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**Digital Assets Policy Brief**

**Choice (A)**

**POLICY BRIEF**

**DIGITAL ASSETS -WE MUST PROTECT CONSUMERS, INVESTORS AND BUSINESSES IN THE UNITED STATES.**

1. **Introduction**

Digital assets' monetary vary has increased so much that it affects consumers, investors and businesses. Financial institutions have research projects to start making central bank digital currencies (CBDCs).

This briefing firstly shows how consumers, investors and businesses are affected by digital assets and how only if we work together we can develop new methods and procedures to conquer these underlying issues.

Digital assets are challenging, and people with the expertise and experience are important to help us find solutions. This briefing presents a practical model for Digital assets leaders, managers, experts and project teams and all our wider partners, to be able to comprehend, apply and perform optimally within a new environment with these new tools and approaches.

1. **Research Overview**

The research is done by asking people questions about how they are affected by digital assets through surveys and questionnaires. Old research papers and articles were used. Statistics were used to determine the number of people who were affected. This research will let us know how consumers, investors and businesses are affected by digital assets.

**3. Discussion/ Analysis of research findings**

Digital assets have had a bad and good effect on businesses. People are spending more money investing in digital assets than shares in businesses. People invest in digital assets for several reasons. Digital assets like cryptocurrencies are rising. People are making a lot of money from buying and trading cryptocurrencies. They are comparing the growth of company shares and digital assets' worth. Businesses are losing investors and sponsors because everyone wants to make a lot of money quickly.

The young generation is the technology generation, they prefer doing things online from the comfort of their own homes. Since some companies have accepted user payments of digital assets like bitcoin, they have been shopping online a lot more than in physical stores. This has been detrimental to businesses as they are losing even more walk-in customers. Investing in digital assets is much easier than investing in a physical business. Investing in a physical business requires paperwork and bidding, shares are most likely to be sold to the highest bidder or person with the most experienced and they will add value to the company. While investing in digital assets is easy, you can do it in your sleep. Digital assets have platforms whereby you can either use your laptop or mobile phone to sign-up. The platform requires you to be 18 and your identification documents to be valid. After you sign up and your documents are verified, you may start buying digital assets. You can check up on your assets from anywhere because you can access them on your mobile phone. Investing is made so easy that anyone can invest. These platforms usually have tutorials about investing, and how to be a profitable investor the platform, and they give you strategies to help you succeed. These platforms have gained many investors because of the easy process and the support they give. This has given a loss to physical businesses.

Digital assets are getting more attention because of the change they are bringing into the market. As we all know that mining is one of the most profitable businesses. The mining issues are that storage from warehouses is required. Mining requires numerous workers and a lot of administration to start working on a project. Mining requires a lot of energy, therefore it is done in places like China where energy is much cheaper. There is a digital mining company created in the USA, whereby people can mine online and sell or keep their assets. This is likely to attract more investors because actual mining has a bad effect on the environment.

Digital assets will get more attention because investors care about conserving the environment. For years we have been battling deforestation and how trees contribute to reducing global warming. Money is made from paper, paper which we get from cutting down trees. Investors see digital assets like bitcoin as a solution to becoming a greener economy. Instead of using money to pay, we will use bitcoin which is digital and does not affect the environment.

Digital assets make trading much easier than before. On digital platforms, you can sell your company shares for a higher price. You can sell art, tokens like NFTs and real estate shares for a higher price. A person can easily make a profit these days.

Digital assets like cryptocurrencies are resilient. In 2017 when the cryptocurrency market crashed, people believed that the market would not survive and it would just fade away. In 2021 cryptocurrencies started to increase again, now they are worth more than they were in 2017. This shows investors that cryptocurrencies will be worth more than they are in the years to come. Investors want to invest in profitable businesses. Since the COVID-19 pandemic began, physical businesses have lost a lot of money, this has made investors sceptical about keeping their shares and investing in those businesses.

Digital assets are not only limited to cryptocurrencies they include PDFs, Videos, Presentations, audio files, spreadsheets, graphics, design files, online stores, and applications.

Digital assets like online shopping platforms have had a negative impact on local businesses. Online statistics have shown that 75% of online consumers shop at least once a month, and approximately 4-10% of retail sales happen online. Consumers buy online because they are not charged sales tax, the 7 percent charge on each item can make a huge difference when you are buying numerous items. Local businesses have not been able to make a profit and grow because they are losing customers due to these sales taxes. The reduction in sales taxes has caused the economy to lose more money. Sales taxes are collected by the government to provide basic services like public hospitals to the people living in that country. Therefore, these consumers are affected by the loss of sales taxes because the government will not have enough money to provide adequate basic services for them.

When consumers are buying online, the money goes to the international retailers. If local businesses are losing money, it means they do not have money to hire more employees. The unemployment rate in the economy increases, and most consumers will be unemployed. If there is not enough money in the economy, consumers will not have as much money to buy goods. These actions affect consumers as well.

E-commerce is growing rapidly because consumers can get any good they want from any part of the world. Online platforms give consumers free shipping if they spend a certain amount, this attracts consumers to these online services and they are likely to spend more than they have planned. Online shopping platforms are always interacting with their consumers by sending them emails about the latest sales, and new stock and reminding them of the items they left on their wishlist. When consumers are constantly reminded of buying their favourite items, they are usually tempted and they buy eventually. Local businesses do not have that advantage, they will probably send an email or letter to the people who have accounts at their store once a month. These local businesses have TV adverts. Youngsters hardly watch TV these days, they would rather watch Netflix online so this means they do not even see the adverts. Local businesses have boards outside their stores to show people that there's a sale. People hardly go to the mall these days due to the pandemic, people buy their groceries online, and therefore they are seen by a few people.

E-commerce businesses are up to date with their customer service, they are always researching how to make the platform more user friendly and how to attract more customers. Digital companies like Amazon have user interviews, they pay consumers to participate in surveys which ask them about their experience and the platform. Consumers are asked what they would like to change about the platform and what they would like to be added. People like having a say in things and this makes them feel important, therefore they are likely to go back to these platforms. The few extra dollars to participate in these online platforms traffic on their websites. E-commerce businesses pay people to advertise products through affiliation links. Consumers who use affiliation links are given a discount on the product they are purchasing. Consumers who are sharing these links and the consumers who use these links are both benefiting. Therefore consumers feel like they are saving more when they purchase online than in actual stores.

The new generation prefers working from home rather than the traditional way of waking up in the morning and going to work. E-commerce companies provide flexible work hours and they work from the comfort of their own homes. Local businesses usually spend a lot of time looking for an individual to join the company because individuals are applying to work online. The more time the local business does not have a replacement, the more money they are losing because there's no one to do that work portion. Local businesses are affected. After all, they always have to hire new people because their employees resign to work for online platforms. Not only do online platforms provide flexible working conditions, but they also have higher-paying rates. Local businesses are losing more money because they always have to train new staff.

Online platforms can be a danger to consumers. Consumers are usually asked for their names, surnames, email address, number, Identification number, address, and their numbers and CVV. This is all the consumer's information that is put on the system. A consumer could be hacked of their money if the platform does not invest in the latest cyber security technology. Online platforms are a huge target for hackers because they are known for having a lot of money and consumer information. A consumer would be surprised to find out that a credit card is opened in their name, a contract is opened in their name or even worse a person has withdrawn all their money from their account. This is possible because of the consumers' identification numbers and card numbers on the system. If the website is not strong enough, the website could be hacked and consumers will not be able to access it. Consumers would lose all their money because the digital company would not deliver the orders. The digital company would have lost all its data.

NFTs are non-fungible tokens, which means that each token is not the same amount. The amount is determined by the highest bidder. Numerous digital assets can be sold as NFTs like music, art, GIFs, videos and images. The way of selling music has evolved from CDs, to downloading music online to our phones and streaming online and to selling it online on NFTs to the highest bidder. Investors have decreased their interest in investing in record labels. Record labels used to make a lot of money because the way for your music to be heard and bought by consumers was through record labels. Now artists do not need record labels, they can just produce music from their studios and sell it online to any bidder who wants to buy it. The music industry is starting to change slowly because artists have noticed that they can make more money from selling their music through NFTs. Record labels are starting to slowly lose sponsors. Investors will begin to lose money because the profits have begun to slowly decrease.

Artists who draw do not send their artworks to galleries anymore, they would rather sell their artwork online on NFTs. Most artists used to struggle to sell their artwork because they were not established and did not have the network and connections to be recognized as good artists. Now artists can simply upload their artwork on the NFTs platform with millions of consumers. Galleries do not have as much traffic as they used to have before, it is now a failing business. Gallery businesses are falling apart and investors are losing their money. Consumers are affected by this platform because some are not given a chance to buy art. Artwork is now sold to the highest bidder and not every consumer is extremely wealthy to offer an artist millions of dollars. Artists are required to rent a gallery to showcase their artwork and pay a fee for those hours they have rented. Most NFTs marketplaces do not charge the artist, they charge their consumer for maintaining and selling the artwork. This is a highly profitable market for artists, but consumers are supposed to pay extra fees. NFTs are bought only by digital assets namely bitcoin and Ethereum. People are pushed into using digital assets.

Users can sell their images on the NFTs marketplace. Instead of taking pictures for fun, users can make money by selling their selfies online. Users get high bids for their images. People do not need to join modelling agencies to be recognized for their beauty. They can simply sell their portfolio to the highest bidder. Users can simply make money and when people in the economy make money, the economy grows which is good for businesses and investors.

Other digital asses are PDFs, word documents and spreadsheets. Local businesses that sell only office equipment have lost revenue over the past years because people have moved to digital assets. People used to buy printers to print out documents, files to store their paperwork, staplers to staple the paperwork, punctures to put holes on the papers, books to write on, papers for drawings, charts for presentations and a lot of pens, pencils, markers and highlighters to write on the papers. Now there is no need for all this equipment, people can save their paperwork by simply typing and saving them as documents and PDFs. People can draw on the computer and save it as a GIF. There's no need for accounting journals, accounting is done on spreadsheets. There are no investors for such companies because they are not as profitable as they used to be.

Applications like Instagram, Facebook and Twitter are digital assets. Users upload pictures and tag the companies they want to work with. Users are recognized by the companies and they are usually invited to work with them. Modelling agencies are the middlemen between people who want to become models and companies who want to hire models. No there is no need for such companies, models can simply showcase their skills on the application's platform and companies will see their potential and hire them. These local businesses have been failing since the introduction of these applications. Investors have lost money and sold their shares. The users are the consumers of the applications. Consumers are affected by the amount of data they spend on these applications because they require a lot of data to access them. Other consumers can also comment on the pictures of the consumers that have posted, these comments can be both positive and negative. Consumers are also affected by the fact that other consumers can steal their images and create a fake accounts using their images.

Advertisements and logos are part of digital assets. Advertisements and logos are easier to make these days than before. Businesses used to hire marketing companies to create advertisements and logos for them. These advertisements were in the form of billboards and banners that could be placed near the business. The business logos were also placed on a banner on the building. Marketing has evolved advertisements for online businesses are done online through popups and short clip videos on YouTube. Logos for the business are their website and outside the building, if they have a physical business.

The twist here is that nowadays almost anyone can create these digital assets. There is an online platform named Canva users can create and edit images, videos and documents. Canva enables users to create advertisements by image or videos. Users can create logos because it offers different types of design templates. There are freelancer online platforms like Upwork and Fiverr, people are hired to do small tasks like this for businesses. Marketing businesses are at a loss because they are not required, there are a lot of people who can do their job at a small fee. Investors do not even think of investing in such companies. Consumers have an enormous gain because they have a lot of options on how to get their advertisements and logos done. They can either hire a freelancer or do the job themselves through easily usable platforms like Canva.

Netflix is one of the biggest digital assets, the shares are booming and investors are placing their money in it. People would rather pay Netflix subscription fees than television subscription fees. Netflix has everyone's favourite shows and it has the latest movies. Local movie theatres or cinemas do not have many customers. People would rather stay at home and watch movies than pay for a movie ticket. We have seen that most cinemas are closing down because they are not as functional as they used to be. The COVID-19 pandemic has also played a huge role in this because people are now sceptical about going out to public spaces. Television broadcasting corporations have seen that they have fewer viewers, the fewer viewers they have means that the less money they obtain. Soon there will be less money to introduce new television shows because they will not have sufficient money for production. Consumers are happy about Netflix because it has series, movies, documentaries, news and sports which is everything that they need. Netflix investors are happy about their profits, but television broadcasting corporations' investors are experiencing a loss. The business is not booming as it used to before online streaming platforms were introduced.

We have seen fewer Foreign Exchange offices and shorter lines at the bank to change money into your desired currency. Digital assets like PayPal, Payoneer and Skrill have been assisting people with converting one currency into another currency for a very small percentage. These online platforms have saved people the journey of travelling to the offices and standing in long queues at the bank. Foreign exchange offices would charge consumers a consulting fee for their services. These online platforms charge only 2% of your money. This is beneficial to consumers because they spend less on transport and the fee is less to get their money. These foreign exchange offices have noticed that they have been replaced, that is why there are close to nonexistent these days. The business has dropped drastically.

The stress of transporting your old stuff to a pawn shop has been solved. Digital assets like eBay allow users to sell secondhand goods to consumers. Users do not have to worry about negotiating with the pawn store sales consultant or owner. Users sell the goods to the highest bidder, they can either make a profit or a loss from the auction. The shipping costs are paid by the consumer, the user only puts the items in a box and ships them to the consumer. The consumer is affected because they have to pay shipping costs, but it is normal to pay for shipping when you have bought it online. Pawnshops do not have a business, most of them have shut down because people have found better options for selling secondhand items. Investors do not invest in such companies because of the loss they will incur.

Online courses are digital assets. Some people find it more convenient to study online because they have other responsibilities such as work. Online courses are sold to people online and they are sent to them electronically. After completing these online courses they can get a qualification that is equivalent to the one that is obtained from the school. Online schooling is much cheaper compared to traditional schooling because there are no lecturers, you learn through video tutorials and textbooks. Consumers of online courses gain because they can qualify without changing their daily routines. They also lose at the same because there is no one to physically help them with the work, they have to hire private tutors. The business is doing well, and traditional school businesses are doing well because everyone has a personal preference. Investors invest in both online and traditional schooling because they are both profitable.

4. Conclusion

Digital assets are bringing a huge economic to the United States. There is no way of stopping e-commerce, local businesses need to adapt to the changes and start to put their businesses online. Other businesses should consider accepting cryptocurrencies for payments because most users prefer to use those than actual money. Businesses need to protect consumers, investors and their businesses by investing in the best cybersecurity for their businesses. Cybersecurity will protect consumers, investors and businesses from hackers and their data and privacy will be protected. Businesses should hire information technology specialists who will constantly check up on their systems. The economy will grow drastically when it starts to see that digital assets are not the enemy but a way to make more money.

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