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Future Of FinTech: From Cryptocurrencies To Payments, B-School Finance Courses Evolve

Advances in fintech trigger immense interest among business schools

Written by Seb Murray (<http://www.businessbecause.com/resume/seb-murray>) | Future Of FinTech | Sunday 21st February 2016 23:45:00 GMT



27 Finance departments have broadened their roots beyond investment banking

From the blockchain (<http://www.businessbecause.com/news/future-of-fintech/3797/blockchain-frenzy-forges-mba-careers>) technology underpinning the controversial cryptocurrency bitcoin to the artificially intelligent machines trying to become the next Warren Buffet, the financial services sector is eagerly trying to harness the innovation powering the "fintech" (<http://www.businessbecause.com/news/mba-careers/3769/b-schools-partner-banks-amid-fintech-frenzy>) movement.

The nascent space has triggered immense interest among those educating the world's future financial leaders. Harvard Business School and Stanford's Graduate School of Business are both sizing up the potential of digital currencies and AI to disrupt Wall Street, to name two poignant examples.

Could disruptive technologies reshape the wider financial landscape? Some of the world's top business schools are betting on it.

"The role of technology in banking is changing the landscape and our education much change as well," says Adair Morse, assistant professor of finance at the University of California, Berkeley's Haas School of Business

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Haas School is one of many bringing fintech into the MBA classroom (<http://www.businessbecause.com/news/full-time-mba/3789/uk-bschool-duo-to-launch-fintech-courses>). The finance department has broadened its roots in investment banking to consider innovations in crowdfunding, payments and currencies.

Among the hottest topics being explored by schools is blockchain, the computer network on which bitcoin sits, which has the financial services sector rushing to discover its potential.

"Blockchain-enabled technologies are poised to bring huge benefits," says Owen Jelf, managing director of Accenture (<http://www.businessbecause.com/news/inside-view-top-jobs/3408/inside-view-accenture-consulting-2015>)'s global capital markets practice, which estimates the blockchain could cut \$20 billion of costs in the finance industry annually by 2021.

"The potential appears to be enormous," says Professor David Yermack, chair of the finance department at NYU's Stern School of Business (<http://www.businessbecause.com/nyu-stern/news>), which is putting together a new series of fintech courses, and which ran modules for MBA and executive students focused on the blockchain.

"The fintech curriculum will have to be taught at every business school, because students and employers will demand it," David says.

The next frontiers in finance have the world's leading banks, money managers, traders, payments providers and all manner of tech pioneers pouring billions into digital — \$200 billion by banks alone in 2015, according to estimates from research firm Celent.



The frenzy has broadened career opportunities for business school graduates at fintech firms, but anyone working in finance will need to be aware of the technology that is reshaping their organizations.

"Traditionally most business school finance courses focus on the tools required to be successful in true banking jobs" such as valuations and M&A, says Marc Hamud, senior vice president at GE Capital

(<http://www.businessbecause.com/companies/general-electric>), who co-teaches a new fintech class at USC's Marshall School of Business.

But now, USC's course is focusing on tech-enabled business models with the potential to disrupt the status quo — alternative lending and digital wealth management (<http://www.businessbecause.com/news/inside-view-top-jobs/3334/inside-view-soc-gen-private-bank>), for instance.

Antoinette Schoar, professor of entrepreneurial finance at MIT's Sloan School of Management (<http://www.businessbecause.com/mit-sloan-school-of-management/news>), says her fintech students are designing these new ventures, from peer-to-peer lenders to "roboadvisors" using algorithms to beat financial markets.

MIT's high-profile "FinTech Ventures" program gave student teams seven weeks to develop business plans in the fintech space, in areas including consumer finance, payments, trading and cryptocurrencies.

The start-ups are nascent, but many of the world's top fintech firms trace their roots to business schools — Lending Club (<http://www.businessbecause.com/news/mba-entrepreneurs/3115/from-startup-to-stock-exchange>), which IPO'ed in 2014, to HEC Paris; Betterment, valued at \$500 million, to Columbia Business School; and SoFi (<http://www.businessbecause.com/news/working-in-silicon-valley/3537/working-in-silicon-valley-bschool-startups-light-up-san-fran>), which raised \$1 billion in 2015, to Stanford.

At Duke's Fuqua School of Business (<http://www.businessbecause.com/duke-university-fuqua-school-of-business/news>), entrepreneurship is the favoured route among the 76 students taking its blockchain-focused fintech course.



"Blockchain is a really innovative idea that has the potential to change many businesses. My students realize that," says finance professor Campbell Harvey, whose course has seen a six-fold increase in enrolments.

He gives the example of one student venture using a blockchain to improve the efficiency and safety of acquiring medical prescriptions. "The low hanging fruit is in finance, but they recognize that this tech can touch many different things," he says.

Enthusiasm among students has seen fintech clubs flourish. Wharton School's was one of the first. It coordinates study programs with firms such as P2P lender Prosper, mobile banking app Moven, and blockchain web services start-up BlockCypher.

"Students receive credit for helping fintech companies solve their most challenging business problems," says Matthew Applegate, MBA and VP at Wharton FinTech.



Optimism that tech can improve financial services, for example by making transactions faster and more secure, or how it can disintermediate existing players, is stirring interest.

"Think of somebody working for a bank — the big worry for you is that you have a bunch of legacy IT systems, and there are five people in a loft somewhere who are picking away at one of your core profitability measures," says Raghu Rau, professor of finance at Cambridge Judge Business School (<https://www.jbs.cam.ac.uk/home/>), which will launch a series of fintech courses for MBA, master and executive students.

"We're seeing a lot of interest from mainstream financial institutions and from students who want to work at fintech companies," he says.

Banks and other fintech leaders are partnering business schools to form research, events, and educational programs. Warwick Business School this month teamed up with MasterCard to explore innovations in payments. IE Business School (<http://www.ie.edu/business-school/>) works with Spanish bank Santander to help fintech ventures access venture capital.

"MBA programs are a model developed in the 40's and 50's for a different purpose," says Andrei Kirilenko, director of the Centre for Global Finance and Technology at Imperial College (<http://www.businessbecause.com/imperial-college-business-school/news>), which worked with Citigroup and is developing fintech modules.

But now, he says, schools are re-tooling themselves to satisfy a need for new finance content: "The landscape is evolving."

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
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