Ethereum co-founder: 'It's early days in a paradigm shift'

AFR TUE 22 MAR 2022

James Eyers and Jessica Sier

Ethereum co-founder Joe Lubin says Web3 – the new internet being built on blockchain technology – will challenge business models by shifting profits and decision-making power from traditional gatekeepers in trade and finance to communities and content creators.

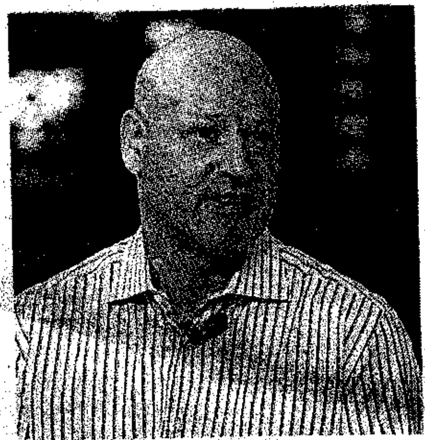
"This is the early days of a paradigm shift," said Mr Lubin, a former Goldman Sachs banker and one of the original backers of ethereum, a global network of computers that powers "decentralised finance" and NFTs.

"We are now able to democratise governance and finance in the same way the internet democratised the information layer of the planet."

Blockchain technology is groundbreaking because it allows transactions to be made directly between people without the involvement of an intermediary like a bank or a stock exchange.

Ethereum in particular has emerged as a widely used technology from among the crop of blockchains that underpinned the initial wave of cryptocurrencies because of its versatility. It allows for "smart contracts" to be programmed to automatically execute a task when predetermined conditions are met.

Developers have discovered ethereum's smart contracts can perform a range of tasks, including much of what the existing banking system spends billions of dollars facilitating: determining whom to lend to.



Ethereum co-founder Joe Lubin: "We are now able to democratise governance and finance in the same way the internet democratised the information layer of the planet." PHOTO: AP

The phenomenon has not been lost on traditional financial institutions, which are scrambling to work out how to use aspects of the technology to defend their dominant position in the financial system.

Digital Economy Minister Jane Hume told the Blockchain Australia event yesterday that so-called decentralised finance is "one of the most exciting frontiers I have seen", encouraging entrepreneurs to use ethereum and similar technologies to challenge incumbent banks.

"Crypto assets are a powerful way to develop consumer-owned networks," she said. "They provide a level playing field and don't change the rules."

Mr Lubin told a conference hosted by industry body Blockchain Australia that ethereum was not being met with the same levels of official enthusiasm in other countries.

"Politicians and regulators may not like the tools of our ecosystem because they don't understand them, or they have their own agendas," he said, ahead of an appearance at The Australian Financial Review Cryptocurrency Summit on April 6. "But they are going to have to come to terms that this is all happening; it is really powerful, and it is now on the main stage."

Continued p17

▶ Wyoming leads way in crypto custody laws **p17**

NSWAFRGA1