10 B-School Experts On How Bitcoin’s Blockchain Will Transform Financial Services

The technology’s advocates are juiced up about its disruptive potential

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 academics reckon the blockchain could revolutionize finance

If you’re anything like business school academics, you’ll be juiced up about fintech (http://www.businessbecause.com/news/future-of-fintech).

The topic has surged through the world’s top schools, from Harvard to Stanford, such is its disruptive potential to transform an industry that one-third of MBAs will enter.

In financial services, the blockchain (http://www.businessbecause.com/news/future-of-fintech/3797/blockchain-frenzy-forges-mba-careers) rules as king of the hype. The distributed ledger technology, which emerged with the litigious digital currency bitcoin, has Goldman Sachs, JPMorgan Chase and Credit Suisse rushing to explore its potential uses.

We’ve selected 10 b-school experts to offer up their opinions on how the blockchain could revolutionize finance.

Campbell Harvey — Duke Fuqua

The blockchain’s pioneers are desperately scrambling to hire people who understand the nascent space — that’s according to Campbell Harvey, professor of finance at Duke University’s Fuqua School of Business.

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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,” says the pioneering blockchain academic.

Marc Hamud — USC Marshall

The blockchain and other cryptocurrencies are breaking into the curriculum at USC Marshall School of Business, says Marc Hamud, senior vice president at GE Capital.

Traditionally most business school finance courses focus on topics like financial statement analysis, valuations, and M&A. But not at USC Marshall. “Fintech is coming at traditional banking from a new perspective and as such our course is focusing more on new business models and the potential those models have to disrupt the status quo,” he says.

Andrei Kirilenko — Imperial College

Blockchain is a buzzword, admits Andrei Kirilenko, former chief economist with the US Commodity Futures Trading Commission, and director of the Centre for Global Finance and Technology at Imperial College Business School.

However, the whirl of interest is spurring action among mainstream financial services firms. “As more people do, there are more possibilities,” Andrei says.
“There is tremendous potential in this tech....Maybe related to clearing or issuance of securities, or a solution related to a regulatory outcome,” he adds.

David Yermack — NYU Stern

“The potential appears to be enormous. Most of the large banks and other financial record-keeping institutions are looking closely at the technology,” says David Yermack, chair of NYU Stern.

Blockhain tech emerged with the controversial digital currency bitcoin but has evolved into a standalone prize. “Bitcoin is still not widely used, and its real significance comes from having proven the usefulness of its underlying technology,” says David.

James Angel — Georgetown McDonough

“The beauty of bitcoin is the blockchain — an open public ledger that creates a means of verifying transactions and ownership at very low cost,” agrees James Angel, professor of finance at Georgetown’s McDonough School of Business.

The ease of entry will keep processing costs down to a competitive level; blockchain is an open-architecture network with easy entry and no single point of failure.

James goes as far as to say the US Fed should issue “bit-dollars” that can be used to make payments using bitcoin tech. “This would provide all the benefits of blockchain technology without the hassles of an unstable medium of exchange.”

Raghu Rau — Cambridge Judge

Raghu Rau, professor of finance at Cambridge Judge Business School (https://www.jbs.cam.ac.uk/home/), and a director of the Centre for Alternative Finance, says blockchain is one of the key topics being explored.

He says it’s of interest to a wide range of financial services players, such as payments companies like Visa. “Because the blockchain is eating away at them,” he says.
“There’s a lot of interest, especially from executives, in this whole area [fintech],” Raghu adds. “We’re seeing a lot of interest from mainstream financial industries and from students who want to work at these financial technology companies.”

Adair Morse — Berkeley Haas

Such is enthusiasm for fintech at UC Berkeley’s Haas School of Business (http://www.businessbecause.com/university-of-california-at-berkeley-haas/news), that the school introduced a new course for MBAs on the topic in 2016. “It covers areas such as payments and bitcoin,” says Adair Morse, assistant professor of finance.

“A large number of students come here because they are interested in working at fintech start-ups in the Bay Area,” she says — Haas is in the heart of Silicon Valley.

Fintech is catching the eye of large banks, Adair adds. “The role of tech in banking is changing the landscape, and our education must change as well.”

Antoinette Schoar — MIT Sloan

And MBA students are increasingly founding fintech start-ups, believes Antoinette Schoar, professor of entrepreneurial finance at MIT Sloan School of Management (http://www.businessbecause.com/mit-sloan-school-of-management/news). These companies range from peer-to-peer lenders to “roboadvisors” using algorithms to beat financial markets.

But at MIT Sloan, students also explore blockchain in a specially designed course. The school is uniquely positioned to offer this — MIT has a strong science and technology background. “I imagine other schools with follow us. Professors have contacted me,” Antoinette says.
Paris de l'Etraz — IE Business School

Paris de l'Etraz, managing director of IE Business School (http://www.ie.edu/business-school/)'s Venture Lab, anticipates disruption. “The finance world is just starting to get disrupted. Technologies like blockchain are bound to change the way we do business in the coming years,” he says.

IE has teamed up with Santander InnoVentures, the venture capital arm of the Spanish bank, to help fintech entrepreneurs raise funding. “We will attract and cultivate leading fintech startups on both a global and local level,” says Paris.