



First Annual Toronto FinTech Conference

Blockchain Solutions for Agency Problems in Corporate Governance

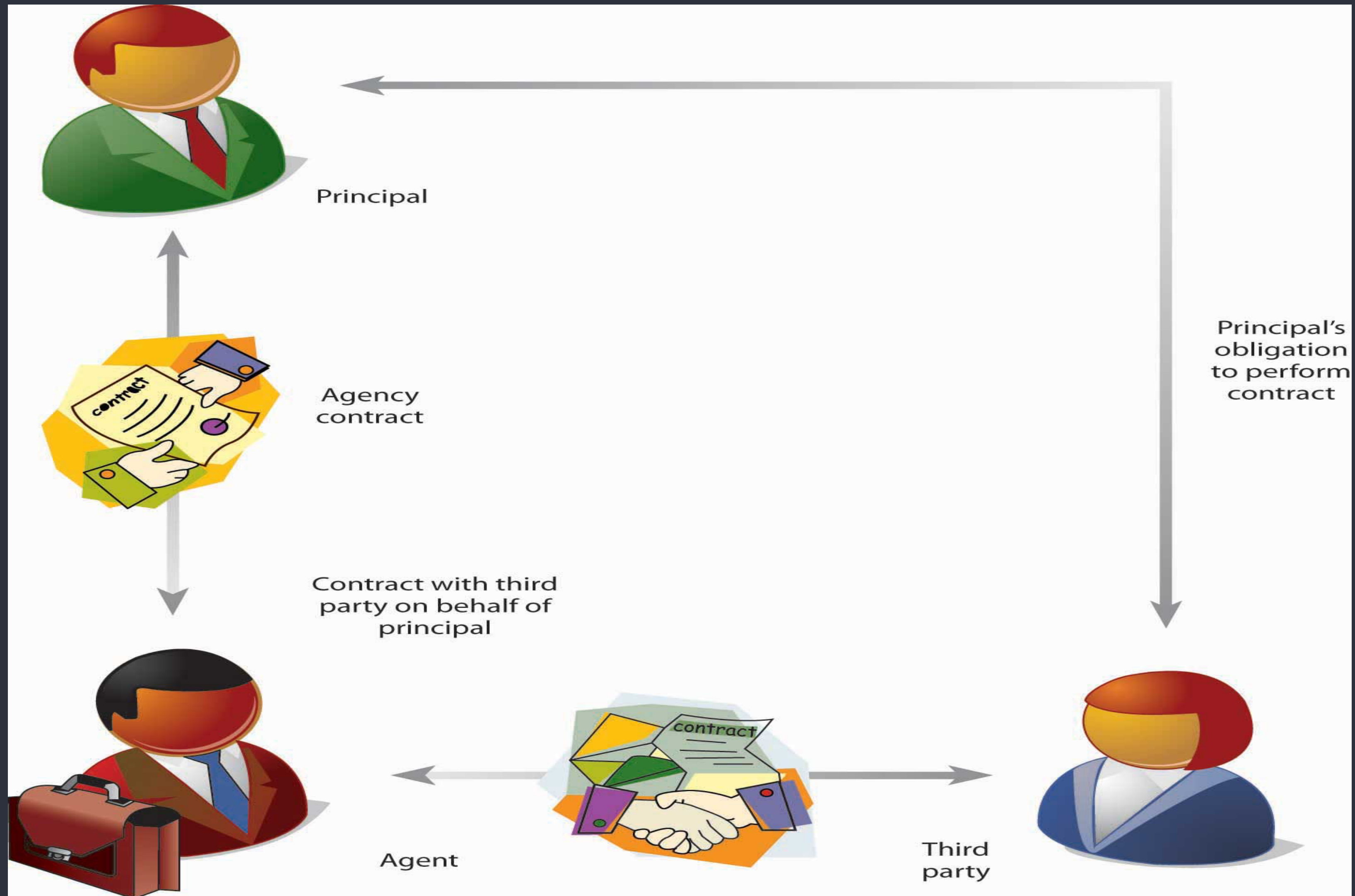
Wulf A. Kaal, Ph.D.



- Agency Problems in Corporate Governance
- Blockchain Promise
- Improving Corporate Governance

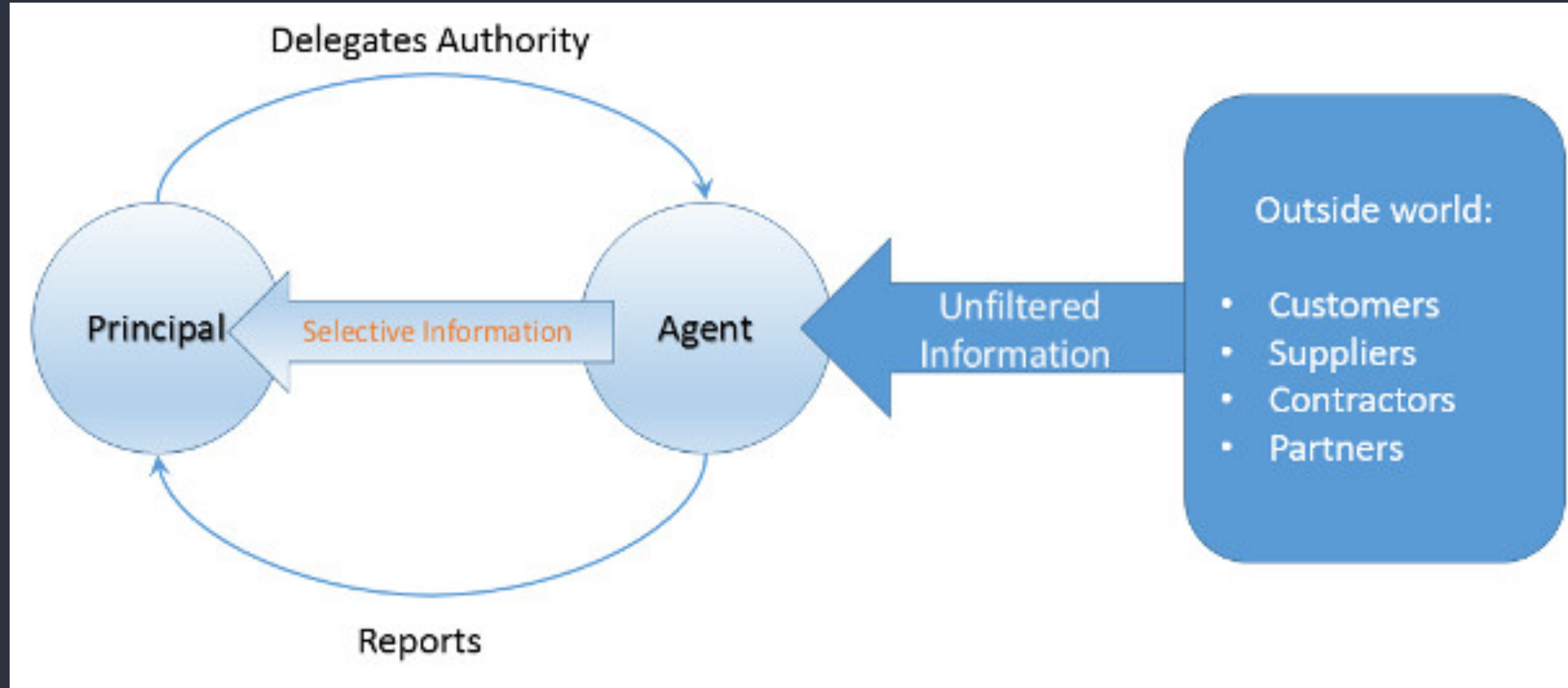


Agency Problems in Corporate Governance



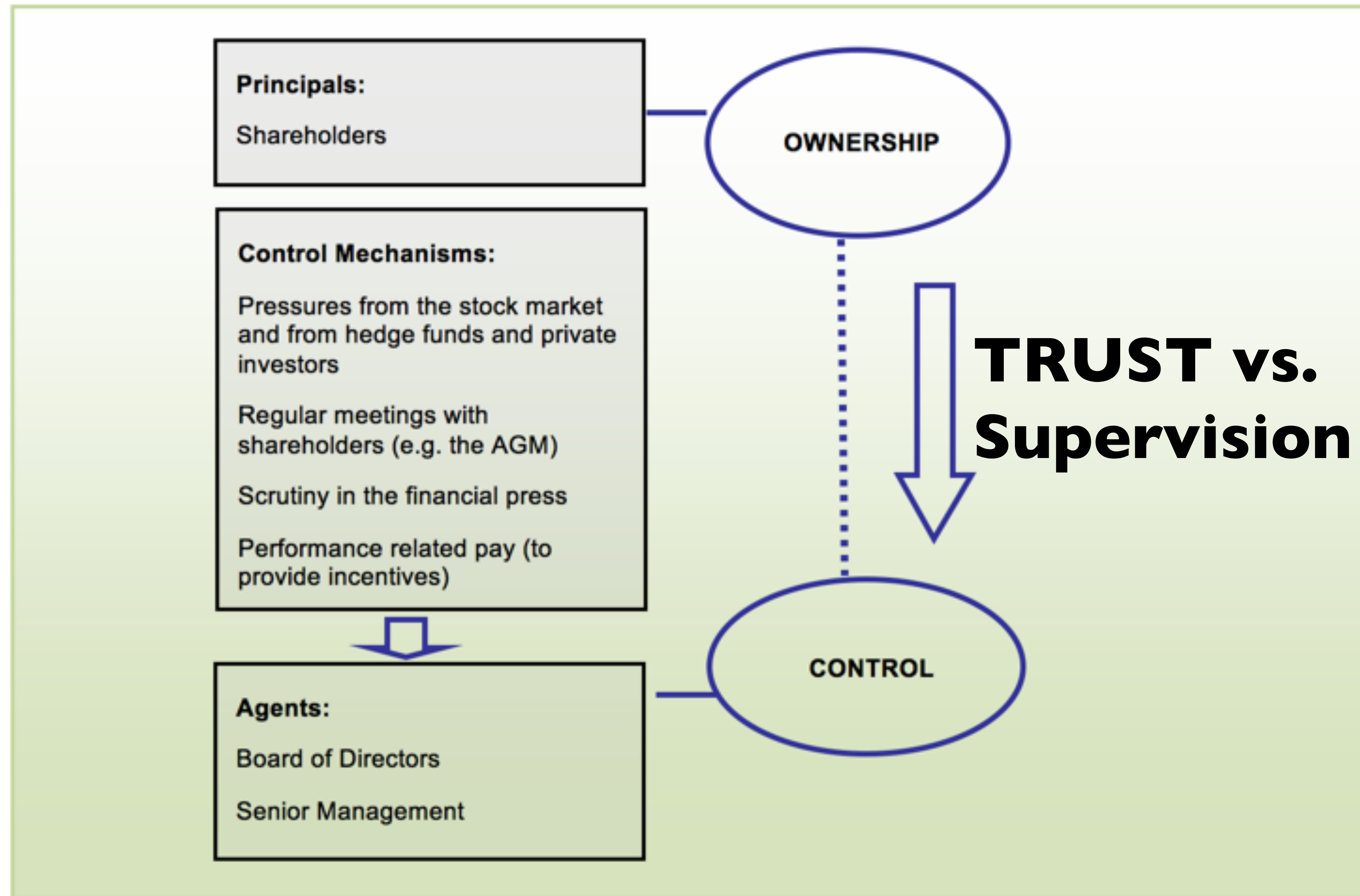


Agency Problems in Corporate Governance





Agency Problems in Corporate Governance





Agency Problems in Corporate Governance





Blockchain Promise - Trust in Agency Relationships

- **Blockchain's transactional guarantees create trust between principals and agents** in the integrity of their contractual relationship
- Because the blockchain (at the least the public blockchain) is in fact public and **more secure than most legacy systems, increases transparency**, while at the same time significantly **reducing transaction costs**
- In the blockchain infrastructure, there is **no need for the principal to institute oversight and monitoring with the associated agency costs**
- Governance guarantees embedded in code address the inherent agency problems in modern finance
- Blockchain technology secures the integrity of principal agent relationships by **removing fraudulent transactions**.
- Blockchain technology is also **substantively faster** than traditional third-party intermediary validation of transaction

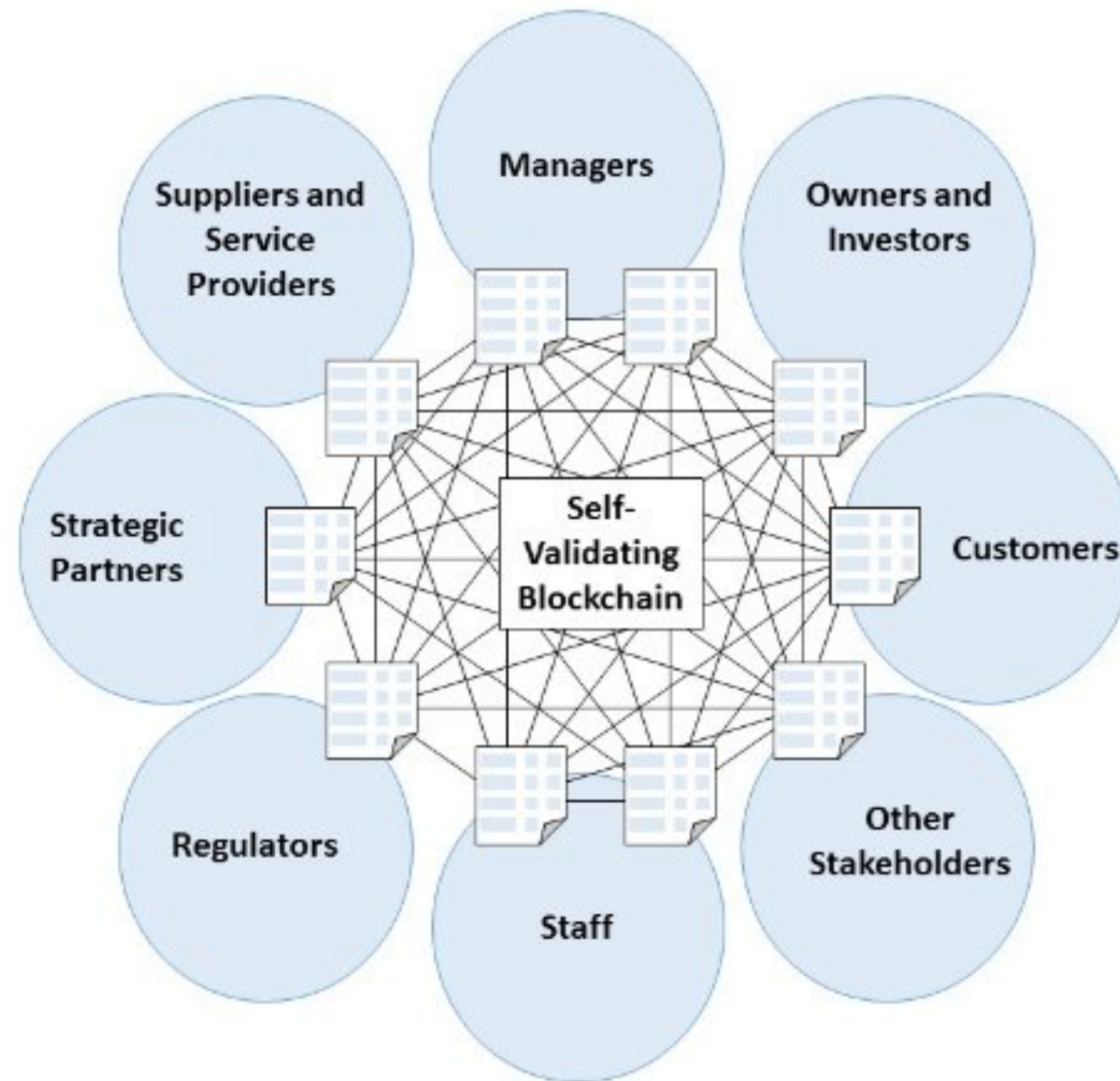


Blockchain Promise - Lowering Agency Cost

- Smart contracts enabled by blockchain technology allow for the **comprehensive, error free, and zero transaction/agency cost coordination** of agency relationships
- Agency related governance in the blockchain takes place without intermediaries, counterparty risk, and principal's control mechanisms
- Blockchain technology simply does **not require the layers of control and verification** that prior financial systems necessitated
- Blockchain technology can **facilitate the removal of agents as intermediaries in corporate governance through code, peer-to-peer connectivity, crowds, and collaboration**

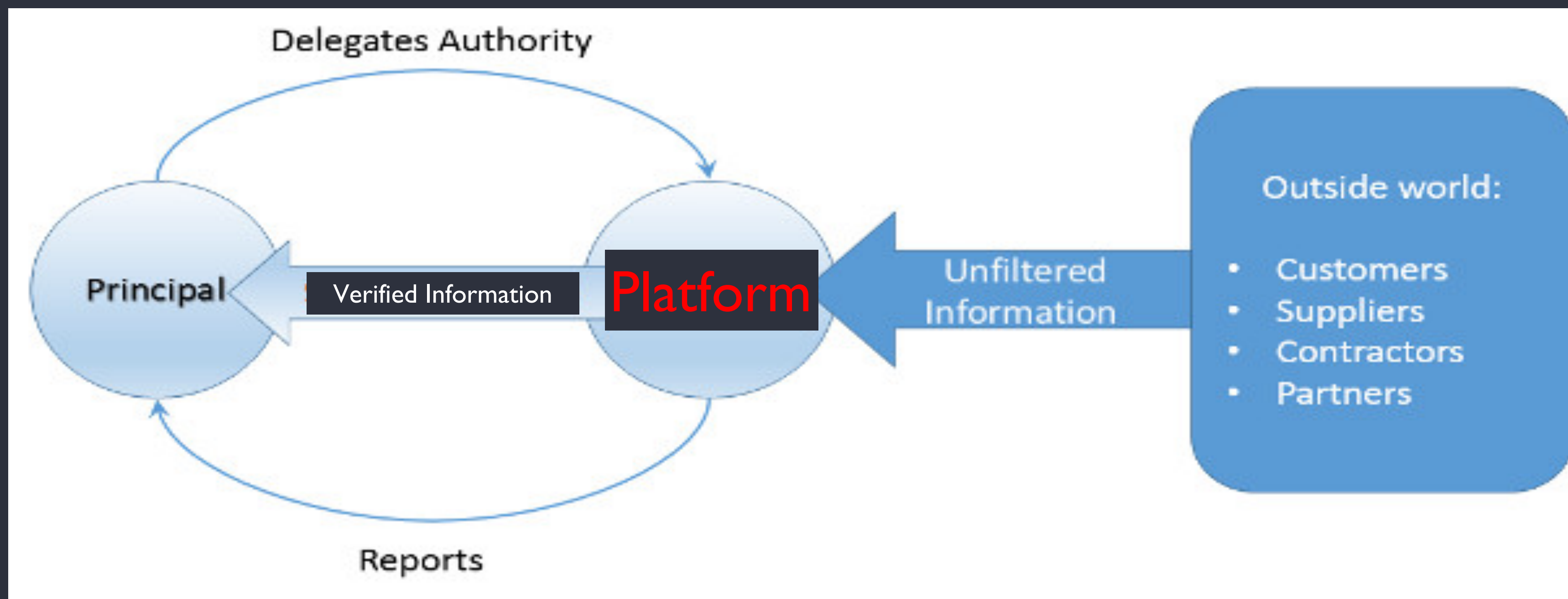
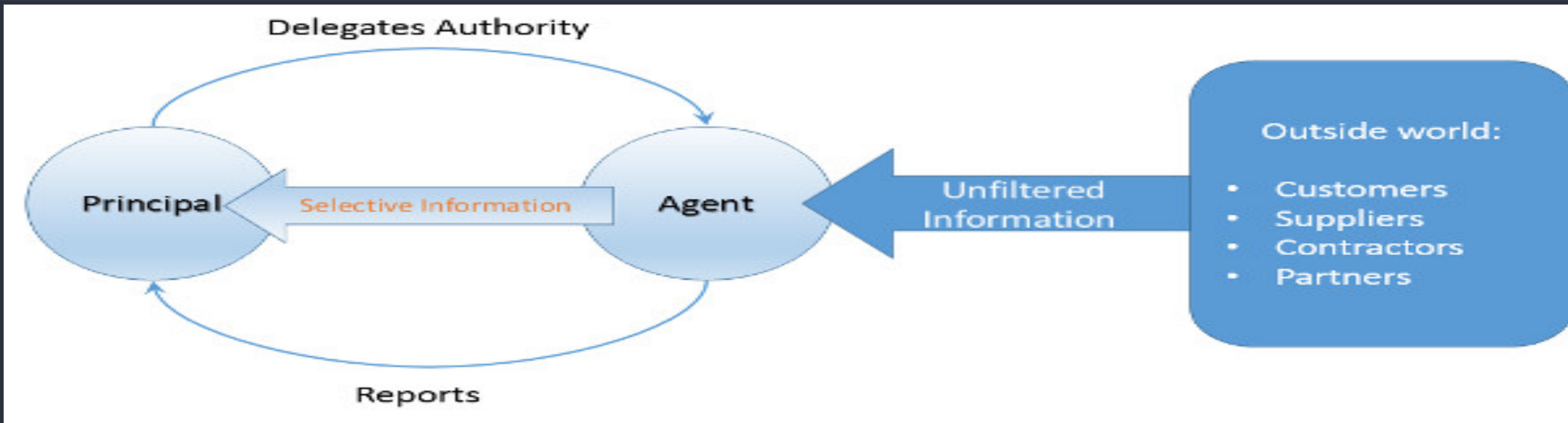


Blockchain Promise - Lowering Agency Cost



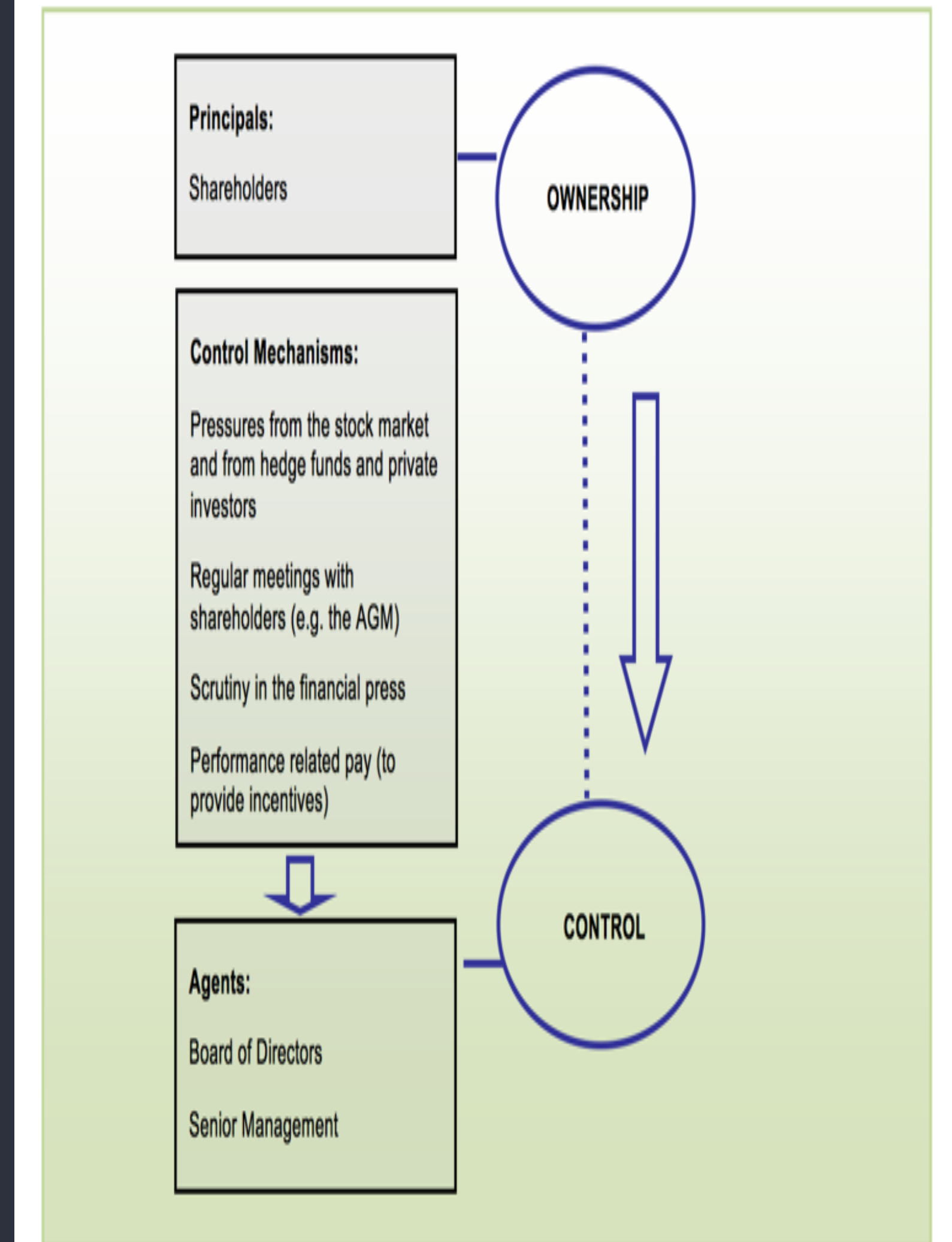
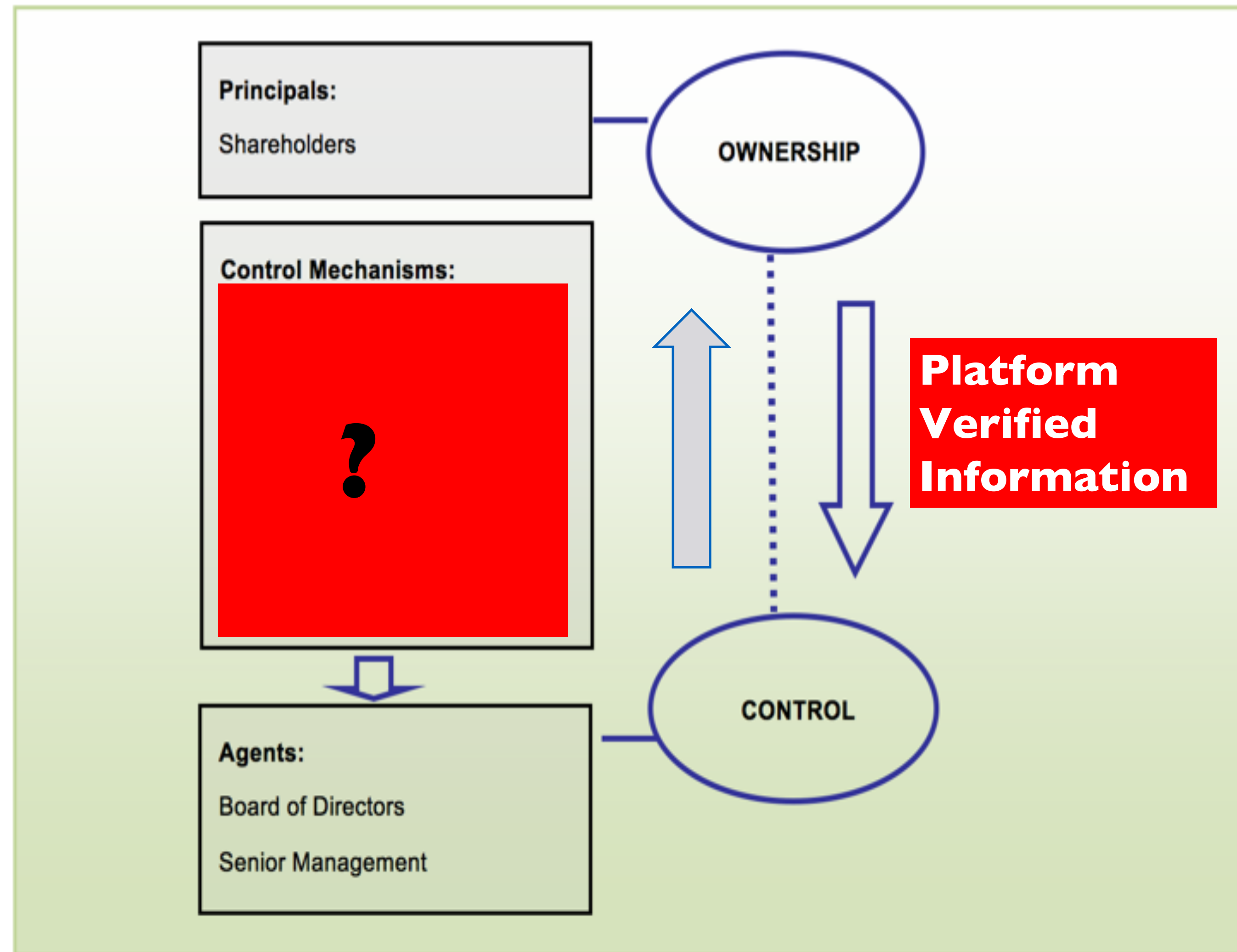


Improvements for Corporate Governance





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Questions



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