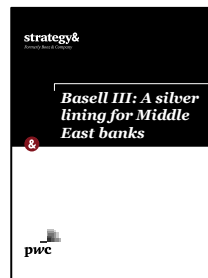
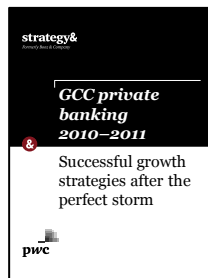
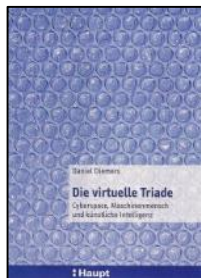
strategy&

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Introduction: Dr. Daniel Diemers



- Partner/ Vice President PwC Strategy& since 2005; from 2009-2011 secondment to Middle East
- Co-Founder and Board Member Swiss Finance + Technology Association (www.swissfinte.ch)
- Over 18 years consulting experience with Universal-/ Private Banks and Wealth Managers, focusing on growth strategies, digital innovation and regulation/ risk
- Former entrepreneur (start-up on internet based early warning systems/ intelligent agents)
- Ph.D. in „virtual communities“; published books, articles and speaker at conferences and roundtables in the US, Europe and Middle East on digital



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What is trust?

trust

/trʌst/ 

noun

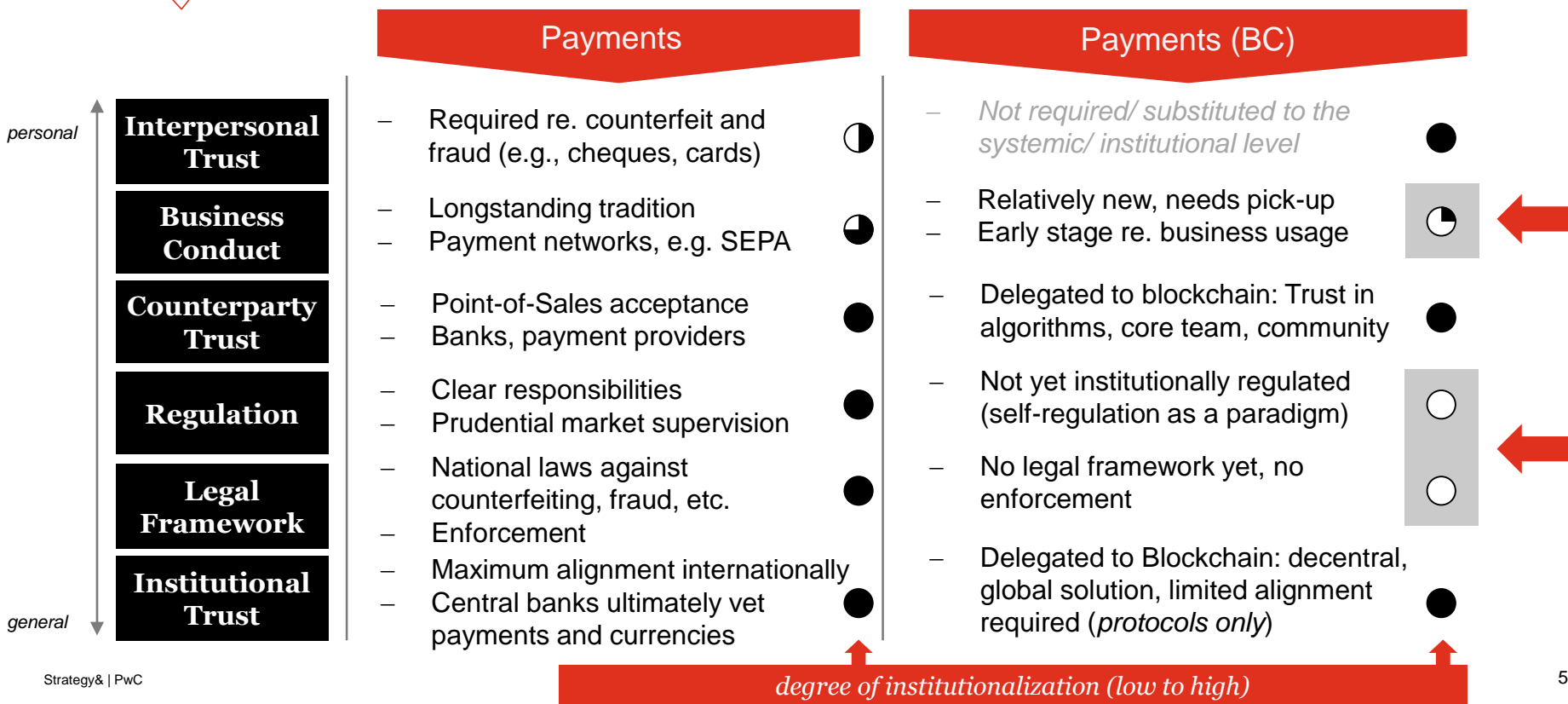
1. firm belief in the reliability, truth, or ability of someone or something.
"relations have to be built on trust"
synonyms: [confidence](#), [belief](#), [faith](#), freedom from suspicion/doubt, sureness, [certainty](#), [certitude](#), [assurance](#), [conviction](#), [credence](#), [reliance](#)
"a relationship built on mutual trust and respect"
2. **LAW**
an arrangement whereby a person (a trustee) holds property as its nominal owner for the good of one or more beneficiaries.
"a trust was set up"
synonyms: safe keeping, [keeping](#), [protection](#), [charge](#), [care](#), [custody](#); [More](#)

Layers of trust in the economy and when doing business

Definition of trust in the economy

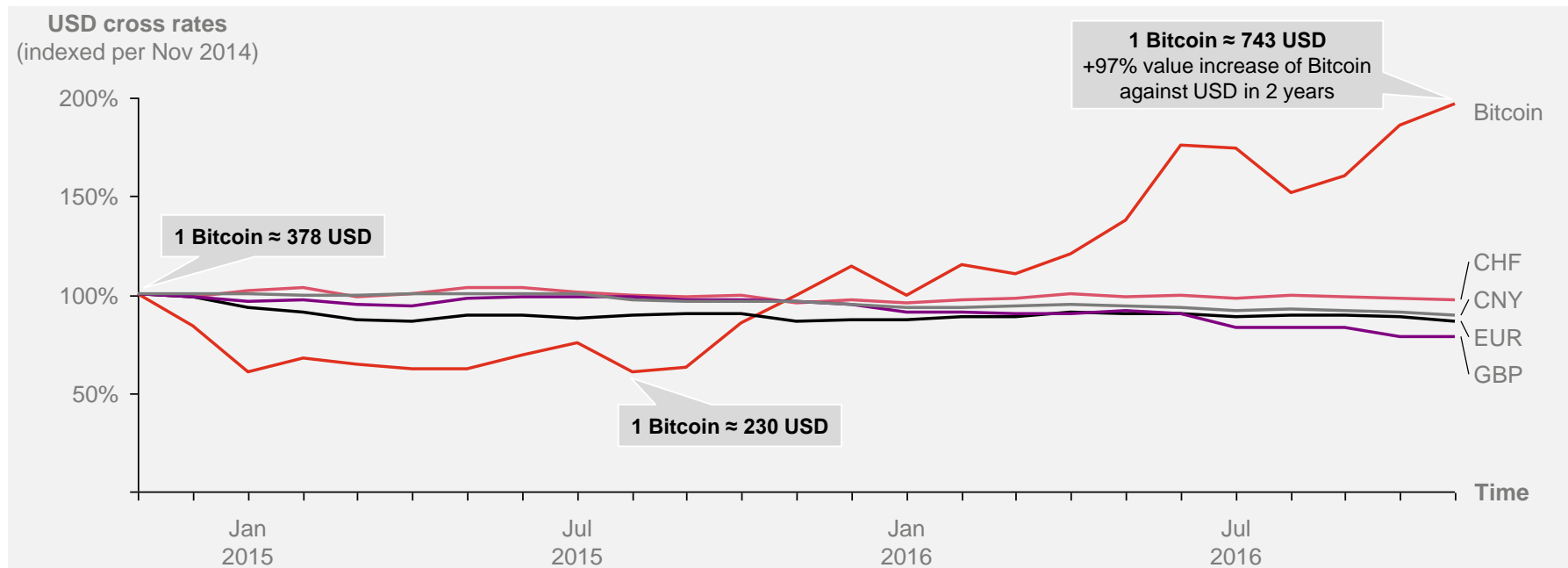
	Interpersonal Trust	<ul style="list-style-type: none">▪ Repeated interactions with predictable outcomes▪ Stable relationships and “sense making”
	Business Conduct	<ul style="list-style-type: none">▪ Socialized business behaviours (definition of “good” and “bad”)▪ Unwritten rules – <i>may vary across cultures/ geographies</i>
	Counterparty Trust	<ul style="list-style-type: none">▪ Economic laws and dominant logics – e.g., game theory: prisoner’s dilemma▪ Trust in companies, brands, traditions
	Regulation	<ul style="list-style-type: none">▪ Industry regulation, standard reference frameworks, incl. prudential oversight▪ <i>Stable, codified identities & registries/ ledgers</i>
	Legal Framework	<ul style="list-style-type: none">▪ Clear legal frameworks with trust in stability, independence and “lawfulness”▪ <i>Enforceability of contracts</i>
	Institutional Trust	<ul style="list-style-type: none">▪ Trust in economic theories and its implementation (e.g., liberalism, capitalism)▪ Supranational coordination and alignment via institutions (UN, OECD, EU, etc.)

Let's compare payments the classic way & on a blockchain



Cryptocurrencies have over-performed in the last 2 years – e.g., Bitcoin

Example: Bitcoin and major currencies vs. USD



Decentralized trust on the blockchain

- «Trust-less» network?

- Systemic, institutional trust

- Trust in communities



- Trust in computers, algorithms, protocols

- Trust in robots, AI

- Trust in the longevity of technology

- Trust in the digital economy

Open questions still remain – but key is: “don’t panic”



Keep calm (& continue using blockchains & cryptocurrencies)



Clarify legal and regulatory questions around Blockchain



Understand social and psychological dimensions better



Continue innovating & experimenting (“the world in beta”)



Focus on interconnectedness/ interoperability of blockchains

Sources

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Thank you!



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