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## IMF SEMINARS

### Big Tech and the Future of Finance

RECOMMENDED READING



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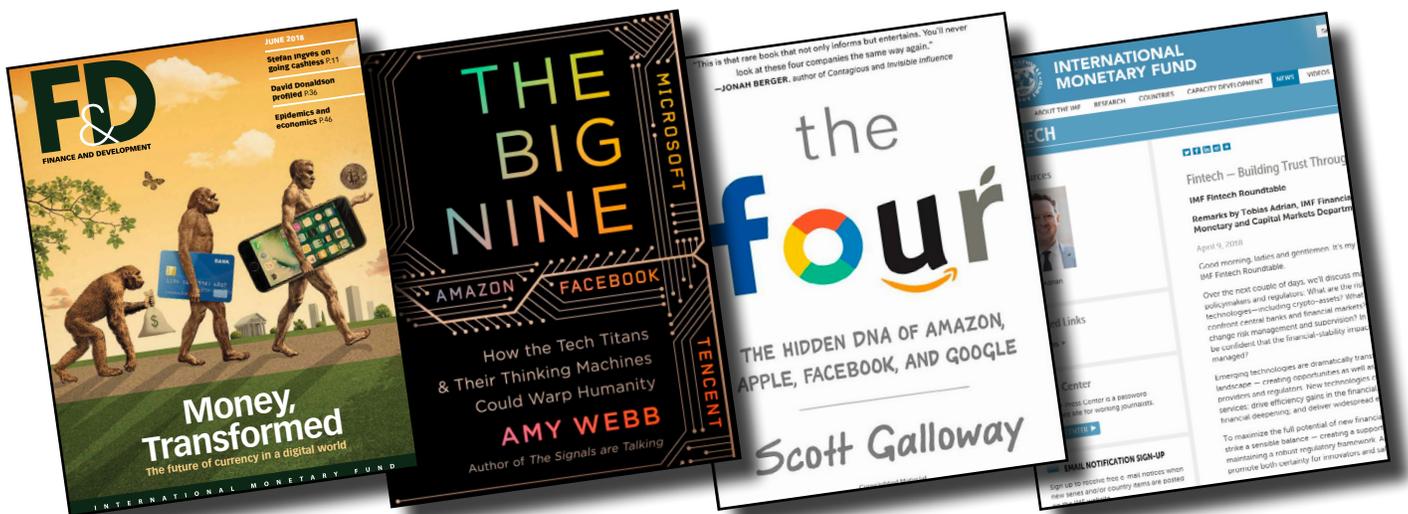
**WEDNESDAY, October 16, 2019**

10:00AM - 11:00AM, IMF HQ1 Atrium (HQ1-1-700)

## Big Tech and the Future of Finance

Sponsored by the IMF's Information Technology Department, Strategy, Policy, and Review Department, Monetary and Capital Markets Department, Legal Department, and Secretary's Department

**B**ig Tech are entering Fintech. They bring technology, deep pockets, massive networks, mountains of data, and great user experiences. But also risks. Can they reshape banking and finance? We ask Big Tech, banks, and regulators to look into the future.



**Adrian, Tobias. 2018.**

[“Fintech — Building Trust Through Regulation.”](#)  
[Remarks by Tobias Adrian, IMF Financial Counsellor and Director of the Monetary and Capital Markets Department at the IMF Fintech Roundtable, April 9.](#)

To maximize the full potential of new financial technologies, policymakers must strike a sensible balance — creating a supportive space for innovation while maintaining a robust regulatory framework. Adopting well-designed standards can promote both certainty for innovators and safety for consumers.

**Díez, Federico J., and Daniel Leigh. 2018.**

[“Chart of the Week: The Rise of Corporate Giants.”](#)  
[IMFBlog, June 6.](#)

Corporate market power is hard to measure and common indicators such as market concentration or profit rates can be misleading. Our Chart of the Week shows that the issue is broad and goes beyond Big Tech. It is based on an upcoming IMF working paper using data for publicly listed companies from 74 countries. Specifically, the chart tracks average markups on goods and services across all companies, comparing pricing in advanced and emerging and developing economies. A markup is how much a company charges for its products compared with how much it costs to produce an additional unit of this product, expressed as a ratio. This provides a measure of market power.

**Galloway, Scott. 2017.**

[The Four: The Hidden DNA of Amazon, Apple, Facebook, and Google.](#) [New York: Portfolio/Penguin.](#)

Amazon, Apple, Facebook, and Google are the four most influential companies on the planet. Just about everyone thinks they know how they got there. Just about everyone is wrong. For all that’s been written about the Four over the last two decades, no one has captured their power and staggering success as insightfully as Scott Galloway. Instead of buying the myths these companies broadcast, Galloway asks fundamental questions. How did the Four infiltrate our lives so completely that they’re almost impossible to avoid (or boycott)? Why does the stock market forgive them for sins that would destroy other firms? And as they race to become the world’s first trillion-dollar company, can anyone challenge them? Whether you want to compete with them, do business with them, or simply live in the world they dominate, you need to understand the Four.

**KPMG. 2017.**

[The Pulse of Fintech Q4 2017: Global Analysis of Investment in Fintech.](#) [Amstelveen, Netherlands: KPMG.](#)

This report highlights key trends and issues affecting the fintech market globally and in key regions around the world. In this edition, we take a look back at the entire year, as well as making some predictions for 2018.

**Lagarde, Christine. 2018.**

[“Straight Talk: A Regulatory Approach to Fintech.”](#)  
[Finance & Development 55 \(2\): 9—10.](#)

Fintech offers considerable promise, but it also poses risks. How should regulators respond? Their task isn’t an easy one. On the one hand, they must protect consumers and investors against fraud and combat tax evasion, money laundering, and the financing of terrorism, ensuring that risks are thoroughly understood and managed. They must also protect the integrity and stability of the financial system. On the other hand, they must beware of stifling innovation that responsibly and sustainably benefits the public.

**Lagarde, Christine. 2019.**

[“The Next Steps for International Cooperation in Fintech.”](#) [Opening Remarks by Christine Lagarde, Managing Director, IMF G20 High Level Seminar “Our Future in the Digital Age.”](#) [Fukuoka, Japan, June 8.](#)

**Sandbu, Martin. 2018.**

[“The Economics of Big Tech.”](#) [Financial Times.](#)

The dominance of Big Tech raises a series of concerns: Is their market power economically harmful? If so, what are the right policy remedies? Can big internet companies be taxed better? Should they be broken up, or should their conduct be constrained by public regulation?

**Sen, Conor. 2017.**

[“The ‘Big Five’ Could Destroy the Tech Ecosystem.”](#)  
[Bloomberg Opinion, November 15.](#)

How big can the largest tech companies get? How completely can they come to dominate the economy? The “big five” – Apple, Alphabet, Microsoft, Facebook and Amazon – now have a combined valuation of over

\$3.3 trillion, and make up more than 40 percent of the value of the Nasdaq 100 index. As the digital economy continues to grow faster than the old economy, it's hard to see what can stop these juggernauts. Unless reality intrudes.

**Zhang, Tao. 2019.**

**[“IMF – Some Key Challenges Going into the Next Decade.” Speech by IMF Deputy Managing Director Tao Zhang. Stockholm, Sweden, June 13.](#)**

Today I'd like to touch on a few topics that I feel will be important for the Fund and its membership to engage in over the medium and longer run. Among such challenges, I would like to focus on Fintech and climate change. In many respects these issues are fundamentally different, one involving the Earth's complex climatic system and its interactions with the economy, while the other concerns technical innovations shaping the structure of the financial system. But they have some similarities, most importantly in the fundamental need for close cooperation within the global community.

**Webb, Amy. 2019.**

**[The Big Nine: How the Tech Titans and Their Thinking Machines Could Warp Humanity. New York: PublicAffairs.](#)**

We like to think that we are in control of the future of “artificial” intelligence. The reality, though, is that we—the everyday people whose data powers AI—aren't actually in control of anything. When, for example, we speak with Alexa, we contribute that data to a system we can't see and have no input into—one largely free from regulation or oversight. The big nine corporations—Amazon, Google, Facebook, Tencent, Baidu, Alibaba, Microsoft, IBM and Apple—are the new gods of AI and are short-changing our futures to reap immediate financial gain.

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