

INTRODUCTION

Fintech is without question beginning to permeate every aspect of our daily existence, and it is reshaping how we live our lives. More than 200 million WeChat users are now conducting banking-like activities from their mobile phones, demonstrating that we already have technology that could bring the 3.5 billion underbanked and unbanked people in the world into the global financial system. However, when Facebook announced a desire to help 2.4 billion users obtain financial services through Libra (now renamed Diem, presumably in an effort to distance the effort from the bad name it acquired), it unleashed a firestorm of backlash to this corporatization of a government monopoly—the issuance of currency and control of monetary policy. This reaction was in large part because of the realization that if you combine mobility data and financial data and put them in the unfettered hands of the private sector, you create meaningful risk to society at large. How are we to bring banking services to everyone yet avoid creating this sort of “Big Brother” danger?

When we began our journey to understand how fintech will go global, we had no idea that our online entrepreneurship classes would spread to over 150 countries. It was a chance to grow a philosophy twenty years in the making. Professor Alex Pentland and “venture catalyst” Joost Bonsen created an entrepreneurship program at MIT that, before going online,

taught over three thousand students through a philosophy of “solving problems for a billion people.” It is this “dreaming big solutions” orientation that we have brought to our digital efforts that has now helped fifteen thousand additional innovators (and counting) build new businesses.

As part of creating our online fintech program, we wanted a good textbook to augment the videos, interactive games, and written materials we created for the class, but at the time we couldn’t find a suitable text. Our 2016 book *Frontiers of Financial Technology* was the result, a brief but informative voyage across blockchain, artificial intelligence (AI), new models for financial services, and a policy framework to demystify regulation in a regulated industry. It was widely applauded when it was written and still has relevance and applicability nearly five years later because we looked far enough ahead. However, the future is catching up with us, so once again we need to peer beyond the horizon.

Times have changed. Nearly \$500 billion has been invested by venture capitalists in fintech since we started writing *Frontiers*. And we missed some important elements regarding the forces reshaping the financial system in every country on the planet. We talked about high-minded ideas like breakthroughs in applying collective intelligence to prediction markets and skipped over the fact that to deliver AI and blockchain innovation, banks such as HSBC have to digitize over 100 *million* paper documents. While we mentioned blockchain and alluded to the broader context, we didn’t truly deliver a book that recognized the global nature of the fintech revolution. It was a surprising oversight because our on-campus activities have been working in the emerging markets and seeding country-level change for decades.

So in your hands you have version 2.0 of our thinking: What if we recognize the current state of the market and extend ideas more tightly from theory to practice? What if we highlight not only online innovation in the wealthiest

country on the planet, such as how Boris Khentov describes Betterment’s in-the-trenches grappling with bringing the old analog world into the new digital one (chapter 2), but also the “leapfrog” opportunities presented in developing countries, such as in sub-Saharan Africa (chapter 9)? What if we remind people that with the hyperspeed adoption of fintech and other new technologies, we also create ethical and societal risk and need to take steps to address this, as Ajay Bhalla shares with us in his responsible innovation framework (chapter 12)?

Fintech is global. Grab your carry-on bag and let’s go collect passport stamps.

David L. Shrier and Alex Pentland
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