

Question:

Write a few short paragraphs of no more than 500 words on how you see the future of fintech developing when it comes to investment banking. Feel free to express your opinions and be creative, there is no single correct answer.

Answer:

Recent economic and technology shifts have been developed to improve financial technology (fintech). Many finance organizations have already adopted fintech applications, such as artificial intelligence, blockchain, and advanced data analysis to optimize operations and enhance services. From my perspective, in the next few years most investment banks will adopt the technology and move away from traditional processes. Tasks such as risk assessment using AI to provide investment recommendation were examples of fintech technology that has been adopted.

Blockchain, an innovative technology designed to handle cryptocurrency transactions, can be the most promising breakthrough to investment bank transactions. The advantages of it to provide transparent and instant settlement transactions will increase efficiency of the agreements and reduce operational costs. It can overcome the drawbacks of traditional transactions that needed times and places that also did not provide transparency and can cause human error. I imagine a future where transactions can be faster, more secure, and more reliable.

Furthermore, I believe that investment banking will increasingly depend on advanced AI rather than traditional AI approaches. Advanced AI involves many technologies that have been used and approved nowadays, such as natural language processing to develop large language models (LLMs) that can handle data texts and predictive analytics with deep learning approaches that have greater accuracy. This came from my personal experiences from college and personal research that proves the use of advanced AI can be more accurate.

In addition, seeing ESG gain importance and consideration in the finance sector also can be the future of fintech and investment banking where fintech can be the tools to measure, track, and report ESG metrics for sustainable and responsible investment strategies. By integrating ESG data, investment banks can gain profitability with long term sustainability goals.

Looking forward, fintech will likely become an important part of investment banking. Banks that “zoom out” to understand wider market trends and “zoom in” to prioritize plans can adopt fintech to improve data driven decision making. In addition, fintech functions also need to collaborate with professionals. These professionals in the industry also need to adapt by being expertise in data science, machine learning, and AI technologies. By combining the strengths of fintech and human expertise,

investment banks can make decisions that complement each other and gain results with more accuracy, efficiency, and strategy.