

# **Governance Innovation for the Digital Era**

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# 1. Why we need Governance Innovation



*Short answer is....*

Because our society is undergoing the **fundamental shift** thanks to **digitalization**.



Shift to **Society5.0**

## What is Society5.0?

Society5.0 is the fifth stage of society for the humankind following ①hunting society, ②agriculture society, ③industrial society and ④information society.



- Basic feature of 'Society 5.0' is the shift to **post- information society**.
- However, the shift to Society5.0 has much wider implication for our society and its governance structure.
  - Shift to Post- modernity
  - Shift to Post- homo sapiens (homo deus?)

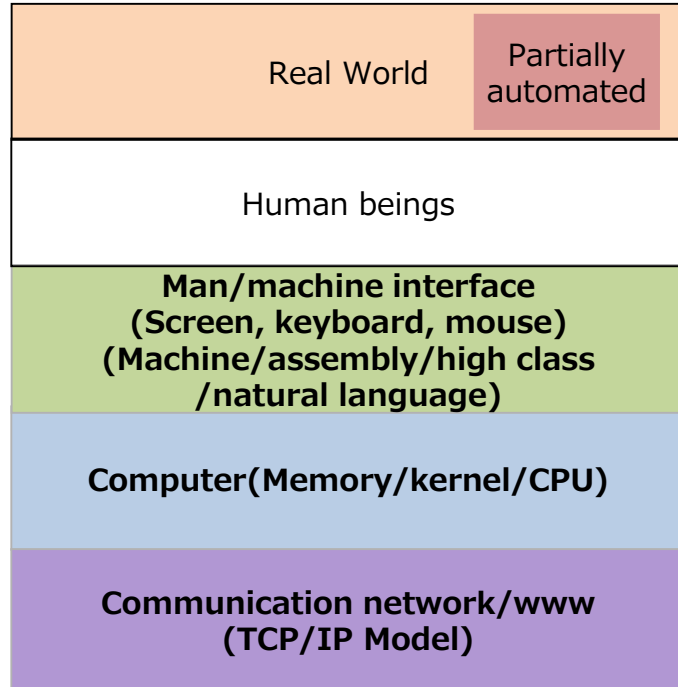


*We are undergoing combination of these "shifts".*

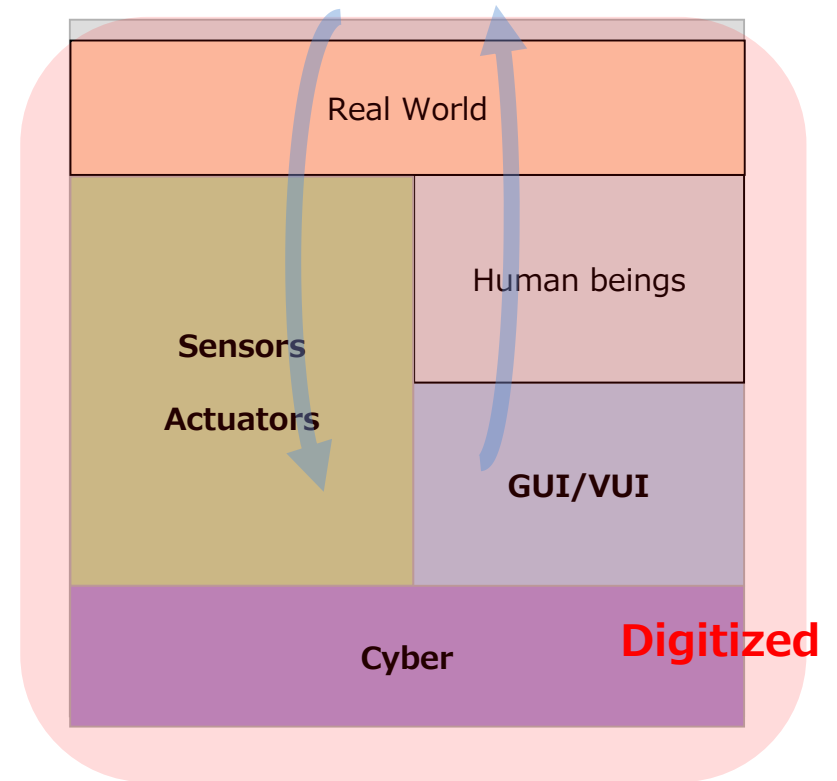
## What is Post-information society?

Information Society	Society 5.0 = Post-information society
Digitalization <u>within</u> the internet	Digitalization <u>beyond</u> the internet
<u>Text</u> -based data	Data with diversified origin and format
Two separated worlds: IT/OT	One <u>integrated</u> world: cyber=physical
Hardware + software	<u>Software</u> -dominant
With human intervention	With/ <u>without</u> human intervention

# “Information society”



# “Society 5.0”



*Shift to the post-information society has much bigger impact...*

### Three premises behind our existing governance

- **Real-time data** is not available for monitoring and instantaneous improvement of the system.
- Regulations cannot be **customized** for individual cases.
- Only **human**-beings make decisions.



- Development of IoT, 5G technology and AI will nullify these premises.
- It poses us challenges in the areas of **rule-making, monitoring and enforcement**.

⇒ *Challenges to the modern system (Post-modernity)*

⇒ *Possible emergence of superintelligence (Post-homo sapiens)*

## 2. What is Governance Innovation?





## Illustration of the future governance

**Speed** of innovation is accelerating

⇒ Law : **Goal-based** approach

**AI/algorithm** make decisions

⇒ Control/design of software through **architecture** (AIs don't read law.)

⇒ Combination of **"Law and Code"**

⇒ Rational approach on **liability**(Deferred Prosecution Agreement)

Big players possess huge amount of **data** and **computing capacity**

⇒ **Comply and explain**

⇒ **Assurance on corporate cyber integrity**

⇒ Empowerment of government by **Regtech/Suptech**

⇒ **Competition policy**

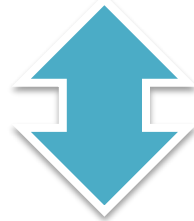
**Globalized world**

⇒ **Cross-border interoperability** across the countries

*We can also formulate the issue in the following way....*

## Triad of Governance Innovation

- Governance *for* Innovation  
Governance that encourages innovation
- Governance *of* Innovation  
Governance that keeps balance between innovation and other values  
(privacy, democracy, fairness...)
- Governance *by* Innovation  
Governance that makes use of innovation



**Data Free Flow with Trust**

## Increasing role of 'Architecture'

- Foundation for designing digitalized industrial/social systems (self-driving system, smart city... )
- Bridge between Law and Code
- Tool for comply and explain

## *Architectural leadership*

- Understanding the entire ecosystem (**holistic** approach)
- Taking the multi-layered(**stack**) approach
- Looking at the object as **complex**/multi-faceted system
- Going **between** the concept and the trifles
- Providing the '**roughly correct**' view

*We are collaborating with OECD, WEF and many other parties.*

# GOVERNANCE INNOVATION

Redesigning Law and Architecture  
in the Age of Society 5.0

