



Fintech — The Impact on Consumers, Banking, and Regulatory Policy
Federal Reserve Bank of Philadelphia
September 28–29, 2017

This conference provides a platform for experts from academic institutions, regulatory agencies, and the financial industry to come together to discuss the various issues related to fintech and its impact on consumer choice, shadow banking and regulatory arbitrage, cost/benefits and efficiencies, macroprudential supervision, and stability and resiliency in the financial system.

Fintech has changed the financial landscape and has been quite disruptive.

On the supply side, nonbank fintech servicers have grown rapidly in response to more stringent and complex financial regulations following the recent crisis. Some have argued that with its technology platforms and ability to use alternative information sources for credit decisions and unconventional underwriting techniques, the fintech shadow banking sector has been able to offer faster, better, and cheaper services to its customers in processing times, automatic applications, minimal demands for financial documents, and funding as early as the same day. On the demand side, as more millennials make up the pool of small business owners, they may be more comfortable with technology and may prefer dealing with an online lender versus an in-person loan officer. Given the speed of innovation to date, there is likely to be continued advancements in this space.

In addition, blockchain technology, which was initially used for BitCoin transactions, also has the potential to create a major disruption in the financial landscape. Moreover, many countries (including Sweden, Korea, and China) have explored their own digital currencies. It remains unclear whether this sector will continue to grow (since it has not yet gone through the entire economic cycle) and what impact it will have on monetary policy and financial stability overall.

Conference Organizers and Journal Guest Editors

Julapa Jagtiani (Managing Editor) — Federal Reserve Bank of Philadelphia

Robert Hunt — Federal Reserve Bank of Philadelphia

Kose John — Stern School of Business, New York University

Ken Kopecky — *Journal of Economics and Business*



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Thursday, September 28

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| 12:00 noon–12:50 p.m. | Registration |
| 12:50 p.m.–1:00 p.m. | Welcome and Opening Remarks
William Spaniel (Senior Vice President, FRB Philadelphia) |
| 1:00 p.m.–2:00 p.m. | Keynote Speeches — Industry and Consumer Protection Perspectives <ul style="list-style-type: none"> • Richard Cordray (Director, Consumer Financial Protection Bureau) — <i>Invited</i> • Robert Nichols (President and Chief Executive Officer, American Bankers Association) • Brad Pennington (Chief Risk Officer, Prosper Marketplace) – substitute for Ron Suber (previous President and Chief Executive Officer, Prosper) |
| 2:00 p.m.–2:40 p.m. | Topic Keynote — Fintech Lending and Roles of Alternative Information <ul style="list-style-type: none"> • Tracy Basinger (Senior Vice President, FRB San Francisco) • Kathryn Petralia (President, Cofounder, and COO, Kabbage, Inc.) |
| 2:40 p.m.–2:55 p.m. | Coffee Break |
| 2:55 p.m.–4:40 p.m. | Research — Fintech Lending and Roles of Alternative Information
Moderator: Kose John (New York University) |
| Paper 1: | “FinTechs and the Market for Financial Analysis”
Roni Michaely (Cornell University) and Jillian Popdak (Duke University)
Discussant: Itay Goldstein (The Wharton School of the University of Pennsylvania) |

- Paper 2: “Fintech Lending: Financial Inclusion, Risk Pricing, and Alternative Information”
Julapa Jagtiani (FRB Philadelphia) and **Catharine Lemieux** (FRB Chicago)
Discussant: **Christine Cumming** (Rutgers University)
- Paper 3: “Fintech, Regulatory Arbitrage, and the Rise of Shadow Banks”
Greg Buchak (University of Chicago), Gregor Matvos (University of Texas at Austin), **Tomasz Piskorski** (Columbia University), and Amit Seru (Stanford University)
Discussant: **John Sedunov** (Villanova University)
- 4:40 p.m.–6:00 p.m. **Research — Bitcoin, Blockchain, Digital Currency, and Machine Learning**
Moderator: **Robert Hunt** (Senior Vice President, FRB Philadelphia)
- Paper 1: “The Law of One Bitcoin Price?”
Alexander Kroeger and **Asani Sarkar** (FRB New York)
- Paper 2: “Blockchain Disruption and Smart Contracts”
William Lin Cong, Zhiguo He, and Jingtao Zheng (University of Chicago)
- Paper 3: “The Price of a Digital Currency”
Arash Aloosh (NEOMA Business School)
- Paper 4: “The Economics of Distributed Ledger Technology for Securities Settlement”
Evangelos Benos, Rod Garratt, and Pedro Gurrola-Perez (Bank of England)
- 6:00 p.m.–7:30 p.m. Cocktail Reception
- 7:30 p.m.–9:00 p.m. Speaker Dinner
- Friday, September 29**
- 7:45 a.m.–8:45 a.m. Continental Breakfast
- 8:45 a.m.–9:55 a.m. **Research — Fintech and the New Financial Landscapes**
Moderator: **Ken Kopecky** (*Journal of Economics and Business*)
- Paper 1: “FinTech and RegTech: Impact on Regulators and Banks”
Ioannis Anagnostopoulos (Kingston Business School)
- Paper 2: “Does FinTech Affect Household Saving Behavior?”
Gregor Becker (Goethe University)

- Paper 3: “Integrating the Troublemakers: A Taxonomy for Cooperation between Banks and Fintechs”
Benedict Drasch, **André Schweizer**, and Nils Urbach (University of Bayreuth)
- 9:55 a.m.–10:45 a.m. **Topic Keynote – Fintech and the New Financial Landscapes**
- **Siddhartha Jajodia** (Chief Investment Officer, Lending Club)
 - **Usman Ahmed** (Head of Global Public Policy, PayPal)
- 10:45 a.m.–11:00 a.m. Coffee Break
- 11:00 a.m.–11:45 a.m. **A Conversation with Patrick Harker**
Patrick T. Harker (President and Chief Executive Officer, FRB Philadelphia)
Introduced by: **Richard Herring** (The Wharton School)
Moderator: **Mukul Pandya** (Knowledge@Wharton)
- 11:45 a.m.–12:30 p.m. **Topic Keynote — Bitcoin, Blockchain, and Cryptocurrencies**
- **William Nelson** (Executive Managing Director, The Clearing House)
 - **Jim Cunha** (Senior Vice President, FRB Boston)
- 12:30 p.m.–1:45 p.m. Lunch
- 1:45 p.m.–3:15 p.m. **Research — Machine Learning and Artificial Intelligence**
Moderator: **Robin Prager** (Federal Reserve Board)
- Paper 1: “Some Regulatory Implications of Machine Learning”
Larry Wall (FRB Atlanta)
- Paper 2: “Market Design for Trading with Blockchain Technology”
Katya Malinova and **Andreas Park** (University of Toronto)
- Paper 3: “Competition in the Financial Advisory Market: Robo versus Traditional Advisors”
Antje Berndt, Sevin Yeltekin, and Honglin Yu (Australian National University)
- Paper 4: “Between the Lines: Decipher the Firms’ Fundamentals with Artificial Intelligence”
Yanzhen Chen, Huaxia Rui, and Andrew B. Whinston (University of Texas at Austin)

- Paper 4: “Market Design for Trading with Blockchain Technology”
Katya Malinova and **Andreas Park** (University of Toronto)
- 3:15 p.m.–3:30 p.m. Coffee Break
- 3:30 p.m.–4:40 p.m. **Research — Marketplace Lending and Crowdfunding**
Moderator: **Paul Calem** (FRB Philadelphia)
- Paper 1: “Law, Trust, and the Development of Crowdfunding”
P. Raghavendra Rau (University of Cambridge)
- Paper 2: “Profit Sharing: A Contracting Solution to Harness the Wisdom of the Crowd”
Jiasun Li (George Mason University)
- Paper 3: “Financing Efficiency of Securities-Based Crowdfunding”
C. David Brown and **Shaun William Davies** (University of Arizona)
- 4:40 p.m.–5:20 p.m. **Topic Keynote — Machine Learning and Artificial Intelligence**
John Schindler (Federal Reserve Board)
Gurvinder Ahluwalia (CTO Technical Solutioning and Blockchain, IBM)
- 5:20 p.m.–5:30 p.m. Closing Remarks