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Art Market 2.0 – New Report Sets Outlook to Financialisation in Visual Arts from Blockchain

Key findings:

- Art market liquidity and value are likely to soar if digital ledger technologies are successfully introduced.
- Digital ledger technologies could help with the trading of art, provenance and the logistics of art transactions.
- UK is likely to lose out on tax and royalties, if it does not work hard to adopt digital technologies.
- UK art market has the opportunity to set an equitable standard for the adoption of digital technologies across the economy.

London, UK – 22 May 2018: A new, ground-breaking report, *The Art Market 2.0: Blockchain and Financialisation in Visual Arts,* launched today in the House of Commons by DACS, the UK's leading visual artists' rights management organisation. It examines how the art market could be challenged and shaped by blockchain technologies and is a product of nearly a year's research and 26 interviews from industry experts in arts, finance and blockchain, conducted by academics at The Alan Turing Institute and the Oxford Internet Institute, University of Oxford.

While the hype around blockchain may appear to be exhausted, this report focuses on one of the least-discussed applications for blockchain, yet one where the technology's implications may hit the hardest – the art market. *Art Market 2.0* analyses how and in what specific areas blockchain technologies could be used to change the composition of the art market, including the method of sale, record of provenance, and transparency of ownership.

The report finds that whilst blockchain as a technology may not be as pivotal as many expect, it has become a catchword for how digital technologies more generally could be used to radically reorganise sectors such as the arts. Such applications are still in a nascent stage of development and further research and investment is needed to develop mature applications that are equitable to all.

During the research and interviews, two competing views emerged over the future of a blockchain-powered art market. Hope, that the adoption of digital ledger technologies would lead to a more balanced, transparent and equitable market to help artists monitor what their art is worth and collect royalties due to them. Fear, that such technologies would be applied to the art market by a single entity which would extract even more economic rents from artists, leaving them at risk and disenfranchised.

The issues of trust and governance were also explored, as blockchain technology is hoped to provide a great deal of promise in managing the risks of fraud in the art market. However, with competing vested interests, the realisation of this technology could pose a challenge for how this technology is created and maintained and its future success in bringing to light greater transparency and trust.

Based on these findings, *Art Market 2.0* envisages a potential new future where liquidity is key to unlocking the art market, and a distributed ledger-powered art trading platform could provide it.

The report argues that a distributed ledger-powered art market would be in the interest of all parties – artists, buyers and sellers. Distributed ledger technologies would allow for verified transaction records and ownership, transparent and fair prices, facilitate royalty collection, and confirm art pieces' provenance and authenticity – all easing the ability to sell quickly and increasing the liquidity in the market.

Art Market 2.0 also recognises the UK and London's central position in the global art market but cautions that it shouldn't take this for granted as it would need to continue to attract leading tech companies that could develop the underlying technology to power future art trading systems.

Furthermore, while the UK has already taken a leading position in art market equity through principles such as the Artist's Resale Right, a forward-thinking policy which entitles artists and estates to royalties from the resale of their works, the report proposes that the UK could set a global benchmark for the digital economy in pushing for a new standard for equitable art trading in a new Fair Art Market model.

The report calls for the UK government to invest in securing its' position in the global art market by developing strong conduct standards which reflect society's values of transparency, legality and equitable benefits to artists and help preserve the country's economic future.

Matt Hancock, Secretary of State for Digital, Culture, Media and Sport, said: "We want to unleash the creative power of technology and bring every cultural organisation into the digital age. This report is an important first step to helping the arts market plan for the future and harness the exciting potential of blockchain. As blockchain technology develops, we will work closely with the sector to explore how it can best be used across arts, music and our creative industries."

Gilane Tawadros, Chief Executive Officer at DACS, said: "This report makes clear the opportunities and risks facing artists in an increasingly digital world. Transparency, fairness and good governance are essential to ensuring a thriving and equitable marketplace for both artists, collectors and art market professionals. Our work with the Oxford Internet Institute and The Alan Turing Institute is an important step in understanding how technology can potentially support the aspirations of artists and consolidate the UK's unique position in the art world."

Professor Eric T. Meyer, University of Oxford and a Turing Fellow said: "The Oxford Internet Institute has been the leading research centre on the social impact of digital technologies for nearly two decades, and this project is part of our most recent work on ledger technologies within diverse spheres from humanities to the financial sector. We are delighted to collaborate with The Alan Turing Institute and work on this research at the intersection between culture and commerce."

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Notes to editors

Download: The Art Market 2.0: Blockchain and Financialisation in Visual Arts

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About the report

This report is the product of nearly a year's research conducted by academics at The Alan Turing Institute and the University of Oxford. It was funded by DACS and The Alan Turing Institute.

The report is the outcome of 26 interviews with experts across the professional spectrum, all keenly involved with art, finance, and blockchain in some way, as well as five months of desk-based research. Interviews were conducted both in person and over the phone, and included technologists, artists, financiers, patrons, and academics, the majority of whom were based in London.

About DACS

Established by artists for artists, DACS is a not-for-profit organisation for visual artists' rights management. Passionate about transforming the financial landscape for visual artists through innovative new products and services, DACS acts as a trusted broker for 100,000 artists worldwide. Founded over 30 years ago, DACS is a flagship organisation that has and continues to campaign for artists' rights, championing their sustained and vital contribution to the creative economy. DACS collects and distributes royalties to visual artists and their estates through royalty schemes: Payback, Artist's Resale Right, Copyright Licensing and Artimage. To date, DACS has paid over £100 million in royalties to artists and their estates – a significant source of income supporting artists' livelihoods, their practice and legacy. dacs.org.uk.

About The Alan Turing Institute

The Alan Turing Institute is the UK's national institute for data science and artificial intelligence. The Institute is named in honour of Alan Turing, whose pioneering work in theoretical and applied mathematics, engineering and computing is considered to have laid the foundations for modern-day data science and artificial intelligence. The Institute's goals are to undertake world-class research in data science and artificial intelligence, apply its research to real-world problems, driving economic impact and societal good, lead the training of a new generation of scientists, and shape the public conversation around data. turing.ac.uk

About Oxford Internet Institute, University of Oxford

The Oxford Internet Institute (OII) is a multidisciplinary research and teaching department of the University of Oxford, dedicated to the social science of the Internet. The OII works to understand how individual and collective behaviour online shapes our social, economic and political world. Since its founding in 2001, research from the OII has had a significant impact on policy debate, formulation and implementation around the globe, as well as a secondary impact on people's wellbeing, safety and understanding. Drawing on many different disciplines, the OII takes a combined approach to tackling society's big questions, with the aim of positively shaping the development of the digital world for the public good. oii.ox.ac.uk/