

Opportunities and risks from the online environment: Re-training a generation of perpetual "naughty teens" about the joys of compliance?

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Outline



‘Them’

- ✦ Technological changes 1.0, 2.0...
- ✦ Legal disconnects
- ✦ New intermediaries
- ✦ New cultures of development and use of online services
- ✦ Changing views of compliance
- ✦ Forgiveness not permission

‘Us’

- ✦ Traditional Regulator
- ✦ Politicians’ Populism: No bad news?
- ✦ Regulatory pyramid
- ✦ Focus on level 2: not entrenched
- ✦ Be nicer
- ✦ Who’s going to make tax cool?
- ✦ Challenges for regulatory and compliance culture: no one else
- ✦ Where are we left? Who can help?

‘Them’: Online natives



New business models and intermediaries

Digital natives

Adaptation to their expectations

Technological changes underlying

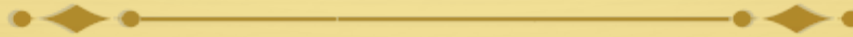


- ✦ Offline world was nice and simple, for regulators, compliance
- ✦ Web 1.0: global publication, old media/commerce models
- ✦ Web 2.0: social networking, user generated content
 - ✦ Convergence of producer and consumer, + distributor
- ✦ Web 3: mass personalisation, blur buyer/seller/worker/boss?
- ✦ Attack of the killer toddlers – we are so old
 - ✦ Hackers retire at 15, kids turning filter tables on parents, slash
 - ✦ Facebook does not enforce own rule of at least 13 yrs old

Legal disconnects

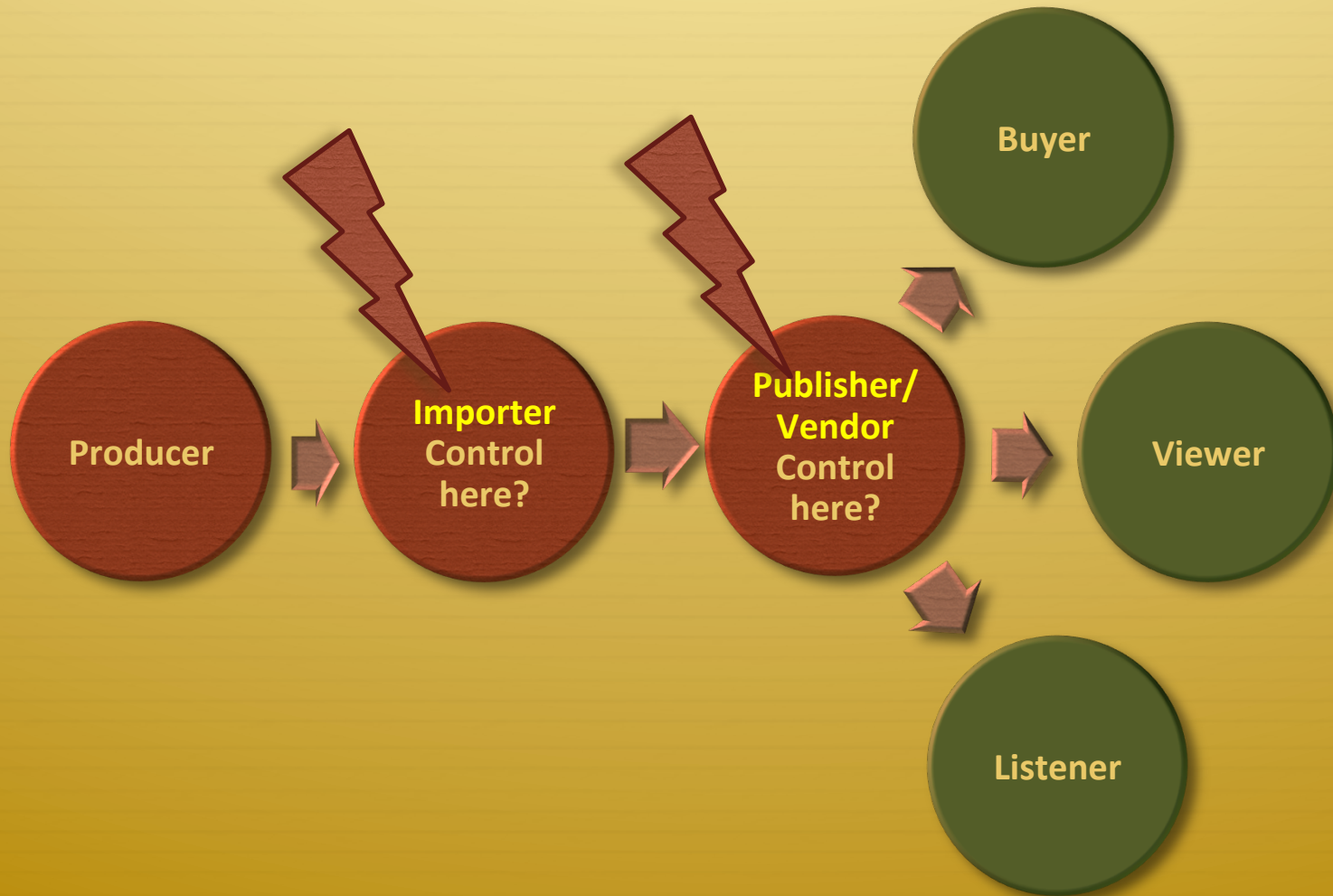
- ✧ Cyberlibertarian fantasies still delude and excite
- ✧ Reality: Jurisdiction out of control, hyper liability (for you)
 - ✧ Intensification not escape from jurisdiction (revenge of the States)
- ✧ Or: no care, and no responsibility? (for the cloud)
 - ✧ Your data and business go offshore, but not legal protection
- ✧ The rise of the sub-human: minors at the frontier
 - ✧ Deficit in 'consequences' cognitive development: paternalism?
 - ✧ 'Under the age of 18 or appears to be under 18'
- ✧ The fall of the 'common carrier': ISPs' change masters?
 - ✧ Agents of a foreign power, or a hostile litigant interest?
 - ✧ Enforced discipline of their customers, on pain of sharing liability.

And then there was 2.0

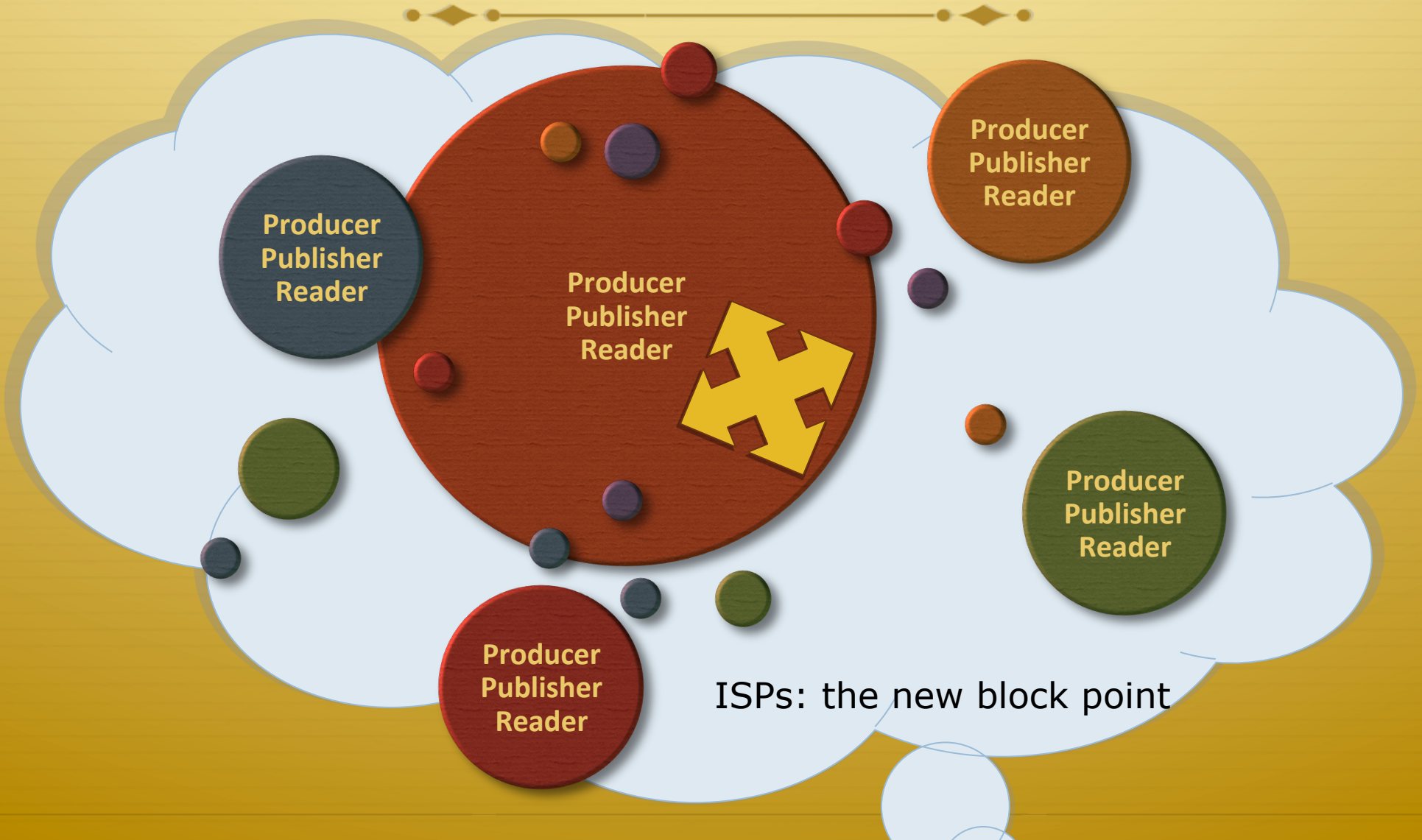


- ✦ Social networking, user generated content, degenerate narcissism
- ✦ Blurs boundary: Public *cf.* Personal
- ✦ From centralised one-to-many topology to distributed network
- ✦ Everyone is both consumer and producer ('prosumer')
- ✦ Everyone becomes a permanent global publisher, vendor, buyer
- ✦ Every device is an endless source: deluge data, functions
- ✦ No editorial brain involved (both users and ISPs)? No selection?
- ✦ ISP replaces publisher as control point – significant? *iiNet*

Ye Olde Worlde (–2006)



New fangled (SNS/UGC)



New online intermediaries



- ✦ A new industry of intermediaries...
 - ✦ Brokers, marketplaces, exchanges
 - ✦ Virtual value or very low value transactions
- ✦ ... facilitate access to revolutionary technological platforms not previously available to a now extremely diverse range of taxpayers, both adults and emerging adults.
- ✦ Need to consider changing business models from this access.
 - ✦ User generated content, integrated SNS worlds
 - ✦ Blurring boundaries amateur/pro, micropayments
 - ✦ Assumptions about how things work - simple

Views of regulation and compliance



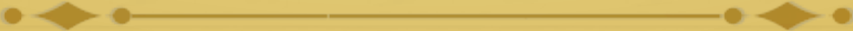
- ✦ And also consider a changing view of regulation and compliance arising from both
 - ✦ the internal development
 - ✦ external customer
- ✦ cultures of the hugely successful new online giants e.g. Facebook, Google.
- ✦ Is this conditioning people, especially those who have grown up with the new social networking and user generated content tools, to worry less about boundaries, rights and obligations, and more about convenience?

Forgiveness not permission



- ✦ What are the implications for compliance and revenue behaviour as an embedded approach of "ask for forgiveness, not permission" apparently becomes more entrenched in the new socio-technological environment (Facebook, Google 1)
- ✦ migrating out from a "Rapid Application Development" software culture
- ✦ into the general online population,
- ✦ reinforcing somewhat contemptuous anti-social temptations to try to avoid or deny responsibilities and compliance obligations?

‘Us’



Traditional regulators and compliance culture
Challenge to traditional roles?

Target: second level of pyramid



- ✦ This is the second level in the Compliance pyramid, those who "don't want to comply" - though this intention may not be fully formed.
- ✦ Some of these people don't see compliance as something they need to think about, just another dull demand of the old offline adult world which the cool fast kids from online can zip around.
- ✦ Is there a perpetual "Naughty teenager" model promoted by eg Face Book: "see what you can get away with", rather than accept what you need to do for minimum compliance with social and legal obligations?

Framing



- ✦ How do we counteract this behavioural reframing? (Lakoff)
- ✦ How to respond to what is potentially a very heavily promoted message about getting away with ignoring consequences?
- ✦ Can someone re-open the debate?
- ✦ Who?
- ✦ Are these virtual people open to persuasion?
- ✦ Can someone make tax-paying "cool"!?

Responding



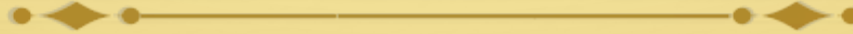
- ✦ This group have (sort of) "grown up" expecting the necessary things will be easy
- ✦ a quite reasonable expectation both by a consumer of online services, and by a user of a well-designed software/online system
- ✦ Consider again making compliance easier
- ✦ - normally the option for those "willing to do the right thing", the lowest level of the pyramid
- ✦ - as a tactical concession to the entitlement culture?

Challenges for regulation



- ✦ Pollies unwilling to bring the bad news
- ✦ Traditional compliance model not primarily about framing
- ✦ But someone should do it
- ✦ Mandate
- ✦ Skills
- ✦ Creative approach?
- ✦ Need multiple skills, partners?

Where does this leave us?



✦ xxx

Questions?



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