FINTECH: 6 Elite Business Schools Exploring Blockchain And Bitcoin

MBA programs are trying to decode the complex digital ledger

Written by Seb Murray (http://www.businessbecause.com/resume/seb-murray) | Full Time MBA | Thursday 30th June 2016 23:55:00 GMT

2016 has been the year of the blockchain (http://www.businessbecause.com/news/mba-careers/3899/hottest-mba-jobs-in-finance-are-with-fintech). The revolutionary potential of bitcoin’s underlying technology is the sexist topic in finance. So it should be no great shock that business schools are trying to decode the complex digital ledger.
“Blockchain and new financial technologies in general open a number of new opportunities both for start-ups as well as for incumbents,” says Christian Catalini, assistant professor of technological innovation at MIT Sloan School of Management, who developed an intensive three-day blockchain course for MBAs.

Five of the world’s top-25 ranked business schools have told BusinessBecause they have or will incorporate blockchain into their curricula — among them UC Berkeley’s Haas School of Business. NYU Stern this month launched a new course (http://www.businessbecause.com/news/full-time-mba/4032/nyu-stern-launches-fintech-specialization). And Harvard Business School, meanwhile, has developed a course that explores the technology. HBS did not comment.

Professor David Yermack, chair of NYU Stern’s finance department, says: “I think the fintech curriculum will have to be taught at every business school, because students and employers will demand it.” Schools are also covering peer-to-peer lending, crowdfunding, digital currencies, and fintech entrepreneurialism.

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Blockchain is a public, digital ledger of transactions. It uses cryptography, allowing participants to securely manipulate the ledger without a central authority.

Blockchain is one of the hottest areas of finance to work in. The technology has everyone from investment banks Goldman Sachs, UBS and JPMorgan Chase, to start-ups such as Circle and Coinbase salivating at its potential uses, such as international clearing and settlements. Accenture reckons it could cut finance industry costs by $20 billion annually by 2021.

“There are so many firms that need to understand this space,” says Campbell Harvey, finance professor at Duke’s Fuqua School of Business. He adds: “They want to have a so-called blockchain tsar at their firm; someone who can coordinate a multi-disciplinary effort so their firm comes out on the winning side rather than the losing side of blockchain disruption.”

Blockchain was borne with bitcoin, the controversial cryptocurrency. Bitcoin scandals, such as the collapse of Mt Gox and disappearance of $500 million worth of bitcoins, have dented digital monies’ appeal. But blockchain’s famed uses spread far beyond bitcoin.

“It took off by itself,” says professor Andrei Kirilenko, director Centre for Global Finance and Technology at Imperial College Business School. “It’s being looked at as a ledger that could store information about transactions...
outside of bitcoin."

Enticed, financial services executives are spurring a rising demand for executive education courses focused on blockchain. Advocates believe the tech has the potential to shake-up vast swaths of the financial services industry and beyond.

“Fintech is coming at traditional banking from a new perspective,” says Marc Hamud, senior VP at GE Capital, who teaches MBAs about digital currencies at USC Marshall School of Business. “Our course is focusing on new business models and the potential those models have to disrupt the status quo.”

While large lenders are eyeing fintech, they are held back by concerns over regulation and by their ageing, legacy IT systems. Ripe for disruption, the incumbents are being challenged by a tsunami of start-ups employing digital tech more effectively.

“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 (http://www.businessbecause.com/university-of-cambridge-judge-business-school).

Business school courses are looking at how entrepreneurs can commercialize and innovate with blockchain. MBAs see the appeal.

Marieke Flament is managing director for Europe at Circle (https://www.circle.com/en-gb), a blockchain start-up backed by $136 million from investors including Goldman, IDG China, Breyer Capital, Accel and General Catalyst.

The London Business School MBA says she wants to make money move more freely and more securely, faster: “We want money to work like the internet does.”
Those who are calling for 'blockchain technologies' often refer to this as "The technology that underlies bitcoin". However, we know very well that this is not an accurate description of how the bitcoin blockchain protocol actually works.

There has been massive efforts lately to try to dissect what has proved to be a functioning and secure globally utilised protocol (ie bitcoin) and somehow try and suggest it could work better if it was "controlled and administered" by a Central Authority.

In Fintech terms, a Blockchain effectively guarantees the provenance and availability of the payment with a secure digital signature. So the verifying of the transfer is simple and extremely low cost. That's why fintech using blockchain technology is going to so disrupt the Banks.

Now, and this is the problem that is yet to be solved by a lot of the current initiatives in Fintech, how do you 'secure' that blockchain? Many of us would argue that the only working and secure...
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