

VIDEO

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Focus on Funds: Financial Technology Could Transform Capital Markets

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New uses of financial technology, especially artificial intelligence, could benefit investors as well as funds and the capital markets. In the May 3, 2019, edition of *Focus on Funds*, Chatham House Associate Fellow Linda Yueh discusses some of the latest developments.

Transcript

Stephanie Ortbals-Tibbs, ICI director of media relations: As we look to the future of global capital markets, what role will financial technology, or fintech, play? That was on the agenda at ICI's recent collaborative conference with Chatham House in London. Here are some key takeaways from that conversation.

Linda Yueh, Chatham House associate fellow: I think there were two things that really stood out. So one is: how does a regulator—because we had a panelist who was a regulator, which is a fantastic conversation to be having when you're talking about technology—how does a financial regulator view that? How do you balance innovation with making sure that you still have financial stability? And I think that's a really key conversation to keep on having because the other panelists, I think, were very, very much set that the regulators were behind the curve.

And then, the second big thing I thought was really fascinating was different ways in which technology and financial services are likely to evolve. So the panel as a whole was very optimistic that technology will help develop the financial sector, help with investing.

Ortbals-Tibbs: When you think about it, people hear—fintech is a hot term. But there's so much that's covered under that. It felt, too, like people were still trying to figure out what was “real” fintech and what was kind of just a buzzword.

Yueh: Yeah, we certainly had a discussion around what was fintech, even what was AI [artificial intelligence], and what are things that people do that are technology-aided but not necessarily maybe something like artificial intelligence, where it has the capability to replace humans. So I think that is part of the broader discussion.

A lot of things get lumped under fintech; a lot of things get lumped under AI. But as technology evolves—and my guess is [that] it's going to cross those boundaries—I think it's even more important to be specific about the technology that you're monitoring or that you're using, and making sure that it's really well understood. Because technology, regardless of how you label it, is likely to be disruptive to the financial sector. And the financial sector is absolutely critical to all of our lives, but also to the way the economy works.

So getting a strong understanding of how technology is changing the financial sector, to me, that's one of the best things about a discussion like what we had today.

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