

Metaverse, Smart Contracts, and Data Privacy: Legal and Compliance Issues

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Abstract: *The Metaverse is a revolutionary digital ecosystem that merges augmented reality (AR), virtual reality (VR), and blockchain technology while offering novel methods of interaction, shopping, and entertainment. At the heart of this transformation are smart contracts. These are self-executing digital agreements that automate transactions and governance within the virtual environments. While offering efficiency and decentralization, these technologies also present new concerns in the form of data privacy breaches, including the disclosure of private information and risks to existing legislation. This research analyses the relationship between smart contracts and data privacy in the Metaverse, exposing its legal and managerial ramifications. Also, it identifies the gaps pertaining to the effectiveness of smart contracts, clash of jurisdictions, and breach of laws, like privacy regulations such as the GDPR. Furthermore, it emphasizes the role of managerial strategies, including privacy-by-design approaches, risk assessments, and user education, in mitigating these challenges. Through case studies of Metaverse platforms, the paper highlights practical examples of successes and failures in this domain. The research calls for states to come together and formulate unifying legislations that utilize privacy enhancing technologies to establish safe virtual environments open to everyone. By looking at the intersection of technology, law, and management, this study makes recommendation for the design of policy, legal frameworks, and organizational strategies on governance in the Metaverse.*

Keywords: Metaverse, Smart Contracts, Data Privacy, Blockchain, Legal Frameworks, GDPR, Virtual Economies, Privacy-by-Design, Managerial Strategies