Big tech in finance: opportunities and risks

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89th Annual General Meeting
Data-Network-Activities loop
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Opportunities:
big data and financial inclusion
Accuracy of credit scoring models for “unbanked” borrowers
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- Proportion of bad loan applicants that received a green light
- Proportion of good loan applicants that received a green light

Random
Accuracy of credit scoring models for “unbanked” borrowers

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Random
Accuracy of credit scoring models for “unbanked” borrowers

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Higher accuracy

Random
Accuracy of credit scoring models for “unbanked” borrowers

- Random
- Credit bureau score and borrower characteristics
Accuracy of credit scoring models for “unbanked” borrowers

- Random
- Mercado Libre credit score
- Credit bureau score and borrower characteristics
Breaking the link between credit and house prices in China

** indicates significance at the 5% level.

^1 Percentage change of credit in response to a 1% change in house prices.
Public policy challenges: adapting old rules to new settings
Money market fund assets are held in banks¹

1. Data for Yu’ebao.
Public policy challenges:
the data–competition nexus – a new regulatory compass
A new regulatory compass
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A new regulatory compass

WEST
Walls and limits on the use of data by big techs

EAST
Endow property rights to data to customers

Extent to which regulation affects big techs:
- Limited
- Medium
- Large
A new regulatory compass

NORTH
New market entry promotion for big techs

WEST
Walls and limits on the use of data by big techs

SOUTH
Strict restrictions on entry for big techs

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- Competition authorities
- Data protection authorities

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Open banking (data portability)
GDPR (right to portability)
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- Open banking (data portability)
- GDPR (right to portability)
- Open banking (restrictions)
- GDPR (customer consent)
A new regulatory compass