Digital Trust, Platforms, and Policy

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In the Europe 2020 strategy, the European Commission has defined trust and security as one of the seven key pillars of its digital agenda. This decision, of course, is not a difficult one to rationalize. Without trust and security, the prospects of benefiting from any kind of a network of systems are extremely limited — no matter how interoperable and pervasive the network in itself may be.

The Makings of Digital Trust

Digital trust stems from a combination of different factors. When we choose to engage in digital transactions, we *trust* that the products and services provided are secure against malware and data abuse. Secondly, we *trust* that the parties involved are who they say they are. Thirdly, we *trust* that the parties involved will make good on their commitments, and if not, that our contractual rights can be effectively demonstrated and enforced.

So, in essence, digital trust requires three factors: *security*, *identifiability*, and *traceability*.

Quite often, however, the presence of these features can be too difficult for an individual to evaluate — and especially so in a digital environment. In such cases, we often fall back to another form of trust: that which manifests itself in the scale of operations.

The assumption herein is that if an entity has managed to grow its business beyond a certain point without building a prohibitively bad reputation in the process, in all likelihood it can be considered trustworthy. A large company, for example, would stand to lose more in goodwill damages than it would stand to gain from breaching its contract with a customer, and therefore we can trust that compliance is in our mutual best interest.

Digital Trust as a Lock-In Mechanism

As the platform economy is becoming more pervasive in society, an increasing part of the population is transitioning from traditional steady jobs towards precarious self-employment. Somewhere in the gradient scale between employment and entrepreneurship, they choose to offer products and services to customers independently through digital platforms, such as Uber and AirBnB.

One problem for these informally self-employed workers, however, is that they currently lack the means of establishing digital trust on their own. Therefore, they are easily locked in by the large-scale platform providers who with their size offer to mediate that trust for them and hence bring in the customers — but for a hefty price.

Without other alternatives, the self-employed workers face the threat of finding themselves

in a commoditized layer of product and service providers, whilst the platform providers reserve the right to set prices and other contractual terms on their behalf. Thus the independent workforce may be facing a future with more independence — but weaker labor rights and minimal leeway with the terms of their offering.

How to Restore the Balance

The increased influence of platforms on the working conditions of society could also translate into weakened governmental control on the matter. To ensure that this does not happen, there are three policy options available: *legislation*, *standards,* and *technological disruption*.

As the least invasive approach, the government can acquiesce to the status that these platform providers have seized for themselves as the mediators of digital trust in society. In doing so, the government would limit itself to enacting laws to lay down border criteria for the arrangements between platform providers and the independent workers. By enforcing some base level of minimum rights, the government could try to ensure that the market-driven platforms do not abuse their power over the workforce.

Alternatively, the government could seek to disrupt the status of the trust-mediating platforms by creating an agnostic universal standard for digital trust. In practice, this could mean allocating the social function of mediating digital trust to some international non-profit organization which would carry out its function transparently, agnostically (i.e. irrespective of identities or motives) and without an interest in economic gain. Initiatives of this kind are already in existence, so any government wanting to engage in this approach would only have to decide which initiative it wants to support and endorse.

The third way that the government can try to shock digital platforms is by expediting a technological disruption of digital trust. By creating secure distributed platforms where identifiability and traceability are woven into the algorithmic fabric of the network, digital trust could be brought within the reach of anyone and everyone. For example, blockchain technology, if applied correctly, could allow any group of individuals to establish digital trust amongst themselves for whatever purpose they desire, without the need for an external mediating party of any kind. This, in turn, would emancipate independent workers to effectively offer their goods and services directly to the customer, without necessarily having to go through the dominant platforms.

Digital Trust and Its Implications

Digital trust is only one of many aspects contributing to the increasing trend of platform dominance, as the platform providers certainly have other means of locking in their users, such as network effects and multi-sided markets. Nevertheless, removing digital trust from this equation would undoubtedly restore some of the swaying balance between the platforms, the workers, and the public authority — if such a balance is considered worth preserving.

Before a platform for a network of systems is established, the society must decide to whom it wants to grant the power to build and govern such a platform. It is not irrelevant whether the control will lie in the hands of public or private authorities, and digital trust is one of the decisive factors by which this choice will eventually be determined.

References

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