

# Digital Economy Outlook

December 2017



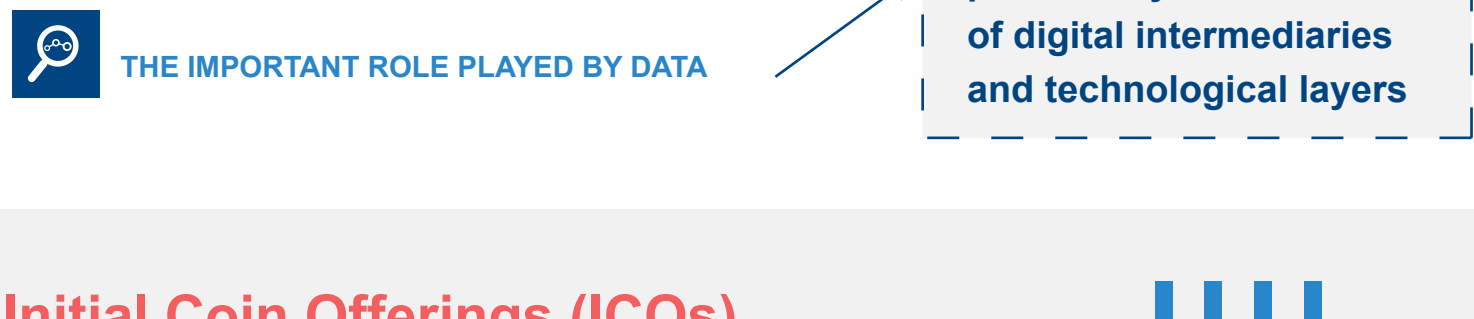
## Digital markets: Challenges for competition policy

Digital markets are those in which digital products and services are transacted

There are three broad categories:

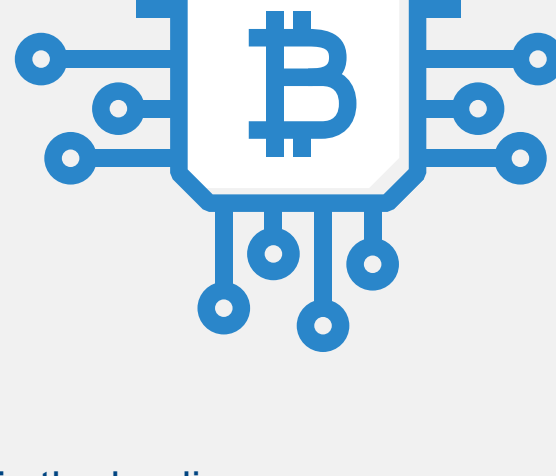


Key features that have important implications for the competition dynamics and the structure of digital markets:

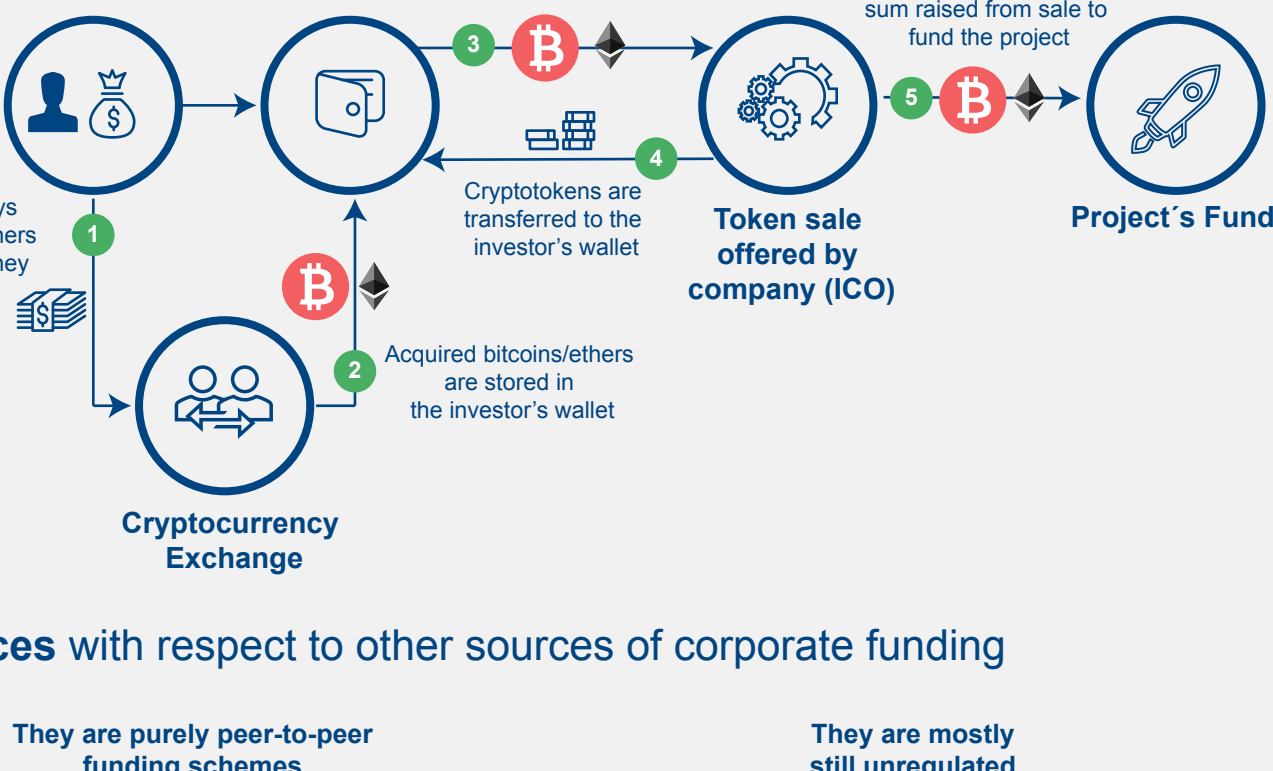


## Initial Coin Offerings (ICOs) Investment in crypto tokens: fad, madness or vision?

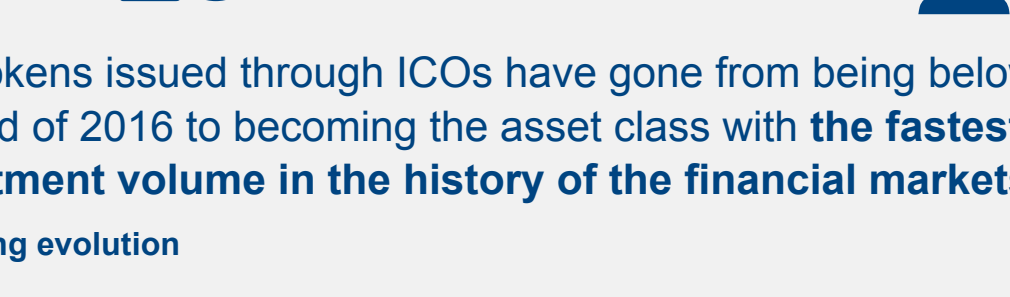
An ICO is a funding method for new blockchain startups based on the sale to investors of a percentage of proprietary cryptographic tokens issued by the company usually in exchange for another cryptocurrency, such as ether or bitcoin



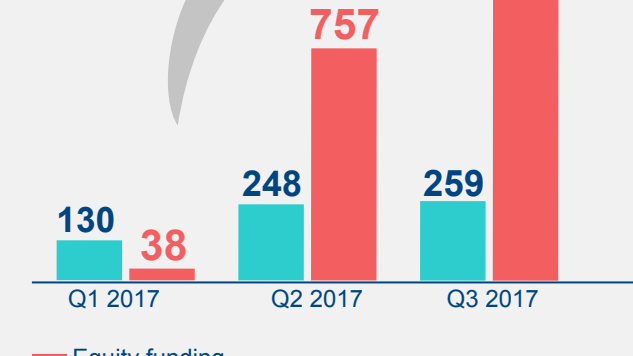
**56%** Market share, ethereum is the leading blockchain platform for ICOs



## Differences with respect to other sources of corporate funding



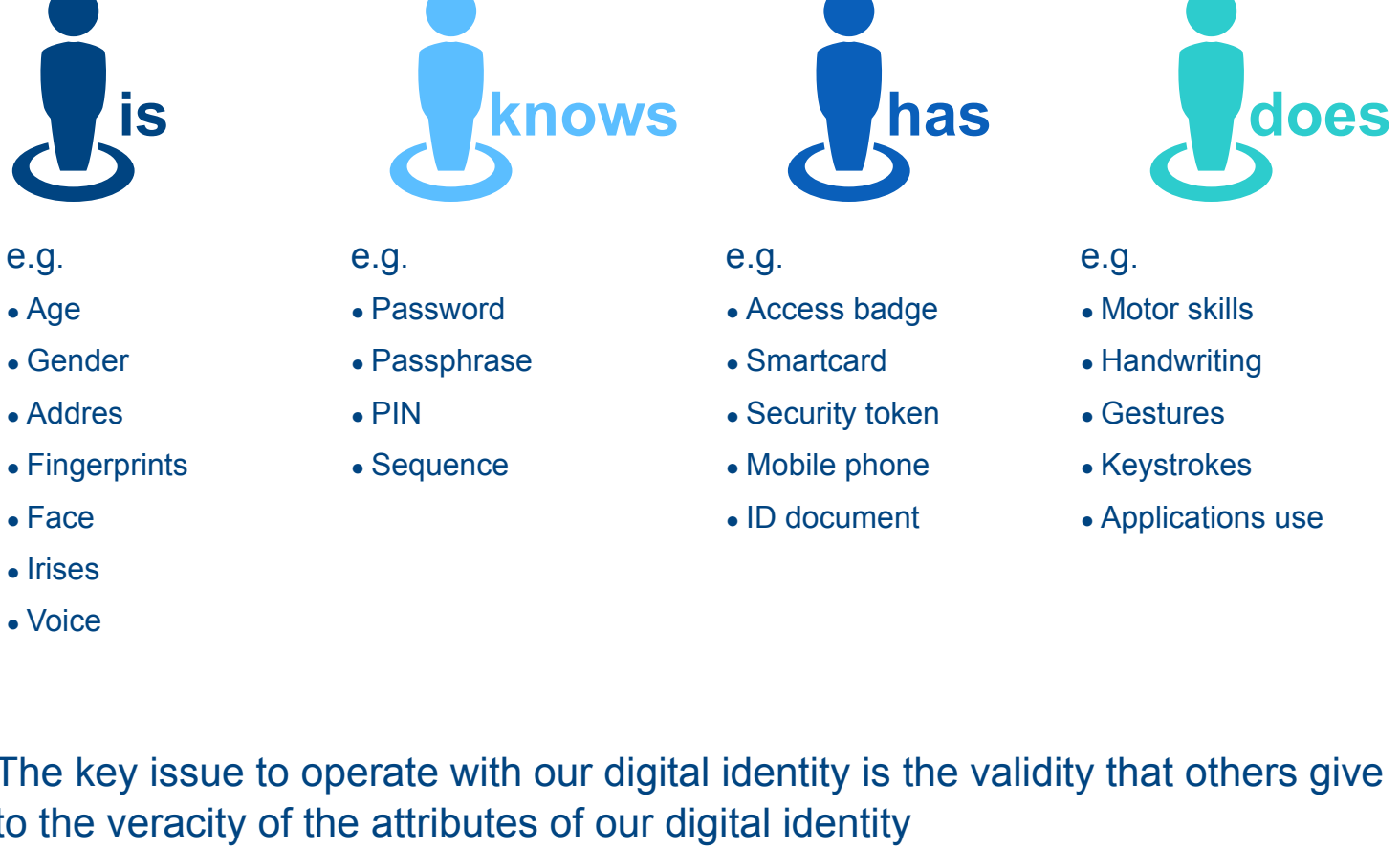
Crypto tokens issued through ICOs have gone from being below the radar at the end of 2016 to becoming the asset class with the **fastest growth rate in investment volume in the history of the financial markets**



Overall, ICO funding has also surpassed global early-stage funding (Angel and Seed VC) for start-ups since June 2017

## Towards a new digital identity: Identification systems and digital environment

OECD defines Identity Management "as the set of rules, procedures and technical components that implement an organisation's policy related to the establishment, use and exchange of digital identity information"



The key issue to operate with our digital identity is the validity that others give to the veracity of the attributes of our digital identity

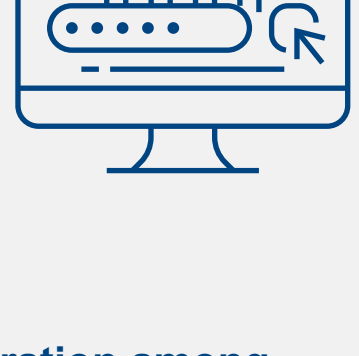
### Challenges:

- The user is not always fully in control of his digital identity
- Security. In 2016, reported data breaches increased by **40%**, setting a record in the US
- The number of actors in the market
- New technologies and IoT phenomenon
- Legal certainty
- Data protection

The sharing of personal data in a private, controlled, secure and convenient way, without having it spread all over the Internet, is crucial for the future development of digital identity

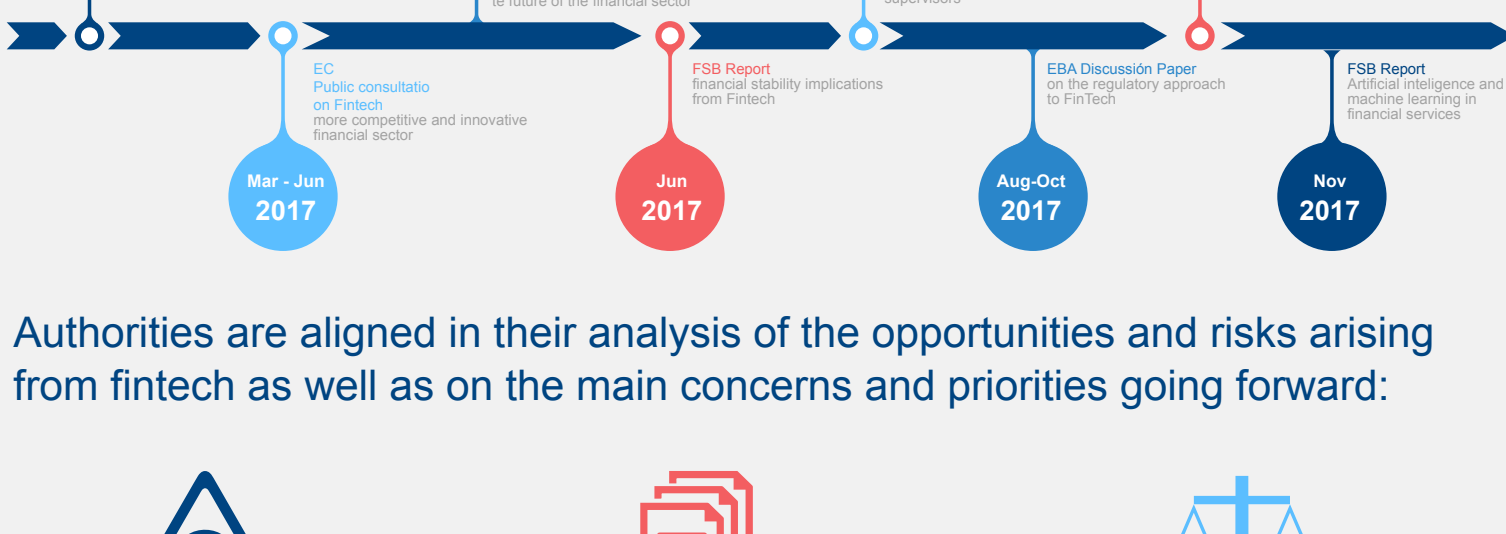
## Fintech: implications for regulation and supervision

During 2017 financial regulators and supervisors have released several consultations and reports on the impact of financial technology (fintech) on the financial sector

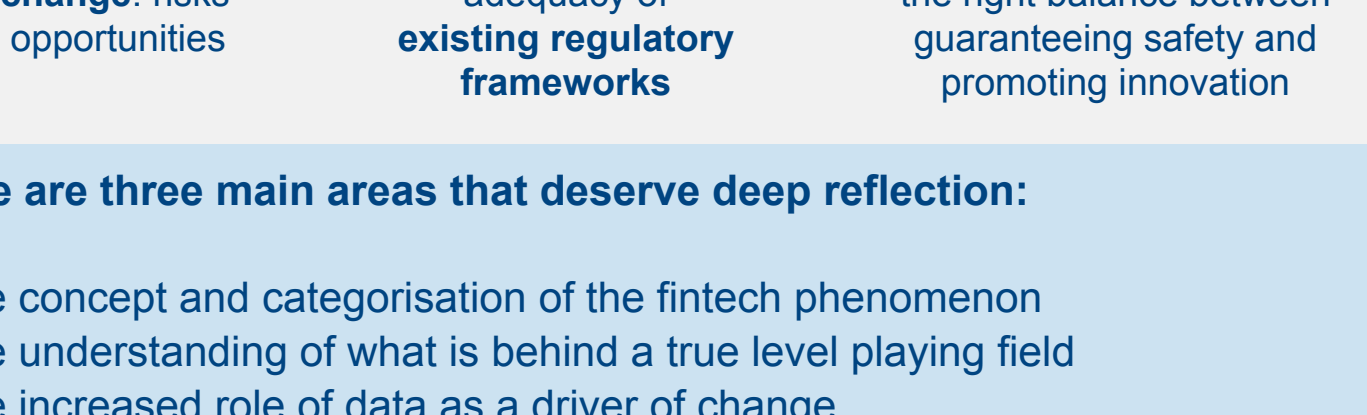


**need for cooperation and collaboration among authorities, including across countries and sectors**

The debate has escalated the regional level and has become central in the work of several standard-setting bodies



Authorities are aligned in their analysis of the opportunities and risks arising from fintech as well as on the main concerns and priorities going forward:



## Three are three main areas that deserve deep reflection:

- The concept and categorisation of the fintech phenomenon
- The understanding of what is behind a true level playing field
- The increased role of data as a driver of change

## AI: policy approach

What is AI: technology able to perform tasks that normally require human intelligence

Two drivers for adoption: computation improvements and data availability  
Open debate: 'Rise of robots' vs 'Life of leisure'

