A recurring theme among the many narratives of the Financial Crisis of 2008 is the complexity of the financial system and the failure of private- and public-sector policies to anticipate and attenuate the Crisis. This failure may be a symptom of the emergence of a new type of risk to the financial system—systemic risk—and the growing mismatch between rapidly evolving financial technologies and increasingly antiquated regulations that were never designed to address these challenges. However, technology can also be used to improve regulation.

In this talk, Prof. Lo will provide an overview of new challenges to macroprudential policies and the potential for big data analytics to transform financial regulation, including self-stabilizing capital requirements, machine-learning models for consumer credit risk management, and aggregate risk measures that guarantee individual privacy.

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