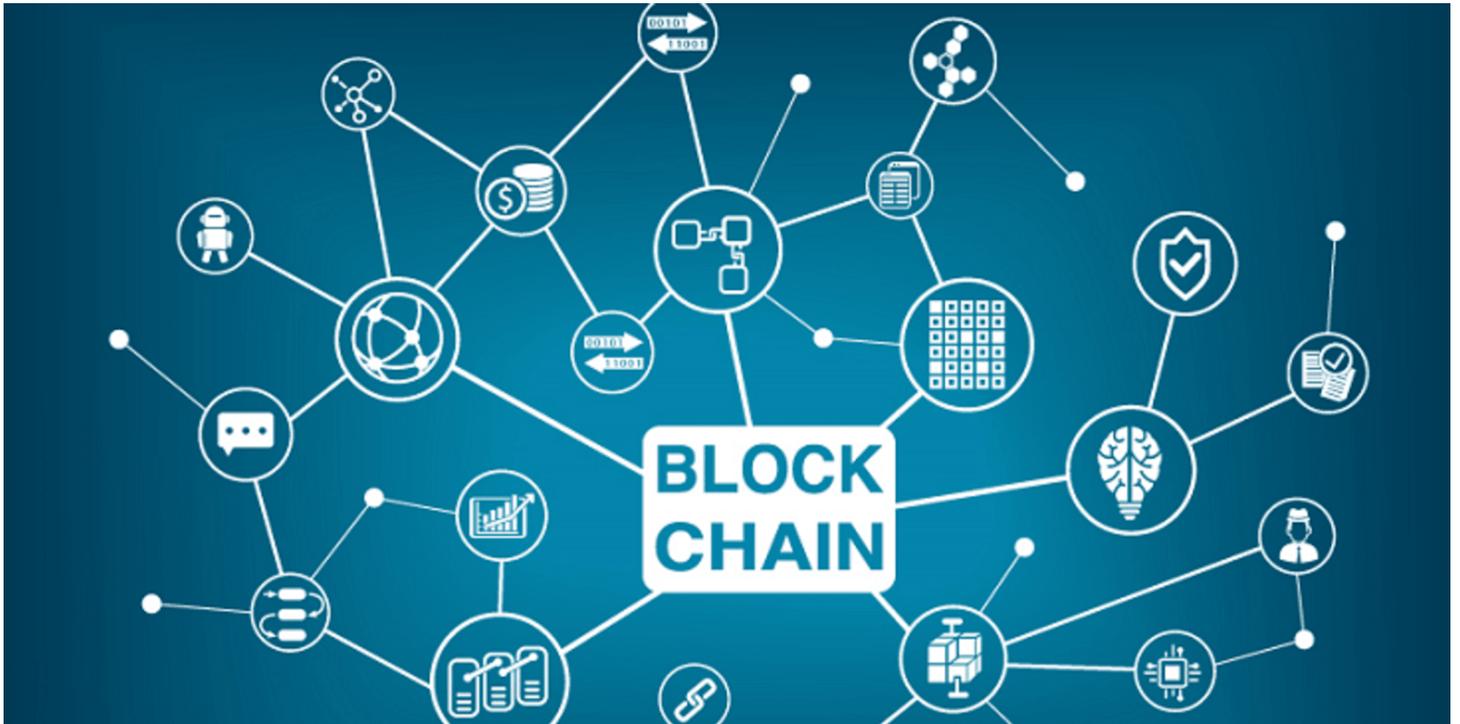


# Is blockchain the future?

14 March 2018



A Miami-based start-up is using blockchain technology to reduce the duration and cost of international dispute resolution, while a working group has been formed to look at how arbitral institutions need to adapt to the blockchain era.

The Miami Blockchain Group unveiled its Smart Arbitration and Mediation Blockchain Application – SAMBA – at an event organised by the Global Legal Institute for Peace and Conflict Resolution at the University of São Paulo today, which brought together leading arbitration practitioners, academics, blockchain experts, computer engineers and representatives of the World Economic Forum.

At the same event, the institute launched a working group chaired by **Marike Paulsson** of the University of Miami and **Gerson Damiani** of the University of São Paulo to conduct research into the use of blockchain in international dispute resolution and how institutions around the world will need to adapt.

Commonly associated with the Bitcoin system, blockchain allows consumers and suppliers to connect directly without the need for a trusted third party, like a bank, to make a transaction. It provides a decentralised “digital ledger” of transactions that everyone on a network of computers must see and approve before the exchange can proceed, using cryptography to keep them secure.

The technology was first outlined in the 2008 white paper that proposed Bitcoin and it soon became evident that it had many other uses. In the words of **Sally Davies**, a technology reporter at the *Financial Times*: “[Blockchain] is to Bitcoin what the internet is to email. A big electronic system, on top of which you can build applications. Currency is just one.”

It has been said its potential uses are "almost limitless": from collecting taxes to enabling migrants to send money back to families in countries where banking is difficult. There is also little scope for fraud because every transaction is recorded publicly for anyone to see.

SAMBA was developed by **Alexander Fischetti**, CEO and co-founder of the Miami Blockchain Group and a student on the University of Miami School of Law White & Case international arbitration LLM programme, over eight months.

He tells *GAR* that it aims to provide "new innovative solutions to address the issues facing international arbitration, such as increased costs, lack of transparency, timeliness and the difficulty of managing massive amounts of documents and evidence."

To create SAMBA, he explains that he and his partners developed a smart arbitration contract and an international dispute resolution platform, which is currently a secure website but will eventually be an application that can be used on any device.

Users of SAMBA will be able to input their arbitration clause or agreement into a request form, which will translate the information into code and generate the smart contract.

The smart contract will then be sent to the SAMBA account of the designated arbitration institution, which must agree to administer the case, and then to the respondent so the arbitral process can begin.

"Essentially, the smart contract replaces the request for arbitration," Fischetti says. "By executing the contract, the parties to a dispute are able to access the platform, where they can manage the entire arbitration procedure."

Fischetti emphasises that the start-up is not attempting "to replace arbitration institutions," which he says have played a "profound role" in the growth of international trade. He says international dispute resolution can "show its strength as an inherently inventive and flexible process" by embracing this "secure, immutable and dynamic platform" to resolve both traditional disputes and new ones over smart contracts and cryptocurrencies.

Paulsson, who is vice president of the Global Institute for Peace and on the board of the Miami Blockchain Group, tells *GAR* that "the world is moving beyond the digital era and entering the fourth industrial revolution – but international arbitration is not keeping up. Cases are often still conducted in hard copy and in real time, with volumes of documents put before the tribunal."

"Blockchain brings international arbitration into the new era. It is secure, it saves time and money and it is efficient."

"We no longer work with telegrams, as envisaged by the New York Convention. So why do we still courier volumes of statements and exhibits to arbitrators, counsel and institutions when the new world is beginning to operate in the virtual space?"

Paulsson also highlights how SAMBA provides scope for alterations to be made to documents without the need to generate new copies, although the final submitted version cannot be changed. The final award will be stored on the blockchain – with no need for copies that must be authenticated and certified under the New York Convention.

All players in the process, including the claimant, respondent, arbitrators and institution, have their own keys to access data at appropriate times in the process, she says. There is also a simple and secure drop box for all electronic discovery.

Asked how the arbitration community will need to adapt, she says institutions may need to produce new rules that reflect the new technology and there may be need for regulation through guidelines. These are matters the working group will look into.

In a speech at today's event, Paulsson also presented "resolutions" that she said nations and key stakeholders in international law should make to enable it to flourish in the new world order, one of which was preparing for and adapting to use of blockchain.

In addition to this, she said that treaties such as the New York Convention, the North American Free Trade Agreement and the Comprehensive Economic and Trade Agreement between the European Union and Canada, need to be revisited and adapted; there needs to be global regulation of institutional arbitration; and there needs to be a focus on overcoming the resurrection of sovereignty and nationalism in some parts of the world by persuading states that complying with international law is in their interest.

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