

Track #07

Decentralized Finance, Cryptocurrencies and Fintech

Track Description

This track provides an opportunity and a forum for discussion of decentralized finance, digital assets (cryptocurrencies) and Fintech. Specifically, it seeks papers (e.g., full research papers, research-in-progress papers, experience-in-the-field reports, and case reports) that discuss theories and/or present use cases on regulatory oversight of digital assets, emerging decentralized financial products and services, and the impact Fintech on traditional financial markets. The current regulatory landscape for digital assets (blockchain, crypto-tokens, and smart contracts) is geographically and institutionally fragmented (Currie and Seddon, 2022; Yin et al, 2019). Multiple agencies apply different regulatory approaches at federal and state levels. Crypto-assets are traded across multiple jurisdictions, each of which is governed by its own regulatory regime. Policy-makers struggle to decide whether crypto-assets should be governed under existing securities laws, or instead, viewed as commodities, securitized, virtual currencies or as a medium of exchange. Important questions include: 1. To what extent should the design of the crypto-asset regulation framework align with the existing securities trading and investment regulation? 2. Should different sets of rules be based on the regulatory jurisdiction, or the nature of risk exposure and risk mitigation needs? 3. What are the regulatory and operational costs to the platforms under different alternatives? 4. How will next generation digital platforms and technologies generate new business models? 5. How is the crypto-asset market developing to fulfil the drive towards de-centralized finance and financial inclusion?

The aim to harmonize regulatory rules covers three types of crypto-assets: asset-referenced tokens (ART), electronic money tokens (EMT), and other crypto-assets not covered by existing laws. To achieve this aim, international governments need to work together to enhance inter-institutional co-operation. While the literature on next generation digital platforms and decentralized permissionless blockchains (Rai et al, 2019; Bakos et al., 2021), inter-disciplinary work will produce a more nuanced understanding of the regulatory-digital technology nexus. Sociological, economic, political, and technological perspectives are critical for understanding regulatory interventions for mitigating digital asset crime including, money laundering, market manipulation, financial fraud, and scams.

In addition, the mini-track welcomes contributions exploring how different stakeholders engage in market-making of digital assets. A paradox is evident since techno-libertarians advocate reduced government involvement in citizens' ability to access and use digital assets, while at the same time recognizing the need for regulatory intervention in a burgeoning market which exploits unsophisticated investors. Papers which consider how to balance government support for digital innovation with the need to restrict unbridled innovation to protect citizens are welcome.

References

- Bakos, Y., Halaburda, H., and Mueller-Boch, C. (2021) When permissioned blockchains deliver more decentralization than permissionless. *Communications of the ACM*, 64 (2), 20-22.

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- Currie, W.L. and Seddon, JJM (2022) From decision optimization to satisficing: Regulation of automated trading in the US financial markets, *Information & Management*, 59 (8) 103721
- Rai, A., Constantinides, P., Sarker, S. (2019) Next-Generation Digital Platforms: Toward Human-AI Hybrids, *MIS Quarterly*, 43 (1) iii-x.
- Yin, H.H., Langenheldt, K., Harley, M., Mukkamala, R.R., Vatrappu, R. (2019) Regulating Cryptocurrencies: A Supervised Machine Learning Approach to De-anonymizing the Bitcoin Blockchain. *Journal of Management Information Systems*, 36 (1) 37-73.

Track Main Topics

We invite papers on the following topics, but not limited to:

- Decentralized finance and emerging Fintech firms
- Digital currency as a replacement of fiat currencies (e.g., El Salvador)
- Digital transformation of financial payment systems
- Governing central bank digital currencies (CBDC)
- Crypto-asset regulatory gap in market transparency, conflict-of-interest mitigation, investor protection, and market operations
- Digital regulation challenges in crypto-asset securities and commodities oversight
- Balancing support for innovation with restrictions on digital asset classes
- Use cases of regulatory responses to crypto-asset failures
- Cross-jurisdictional regulatory policy on digital assets
- Embedding blockchain applications into existing legal frameworks
- The application of a centralized blockchain to improve government control

Track Co-Chairs

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