2017

Third Annual Financial Stability Conference

University of Michigan Law School

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FinTech Risks and Opportunities: An Interdisciplinary Approach

Third Annual Financial Stability Conference

November 16-17, 2017

University of Michigan Law School

Hutchins Hall 100
We are delighted to welcome you to “FinTech Risks and Opportunities: An Interdisciplinary Approach,” co-hosted by the U.S. Office of Financial Research and the University of Michigan Center on Finance, Law, and Policy.

Although innovations in financial technology, or “FinTech” can be traced back to the introduction of the telegraph in the 1860s, the availability of internet technology has caused a revolution in FinTech. Today, FinTech continues to disrupt and evolve, not only in how financial products and services are delivered, but who delivers them.

Regulators and market participants face challenges in understanding and balancing the benefits of FinTech against potential risks. Innovation can help to catalyze growth, to create new opportunities, to promote transparency, and to manage risk. However, it can also create new risks, including from operations and cyber incidents. In evaluating responses to those risks, balance is essential. Regulatory structures in place could fail to accommodate desirable changes in the financial marketplace. Regulators also may overreact to new technologies, stifling innovation and locking in old forms of doing business. On the other hand, regulatory complacency could permit the buildup of system vulnerabilities or widespread consumer harms.
Over the course of these two days, the expert panelists joining us in this conference will draw from the fields of computer science, data science, complex systems, economics, finance, law and public policy to explore how FinTech can be used to enhance financial stability and address other challenges in financial markets.

We would like to thank Omidyar Network, the University of Michigan Law School, and the University of Michigan Ford School of Public Policy for their financial support of this conference. The Center on Finance, Law, and Policy also thanks Fred Blanck, Paul Lee, John Lummis, and Bill Marcoux for their support of the Center.

We look forward to an engaging and productive conference.

Sincerely,

Richard Berner, Director, Office of Financial Research

Michael S. Barr, Joan and Sanford Weill Dean, Gerald R. Ford School of Public Policy, University of Michigan; Faculty Director, Center on Finance, Law, and Policy

FinTech Risks and Opportunities:
An Interdisciplinary Approach

How can innovators and policymakers balance the benefits of FinTech against potential risks?

THURSDAY

Nov. 16, 2017

8 - 8:30 a.m. Conference Registration and Continental Breakfast

8:30 - 8:45 a.m. Welcome and Introduction of Keynote Speaker

Richard Berner
Director
U.S. Office of Financial Research

Michael S. Barr
Joan and Sanford Weill Dean
Gerald R. Ford School of Public Policy
University of Michigan

8:45 - 9:30 a.m. Keynote Address

Gillian Tett
U.S. Managing Editor
Financial Times
9:30 - 11 a.m.

Panel 1: The Contours of Entity-based Regulation of Innovation: FinTech Charters and Regulatory Boundaries

This panel will explore the regulatory perimeter between banking and FinTech firms. Discussion will focus on whether bank chartering of FinTech firms would advance or stifle innovation, safety and soundness, access, and consumer protection.

Amiyatosh Purnanandam, Professor of Finance, Stephen M. Ross School of Business, University of Michigan (moderator)

Amy Friend, Former Senior Deputy Comptroller and Chief Counsel, U.S. Office of the Comptroller of the Currency

Brian Knight, Senior Research Fellow, Mercatus Center, George Mason University

Richard Neiman, Head of Regulatory & Government Affairs, Lending Club

11 - 11:15 a.m.  Break

11:15 - 12:45 p.m.

Panel 2: FinTech Market Innovations: High-frequency Trading, Machine Learning, and Artificial Intelligence

This panel analyzes market innovations in high-frequency trading, machine learning, and artificial intelligence. Panelists will explore market efficiency, fairness, investor protection, and systemic issues.

Michael Wellman, Associate Dean for Academic Affairs, College of Engineering, University of Michigan (moderator)

John Ramsay, Chief Market Policy Officer, IEX Group

Supurna VedBrat, Head of Global Trading, BlackRock

Yesha Yadav, Professor of Law, Vanderbilt Law School

12:45 - 2 p.m. Lunch and Networking at The Lawyers Club University of Michigan Law School

2 - 3:30 p.m.

Panel 3: Systemic Risk: FinTech Problems and Solutions

This panel will evaluate ways that technological innovation in lending, derivatives clearinghouses, and payments systems may contribute to or help overcome systemic risk. Panelists will also discuss cybersecurity and positive and negative network disruptions that can occur with innovation.

Mark Flood, Research Principal, U.S. Office of Financial Research (moderator)

Adair Morse, Associate Professor of Finance, Haas School of Business, University of California Berkeley

Mark Newman, Anatol Rapoport Distinguished University Professor of Physics, University of Michigan

Jared Sawyer, Deputy Assistant Secretary, Financial Institutions Policy, U.S. Treasury Department

3:30 - 3:45 p.m. Break
**FRIDAY**

**Nov. 17, 2017**

**8:15 - 8:45 a.m.**  
Conference Registration and Continental Breakfast

**8:45 - 9 a.m.**  
Welcome and Reconvene  
Martin A. Philbert  
Provost and Executive Vice President for Academic Affairs  
University of Michigan

**9 - 10:30 a.m.**  
Panel 4: FinTech and Financial Inclusion  
This panel will discuss whether and how FinTech can contribute to financial inclusion — expanding access to sustainable financial products and services for low- and moderate-income households in the United States and developing world. Panelists will explore a range of issues, from digital IDs in India to cross-border remittances, faster payments, online lending, consumer autonomy, and privacy.  

- **Michael Barr**, Joan and Sanford Weill Dean, Gerald R. Ford School of Public Policy, University of Michigan (moderator)  
- **Pawan Bakhshi**, India Country Lead, Financial Services for the Poor, Bill & Melinda Gates Foundation

**10:30-10:45 a.m.**  
Break

**10:45 - 12:15 p.m.**  
Panel 5: RegTech: How Can Regulators Be Part of the Solution?  
This panel evaluates how regulators might be better equipped to foster innovation and protect consumers, investors, and the financial system as a whole. How can regulators use technology to better improve data collection, analytics, and regulation? How can regulators better encourage innovation?  

- **Elizabeth Jacobs**, Senior Advisor, U.S. Office of Financial Research (moderator)  
- **Melissa Koide**, Chief Executive Officer, FinRegLab  
- **Moira Vahey**, Senior Advisor, Project Catalyst, Consumer Financial Protection Bureau  
- **Haimera Workie**, Head of Office of Emerging Regulatory Issues, FINRA

**12:15 - 1:30 p.m.**  
Lunch and Networking
1:30 - 3 p.m.

Panel 6: Innovation and Regulation Trade-offs

This panel poses the fundamental threshold question: How should the balance be struck? Panelists will discuss trade-offs between policies aimed to promote innovation and competition and those geared towards maintaining stability and protecting consumers.

Matthew Reed, Chief Counsel, U.S. Office of Financial Research (moderator)

Amar Bhide, Thomas Schmidheiny Professor, The Fletcher School, Tufts University

Christopher Brummer, Faculty Director, Institute of International Economic Law, Georgetown University Law

Oliver Goodenough, Director, Center for Legal Innovation, Vermont Law School

3 - 3:15 p.m.

Closing Remarks

Richard Berner
Director
U.S. Office of Financial Research

Michael S. Barr
Joan and Sanford Weill Dean
Gerald R. Ford School of Public Policy
University of Michigan