To: New York City Council - Committee on Technology
From: Jazzy Smith, Fellowship Manager at BetaNYC
Re: Oversight - Cryptocurrency and Blockchain Technology in New York City

Wednesday, February 15th 2023

Good afternoon Chair Gutiérrez and Committee Members,

Thank you for creating an option for us to participate remotely. We believe that remote communication tools are fundamentals for the Government in the digital age. I am Jazzy Smith (she/her) and I am standing in for Noel Hidalgo. I am the Fellowship Manager at BetaNYC.

Introduction

BetaNYC is a civic organization dedicated to improving the lives of all NYers through civic design, technology, and data.[1] We envision an informed and empowered public that can leverage civic design, technology, and data to hold government accountable, and improve their economic opportunity.

BetaNYC demystifies design, technology, and data to the point where anyone can use it, create it, and participate in the decision making process. We host a number of online platforms that provide the general public a mechanism to share ideas and data.

For the last ten years, we have helped NYC government agencies explore and adapt to new technologies. For the last seven, we have dedicated our efforts to modernize Community Boards. We have researched their needs and documented technology and data literacy gaps across the five boroughs. We bridge these gaps via a service we call Research and Data Assistance Requests - RADAR for short. RADARs help provide in-depth technology and analytical services to borough presidents, council members, community boards, and community based organizations.[2]

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[1] https://beta.nyc/about/
[2] https://beta.nyc/products/research-and-data-assistance-requests/

Testimony on Blockchain

Through our research, we haven't seen cryptocurrencies, i.e. City Coin[34], nor blockchain technologies provide any real solutions for New Yorkers who need government services through technology.

Right now, blockchain technology is not a piece of technology that's mature enough for government services. Currently, blockchain and cryptocurrencies are solutions looking for a problem.

Why should we adopt experimental technology when we can barely keep our current services modern?

We spent a decade being sold on "smart city" technology only to see government practices not keep up with the marketing hype[5]. From gunshot detection[6] to facial recognition[7], we consistently see "groundbreaking" technologies fail to meet up to their marketing. Chris Whong, an NYC urban technologist, so aptly said, "Every government agency, everywhere is working on a "new system". It will solve *all* of their data problems and will be ready to use in 18-24 months." (end quote)

We do not want to be fleeced, again!

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[3] https://qz.com/2165639/miamis-mayor-backed-miamicoin-then-its-price-dropped-95-percent

[4] https://www.brookings.edu/blog/the-avenue/2022/03/22/mayors-cryptocurrency-wont-solve-your-cities-problems/

[5] https://www.thestar.com/news/atkinsonseries/2021/01/13/smart-city-megaprojects-get-a-lot-of-hype-so-why-do-so-many-turn-out-to-be-expensive-disappointments.html

[6] https://www.bloomberg.com/news/articles/2022-10-27/cities-weigh-value-of-ai-powered-gunshot-detection-tech

[7] https://www.aclu.org/news/privacy-technology/three-key-problems-with-the-governments-use-of-a-flawed-facial-recognition-service

Recommendations

We recommend keeping an eye on blockchain and cryptocurrency development, but let us make sure we fix current issues with government services. Let us make sure we're developing services for all New Yorkers.

Moving forward, we want NYC agencies to ask themselves three questions before adopting any blockchain or cryptocurrency technology.

One, how does blockchain or cryptocurrency tools uniquely address this need?
Two, how are blockchain or cryptocurrency tools better than currently vetted, open or closed sourced tools?
Three, what are the unique issues that these tools will solve that won't require perpetual service contracts with external service providers?

I would defer to my team for any follow up questions. Thank you for the opportunity to speak and for your time and attention.