

THE ROLE OF FINANCIAL INNOVATION AND FINANCE SCIENCE IN FINANCIAL STABILITY AND ECONOMIC GROWTH

DEC 4, 2015

9:30AM – 12:00PM

For the past four decades, financial innovation has been a central force generally improving the global financial system with considerable economic benefit having accrued from those changes. However, as experienced in the financial crisis of 2008-9, financial innovation can also carry with it increases in risks, particularly from mismatches between innovation and the infrastructure necessary to support it. As a part of that infrastructure, regulation must itself innovate to effectively balance the risks and facilitate the benefits from financial innovation. Through a series of examples, we will explore innovations in capital markets surrounding the manifest transactional functions of the financial system, connecting sources of capital with users of capital and transferring economic risks to those best suited to bear them, as well as the important latent function of capital markets in providing information. How financial innovation is essential to addressing the global retirement funding challenge. What future innovations are we likely to see in regulation and monitoring potential systemic risks, including the interplay between monetary and financial stability policies. We will discuss the important distinction between stable capital markets and stable capital market prices as policy objectives for a well-functioning financial system.

The complimentary **MIT Faculty Insights Series** is a platform for MIT Faculty visiting the Asia School of Business to share their recent research as well as participate in a Q&A session with the attendees. Participants will have the opportunity to tap into faculty expertise, as well as experience interactions on cutting-edge topics, which contribute to the Asia School of Business learning culture.

[Register Here](#) by Nov 20, 2015 ; Questions? Insights@asb.edu.my



Prof Robert C. Merton is the School of Management Distinguished Professor of Finance at the MIT Sloan School

of Management and University Professor Emeritus at Harvard University. He is Resident Scientist at Dimensional Holdings Inc. and is the creator of Dimensional Managed DC. He currently focuses on the Target Retirement Solution, a global integrated retirement-funding solution system.

Merton received the Alfred Nobel Memorial Prize in Economic Sciences in 1997 for a new method to determine the value of derivatives. He is past president of the American Finance Association, a member of the National Academy of Sciences, and a Fellow of the American Academy of Arts and Sciences. Merton received the inaugural Financial Engineer of the Year Award from the International Association of Financial Engineers, which also elected him a Senior Fellow. A Distinguished Fellow of the Institute for Quantitative Research in Finance ('Q Group') and a Fellow of the Financial Management Association, he received the Nicholas Molodovsky Award from the CFA Institute. He received the 2011 CME Group Fred Arditti Innovation Award and the 2013 World Federation of Exchanges Award for Excellence.

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