



TOP TECH PREDICTIONS FOR 2023

TECHNOLOGY & DIGITAL

WELCOME

To kick off the New Year, [Sally Mewies](#) and [Luke Jackson](#) from our [Technology & Digital Group](#) give their top tech predictions for 2023. They summarise (in no particular order) the key legal and regulatory developments we expect to see over the next 12 months.

We publish a regular round-up of legal and non-legal tech-related news stories. To receive this and other similar updates direct to your inbox, [click here](#) to register. In last month's [special edition](#) we took the opportunity to reflect on what came to pass (and what didn't) in 2022.



LOOKING AHEAD

Regulation, regulation, regulation!

We couldn't give our top tech predictions for 2023 without mentioning regulation. At the start of 2022 we talked about how governments, regulators and other bodies – nationally and globally – were wrestling with managing the impacts of technology and protecting consumers and citizens, while promoting the benefits of innovation and the digital economy. There was a lot of discussion in 2022 on various aspects of digital regulation and we can expect to see some concrete action in 2023. As part of its vision to turn the UK into the world's next Silicon Valley, the government recently announced a [review](#) of regulation for emerging technologies. It will focus on the identified growth sectors of digital technology, life sciences, green industries, advanced manufacturing and the creative industries.



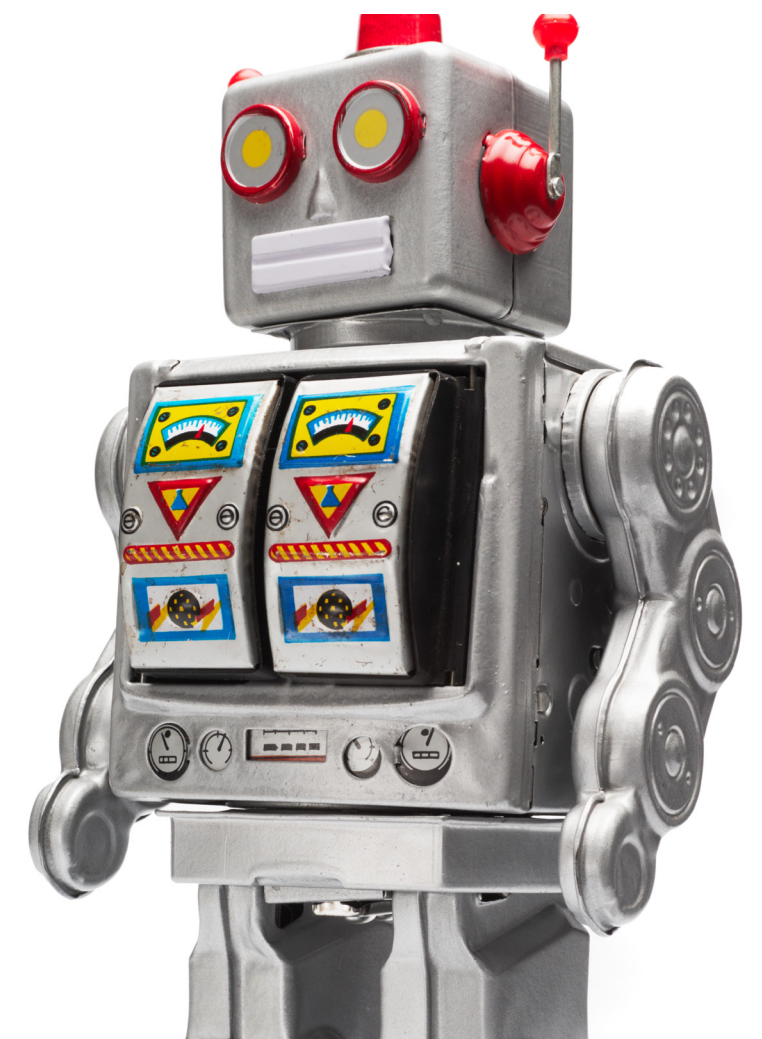
A legal framework for AI

AI is already impacting many areas of our lives, whether we're conscious of it or not. We're waiting for the outcome of the government's [call for views](#) on its approach to AI regulation. A much-anticipated and overdue AI white paper is due any day now. Over in Europe we can expect to see progress on various initiatives including an AI Act and AI Liability Directive.

Cryptoasset regulation

This is particularly topical following the collapse of the FTX cryptocurrency exchange. In a [recent speech](#), the Bank of England's Deputy Governor for Financial Stability talked about the Financial Services and Markets Bill which will extend the current regulatory regimes for e money and payment systems to cover the use of stablecoins for payments. A consultation on the detail is expected shortly. Meanwhile, the EU's Markets in Crypto Assets Regulation (MiCA) is expected to be passed in early 2023. It will apply 12-18 months after entering into force.

The Treasury is due to consult "in the near future" on extending the investor protection, market integrity and other regulatory frameworks that cover the promotion and trading of financial products to activities and entities involving cryptoassets. And a consultative report is also expected shortly on proposed next steps around a central bank digital currency.



Platform regulation

The [Online Safety Bill](#) is back on track following a recent pause. And movement towards a new UK competition law regime for the most powerful digital firms – overseen by the Digital Markets Unit – is expected this year. The government plans to bring forward the Digital Markets, Competition and Consumer Bill, which is expected to bring changes to the existing competition law regime, including by imposing significant penalties for non-compliance with market investigation orders and enhancing consumer rights in relation to subscription ‘traps’ and fake reviews.

Data reform at last?

We’d be very surprised not to see movement on data reform as one of the top tech predictions for 2023. The ‘new direction’ for data came to a standstill in September when the [Data Protection and Digital Information Bill](#) was paused with the change in Prime Ministers. We expect to hear details of the new “*business and consumer-friendly, British data protection system*” [announced](#) in October.

Having recently published [updated guidance](#) on international transfers of personal data, the Information Commissioner’s Office is working on guidance on how to use its international data transfer agreement and addendum to the European Union standard contractual clauses. And we can expect to see further movement towards the conclusion of data adequacy arrangements between the US and UK and US and EU. The government [indicated](#) in October that a deal was weeks away, while the European Commission recently published its own [draft adequacy decision](#).

Facilitating digital trade

Reducing barriers to data flows is essential for boosting digital trade; the next topic in our top tech predictions for 2023. Off the back of the recently concluded [landmark data decision](#), the government is currently [consulting](#) on a new trade deal with South Korea. Digital trade is a key area of focus. We’ve also just seen the UK and Ukraine agree a “[ground-breaking” digital trade deal](#); and the UK and Japan announce details of a new [digital partnership](#). The two countries will collaborate on joint digital priorities including supply chain resilience, cyber security and data.

The [Electronic Trade Documents Bill](#) will continue

to progress. In addition to cutting admin costs and boosting international trade, digitising trade documents is also expected to help cut global carbon emissions and aid supply chain transparency.

Sustainable technology

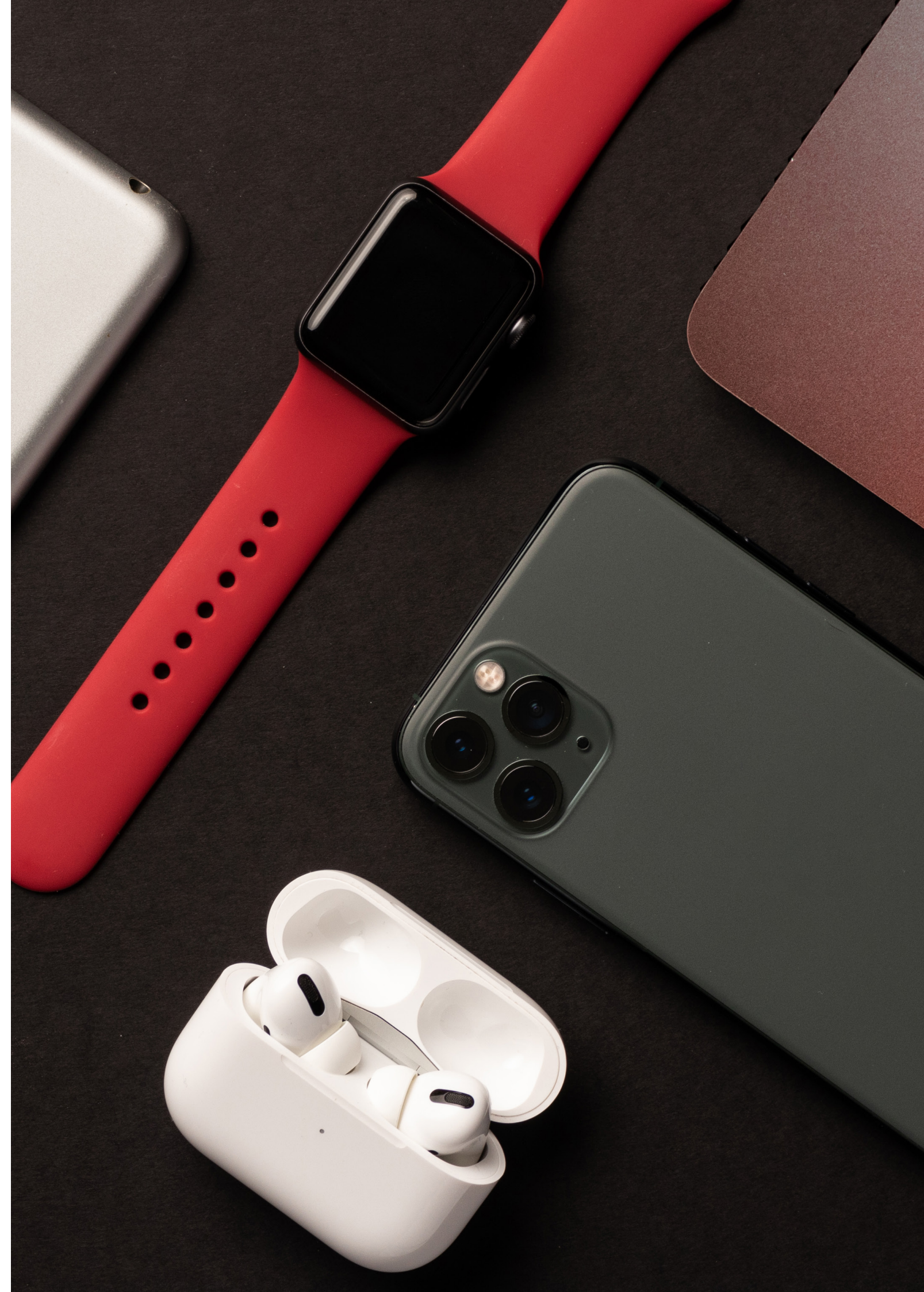
Which brings us on to the next of our top tech predictions for 2023; developments around sustainable technology. We’ll continue to see businesses digitising their operations and experimenting with new technologies as the push towards net zero dominates the agenda. Keep an eye out for our regular [Infrastructure & Energy](#) and [Logistics](#) horizon scanners to keep track of sustainable tech developments in these areas.

We also expect to see businesses using technology to help track and analyse emissions (including through the supply chain) to comply with sustainability reporting and due diligence requirements. Soft drink producer Britvic recently [announced](#) that it’s inviting key European suppliers to update contracts over the next 12 months to align to sustainability targets and significantly cut carbon emissions.

The government recently launched its £1.5 million [AI Decarbonisation Programme](#). This is a new innovation programme to support the use of AI in reducing carbon emissions. Additional funding will be made available later in 2023 to support priority areas in AI innovation identified by a (soon to be established) virtual centre of excellence as being critical for achieving net zero.

Focus on biometrics

The ICO has biometric technologies firmly in its sights. In October, it [warned](#) organisations to assess the public risks of using emotion analysis technologies. There was concern that incorrect analysis of data could result in assumptions and judgements about a person that are inaccurate and lead to discrimination. Guidance on the wider use of biometric technologies is expected in the spring. While these technologies are already being used in a variety of settings, the ICO expects them to have a major impact on the finance and commerce, fitness and health, and employment sectors; and to be integral to the success of immersive entertainment. Biometrics is one of the key areas of focus for the ICO’s [regulatory sandbox](#).



Employment practices and new technologies

Which leads us neatly to the next item in our top tech predictions for 2023; publication of new, practical ICO guidance on employment practices and data protection. This will take into account the rise of remote working and the increased use of AI and monitoring technologies. The ICO is currently [consulting](#) on draft guidance on both monitoring at work and workers' health information. We can expect further consultations on other topics as the resource is added to over time.

Product and cyber security

The [Product Security and Telecommunications Infrastructure Act](#), which will impact tech and telecoms companies, received Royal Assent on 6 December 2022. In 2023 we would hope to see regulations setting out the details of the security requirements that manufacturers, importers and distributors of consumer connectable products will have to comply with. We're also waiting for the outcome of the Transport Committee's [inquiry](#) into emerging regulation for self-driving vehicles.

Over in Europe, there's likely to be progress with initiatives such as the proposed new [Product Liability Directive](#); and a Cyber Resilience Act to protect consumers and businesses from products with inadequate security features.

With cyber security continuing to dominate boardroom priorities, we await the outcome of the Joint Committee on the National Security Strategy's [ransomware inquiry](#). This year we can also expect to see [changes](#) to the NIS Regulations to improve the cyber resilience of organisations important to the UK economy. And we await the outcome of the government's [call for views](#) on how to boost the security and resilience of the UK's data centres and online cloud platforms.

Finally, the government will be working with operators and developers over the next 9 months on adoption of a [voluntary code](#) to strengthen consumer protections across the app market. It will also explore what current laws could be extended to cover apps and app stores; and whether regulation is needed to mandate the code in the future.

Future law reform

Last but by no means least in our top tech predictions for 2023, it's fitting to end with taking a look at future law reform. The Law Commission is currently involved with various projects on emerging technologies, as we continue to transition from the traditional to the digital (think blockchain, NFTs, smart contracts, and so on). In 2023 we can expect: a [final report](#) with law reform recommendations on digital assets; a [consultation paper](#) in the second half of the year on how the rules of applicable law and jurisdiction apply to digital assets and other emerging technologies; and the results of a [call for evidence](#) on decentralised autonomous organisations.

And that's not to mention the ongoing work of LawtechUK and its UK Jurisdiction Taskforce; and the outcome of various parliamentary inquiries on cryptoassets and NFTs. Watch this space.



CONTACTS

If you have any queries about our top tech predictions for 2023 and how they may affect your business, please get in touch with Sally or Luke.



SALLY MEWIES
Partner
Head of Technology & Digital
+44 (0)771 083 6704
sally.mewies@walkermorris.co.uk



LUKE JACKSON
Director
Technology & Digital
+44 (0)781 693 3684
luke.jackson@walkermorris.co.uk





www.walkermorris.co.uk
T +44 (0)113 283 2500
F +44 (0)113 245 9412

Walker Morris LLP
33 Wellington Street
Leeds
LS1 4DL

WALKER
MORRIS

