Future Of FinTech: Disruptive Start-Ups Lure MBAs To Bitcoin, Peer-To-Peer Lending

Moneyed young companies look to MBAs to drive growth

Written by Seb Murray (http://www.businessbecause.com/resume/seb-murray) | Future Of FinTech | Monday 22nd February 2016 23:46:00 GMT

Financial tech companies Lending Club, Square, and Stripe are hiring MBAs

MBA students used to flock to Wall Street in droves. Now, many are trying to disrupt it.

From banking to investment, digital technologies are redraw the boundaries of finance. Innovations have given rise to a plethora of start-ups trying to challenge incumbents in areas such as cryptocurrencies (http://www.businessbecause.com/news/future-of-fintech/3797/blockchain-frenzy-forges-mba-careers) and peer-to-peer lending (http://www.businessbecause.com/news/mba-entrepreneurs/3414/fintech-entrepreneurs-electrify-p2p-lending).

“The speed and energy with which fintech innovation is impacting financial services is gathering global momentum,” says Ian Pollari, global co-lead of KPMG (http://www.businessbecause.com/news/inside-view-top-jobs/3463/inside-view-kpmg-management-consulting’s-fintech-practice), which estimates fintech financing has jumped six-fold over the past three years, to $20 billion.

The barrage from start-ups in the space, which are trying to kill banks by a thousand cuts, are luring some of business schools’ brightest. “There is clear student interest in the fintech area,” says David Yermack, chair of NYU Stern.

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(heartwww.businessbecause.com/nyu-stern/news)s finance department, which sits adjacent to the Street's Citi, Morgan Stanley, and Goldman Sachs.

"Students are looking for jobs in this area," the professor says.

Matthew Applegate, a Wharton School (http://www.businessbecause.com/university-of-pennsylvania-wharton-school/news) MBA, was chief of staff to a JPMorgan Chase investment management executive. Now he's banking on fintech. "There are many fintech career opportunities available for MBAs," he says, from start-ups to global banks to venture capital firms.

Free from banks' creaking IT systems, and onerous regulation, fintech ventures have become among the hottest start-ups in recent years.

Four FinTech Firms Luring MBAs


The flood of money into the fintech sector — close to $5 billion in the third quarter of 2015, according to data provider CB Insights — is pushing up the valuations of start-ups.


Moneyled, pre-IPO fintech companies are looking to MBAs to drive the growth of their businesses, according to Adair Morse, assistant professor of finance at California's Haas School of Business (http://www.businessbecause.com/university-of-california-at-berkeley-haas/news).
“There is a lot of demand from employers and start-ups here for people who understand fintech,” she says.

Daniel Macklin, co-founder and VP of SoFi (http://www.businessbecause.com/news/working-in-silicon-valley/3537/working-in-silicon-valley-bschool-startups-light-up-san-fran), an online student loans provider, says: “We've hired many people from Stanford.” The company, valued at $4 billion and “fuelling the shift to a bankless world”, is based in San Francisco's Bay Area. “Employees here are used to working at new and unproven companies,” he says.

Tom Sabel, associate director for the Career Management Center at Stanford’s Graduate School of Business, says MBA students are savvy: “They're trying to think about where the wave of next technologies are going to come from.”

It's not just the fintech innovators lighting up San Francisco, such as Square, Stripe or Lending Club, who are hiring MBAs. Opportunities abound in other hotspots like London, New York or Hong Kong.

“Fintech — apps and digital services for banking and making payments — is a growing area. There are a lot of start-ups using technology in the finance industry looking for MBAs,” says Sue Thorn, director of careers for the UK's Warwick Business School (http://www.businessbecause.com/warwick-business-school/news).

David Lask, an Imperial College MBA who ditched Santander's investment bank and opted for a fintech start-up, says: “For me, what's exciting about fintech is how it can help a developing country like Mexico fast-track its growth.” David joined Visor, a Mexico venture that helps SMEs access financing. Or, in his words, “democratizes finance”.

Aside from the chance to innovate and the relaxed office cultures with ping pong tables, the financial rewards at these start-ups can be large. Many offer employees stock options, and banks are snapping them up.

“Existing players are really interested in this space,” says Antoinette Schoar, professor of entrepreneurial finance at MIT's Sloan School of Management (http://www.businessbecause.com/mit-sloan-school-of-management/news).

Campbell Harvey, professor of finance at the Fuqua School of Business (http://www.businessbecause.com/duke-university-fuqua-school-of-business/news), says banks are wary of potential disruption. “But they also know they could be the disruptors,” he says.

The trend for MBAs to jump on the start-up bandwagon began years ago. Schools say MBAs are shunning blue chips to intern at little-known ventures. “Start-ups have room for lateral movement and greater responsibility as they grow,” says Vincent Ponzo, director of the Eugene Lang Entrepreneurship Center at Columbia Business School (http://www.businessbecause.com/columbia-business-school/news).

The migration to fintech mirrors the attitudes of consumers, who all manner of financial players are trying to target with digital tech.

As Marc Hamud, senior vice president at GE Capital, and Marshall School lecturer, says, “The new generation expects banking to be as modern, convenient, and tailored as [the] other service offerings in their lives”. 
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