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552

FINANCE IN A CHANGING WORLD V

# The Future of Financial Intermediation: Banking, Securities Markets, or Something New?

June 30 to July 2, 2015

Schloss Leopoldskron, Salzburg, Austria

# The Future of Financial Intermediation: Banking, Securities Markets, or Something New?

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## Why this topic and why now?

**The accelerating transformation of the financial services industry, and the emergence of alternative financial intermediaries, have profound medium- and long-term implications for global financial markets and their supervision.**

Financial intermediaries who channel funds from investors to people and institutions who require capital have expanded far beyond the traditional banking sector in recent years and now exert growing influence on global financial markets. Such entities encompass investment banks, broker-dealers, life insurance companies, mutual and pension funds, mortgage finance, credit card companies, and other types of shadow banks, all of which operate in different ways and at different scales, often with strong regional variations. Alternative channels to traditional market- and bank-financing are now major sources of funds in both developing and developed economies.

This increasingly diverse global marketplace for financial intermediation – coupled with ongoing reexamination of the role of traditional intermediaries in the wake of the financial crisis – raises important societal issues. These include the duties financial intermediaries owe to those with whom they transact business; whether banks can meet the rapidly developing needs of their traditional customers; the future of fair and effective markets; the continuing challenge of shadow banking and securitization; and the tension between societal notions of fairness and economic notions of efficiency.

From a regulatory and supervisory standpoint, as financial markets struggle to fully recover from the 2008 crisis, the imperative to strengthen the safety and soundness of intermediaries by tightening international and domestic prudential standards (as embodied in Basel III, the Dodd Frank Act and various European Union and other initiatives) may increasingly conflict with the macroeconomic priority to restore growth. As a result, understanding the new dynamics of financial intermediation, and how they influence global markets, will be critical for future resilience, credit flows and the sustainability of the financial services industry.

From a technological point of view, new and potentially disruptive innovations, cyber-security risks, privacy concerns about data protection and data theft, and new types of financial crime, present difficult challenges for future regulatory action in an interconnected and borderless financial services marketplace. Assessing the potential impact of these trends on market structure, secondary market trading, and raising funds in the capital markets, as well as the scale of investments required by banks to keep pace with new technologies and the constraints the latter will place

## SESSION CHAIRS

**Axel Weber**

*Chairman, UBS; Former President, Deutsche Bundesbank*

**Roger Ferguson**

*President and Chief Executive Officer, TIAA-CREF; Former Vice Chairman of the US Federal Reserve's Board of Governors*

## SELECTED FACULTY

**Steven Maijoor**

*Chairman, European Securities and Markets Authority*

**Douglas Flint**

*Chairman, HSBC*

**Annette Nazareth**

*Partner, Davis Polk; Former Commissioner, U.S. Securities and Exchange Commission*

**David Wright**

*Secretary General, International Organization of Securities Commissions IOSCO, Madrid*

**Alexander Justham**

*CEO, London Stock Exchange*

**Andreas Dombret**

*Member of the Executive Board, Deutsche Bundesbank*

**Sandra Boss**

*External Board Member, Bank of England*

**Olivier Guersent**

*Deputy Director General, European Commission*

**Masaaki Shirakawa**

*former Governor, Bank of Japan; Board Member, Promontory*

on traditional intermediaries, are matters of increasingly strategic concern.

Leading voices across the financial services sector are starting to confront the magnitude of these emerging challenges and their potential to radically alter relationships along the transaction chain. The 2015 Salzburg Forum on Finance in a Changing World will therefore explore the long-term systemic changes taking place in global financial markets, the future of regional regulatory action, and the technology-driven shifts that are impacting the global financial services industry.

### Key Questions

- Do financial intermediaries owe a fiduciary duty to some or all of those who consider themselves to be their customers?
- Are societal notions of fairness and economic notions of efficiency mutually exclusive, or can we have both at the same time?
- How can financial intermediaries better align themselves with client needs and society's vision of what it wants and needs in order to retain their place in the financial system?
- Can banks expand beyond their traditional role to become knowledge brokers able to meet the rapidly developing needs of their traditional customers as well as innovators and new business sectors?
- What will changes in financial intermediation mean for the future operation of financial and capital markets?
- Are prudential regulatory initiatives worldwide coming into conflict with the macroeconomic imperative of restoring growth?
- Should the newly adopted prudential regulations applicable to traditional intermediaries be revised or loosened for the purpose of facilitating growth, or are there sufficient alternative sources of access to capital? If so, how should these alternative providers be regulated?
- What are the long-term implications of increasingly regionalized priorities and preferences when implementing the global regulatory agenda?
- How will new technologies redefine intermediation, and what will be the implications for safety and liquidity?
- What strategic technological investments will be needed in the financial services industry to improve both security and competitiveness?
- What do banks and other intermediaries need to understand about disruptive technologies and behavioral economics to plan for these changes?

### Participant Profile (PARTICIPATION IS BY INVITATION ONLY)

The session will bring together participants from financial services firms, alternative financial intermediaries; policy makers; regulators and supervisors (including securities regulators); and consultancy and technology firms.

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“The level of participants was incredible. I believe that no other place in the world can host such an array of high-ranking bankers, regulators, thinkers and policymakers.”

FOR MORE info. PLEASE CONTACT:

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## Salzburg Global Seminar

Salzburg Global Seminar is an independent non-profit institution founded in 1947 with a distinguished track record of convening emerging and established leaders to address global challenges and drive progress based on Imagination, Sustainability and Justice. It convenes imaginative thinkers from different cultures and institutions, implements problem-solving programming, supports leadership development, and engages opinion-makers through active communication networks, all in partnership with leading international institutions.

## Salzburg Global Forum on Finance in a Changing World

Salzburg Global's annual Forum on Finance in a Changing World facilitates strategic analysis and critical thinking about changing regulatory and economic environments, comparative practice, technology-driven transformations, and emerging ethical questions. It provides a secluded and informal meeting place where participants bring a broad array of perspectives and expertise and look beyond immediate technical and external pressures. The Forum allows high-level decision makers and top young professionals from different disciplines to share candid and serious in-depth exchanges, helping to build trust and understanding to advance the sustainability and resilience of financial institutions and services.

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FOR MORE *session info*.

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