Reporting BlockchainUA participation

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BlockchainUA took place in Kyiv, Ukraine on 22nd of September, 2017. It was the second time the conference was organized this year, following the success of the first convention on 17th of March. The conference was split into three tracks, of which I was mainly interested in the main track. The other two were the product and the tech stages. My participation in the conference was sponsored by COINS.

The first talk of the day was given by the main organizer of the conference, CEO of DistributedLab, Pavel Kravchenko. He talked about tokenization and the way it gives a powerful mechanism to financially support projects in their early stages. With invention of ICO, investors get a fast and easy way to invest into projects, which become very transparent in order to be attractive for funding. The concept of a token was presented in the light of being a mixture between money, a bond and an accounting unit. It can be considered an electronic asset with multiple functions, which are actually dependent on implementation and are limited only by designers' imagination. The possible functions include being a share, being a way to pay interests or fees, or even being a protection mechanism against attacks. Tokenization, in fact, unites many systems in one, cutting down the bureaucracy overhead substantially. However, there is a major downside to it. It is exactly the same the whole cryptocurrency domain suffers from. Absence of regulations makes it quite a risky market for an investor to enter. By conducting ICO a person or a company behind it does not take any legal obligations. Thus, it has to be credible to invest in. Taking into account the considerable gains however, the investors are willing to take the risks. Hence, creating the environment where scamming is possible.

The next talk given by Ben Jones, CTO of Bitwala, continued the discussion of tokenization. Just as the first speaker, he expressed his belief that everything will be soon tokenized, therefore it is important to handle the idea of tokenization right and promote it further. One of the aspects to be tackled early on is liquidity. Tokens have to be accessible for trade and there should be facilities for that. Ben illustrated how his company, Bitwala, was on this issue since 2014. Interesting enough that the major blocker they encountered was Know Your Client (KYC) policies posing a number of legal requirements. The speaker then proceeded with a supposition of what identity management could look like in the future, when a person manages his identity data himself and the government only verifies it once.

Then followed a panel discussion on ICO and investing. The change I have noticed over the past 2 years is that blockchain conferences these days have become mainstream, attracting not only cryptocurrency enthusiasts, but a whole range of specialists. Hence, talks have become less idealistic and more down to

earth. The panel discussion proved again that regulations are highly expected, in contrast to the earlier claims of blockchain pioneers to remain non-regulated. The participants of the panel called upon understanding that the hype around is temporal and the market of crypto-currencies will eventually submit to the laws of the financial world. On the other hand, it was argued that the market of crypto-currencies, although immature, is self-evolving which gives a new perspective on how the market should be regulated. Companies now are more open and transparent, so they look attractive to the investors, as opposed to being heavily regulated and keeping the operations private.

An interesting philosophy was presented by Maxim Orlovsky and Pandora Boxchain project. They propose to marry AI and blockchain with the purpose of de-centralizing the exclusive access to AI research by big companies. Their blockchain based system uses AI algorithms computing as mining and funds AI researches based on their h-index. Besides, they claim that their approach has the potential to tackle the Elon Mask's fear of AI taking over the mankind. Unfortunately, not much details were shared in order for me to judge myself. It is definitely interesting to look into further.

Oleg Kudrenko described his vision on how the concept of blockchain aligns with other technological trends such as IoT, Machine Learning, Social Web, etc. His presentation was rather aimed at beginners explaining the basics that help understanding smart contracts better.

Giacomo Zucco talked about scalability of Bitcoin. He presented Bitcoin as a combination of four technologies: distributed ledger, digital signature, proof of work and blockchain. The last one does not scale, he argues. Blockchain is the necessary evil in Bitcoin and Bitcoin would be much better without it. These arguments support the research directions he further talks about - off-chain transactions and the Lightning network. Interesting enough, working on the same technology, I absolutely do not share his views and think exactly the opposite.

The second panel sprung around regulation of blockchain in Ukraine. At the time being, the Ukrainian legal system does not regulate blockchain, crypto-currency or ICOs in any way. The current opinion is that legally crypto-currency should be considered a non-material asset which is a similar concept to digital unit of value in EU jurisdiction. An opinion was expressed that Ukraine having a weak legal system should not invent the wheel and adapt best practices once they exist in more developed parts of the world.

The overall impression the conference left was very positive. Many interesting thoughts were exchanged, useful contacts were established. It was a great experience for which I express my gratitude to COINS.