

# Is Big Tech Taking Over Our Money?

**FS Club Webinar**

16/07/2024

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Fintech expert and author of  
*Big Tech in Finance*



# Why is the trend urgent TODAY?

1997



Today

Multiple technological breakthroughs are reshaping market dynamics

by

demanding core competencies native to Big Tech

# Tech giants are innovation powerhouses pushing banking into the digital age

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Lower costs

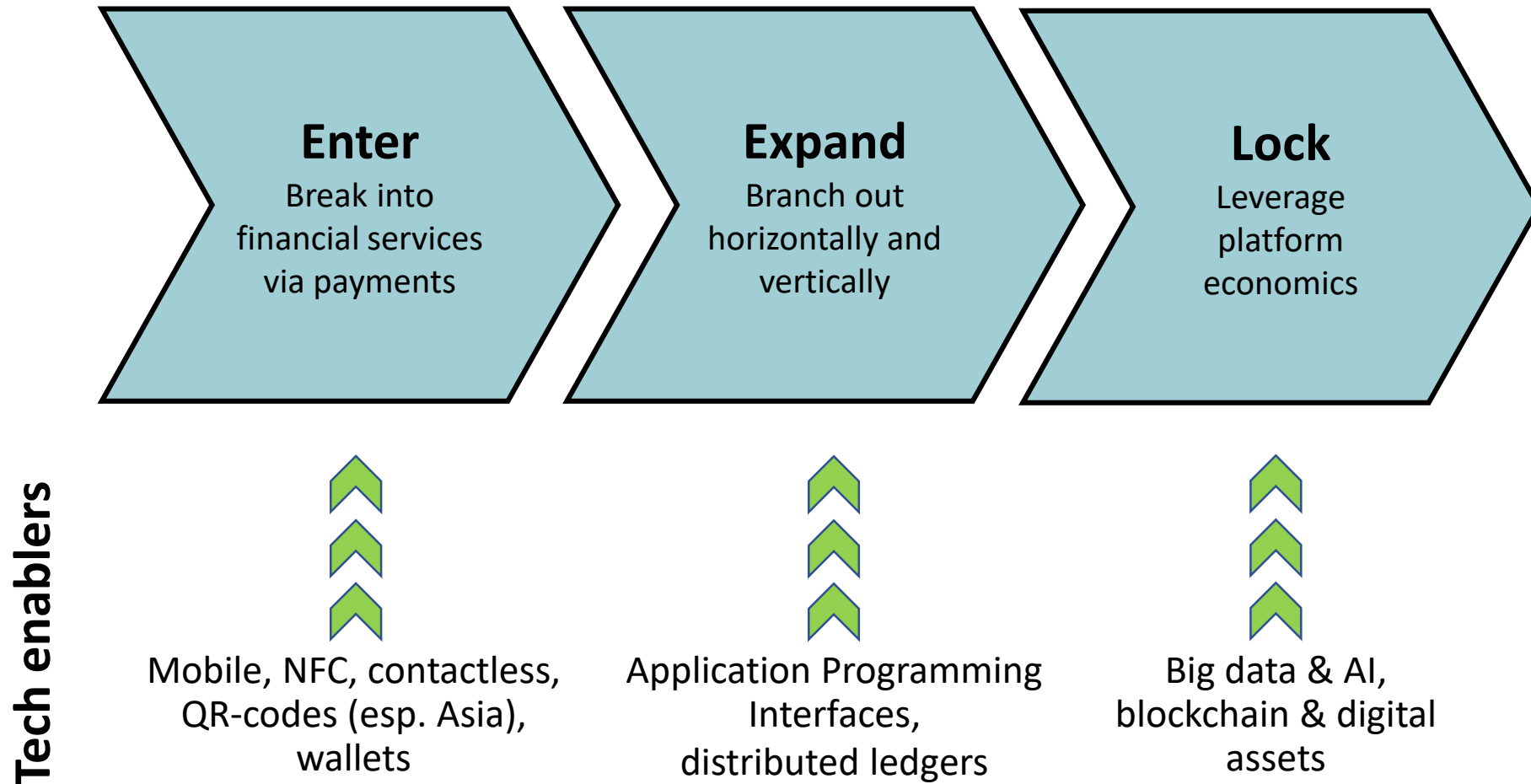
Boosted financial inclusion

Enhanced usability

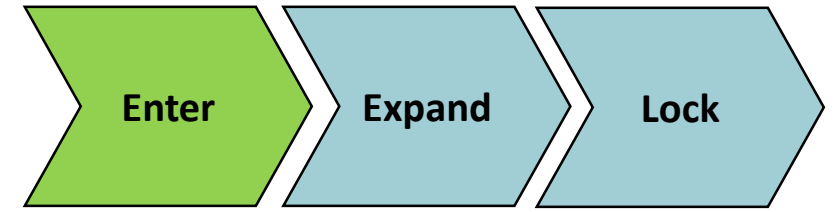
**BUT:**

Today neither regulators nor banks are prepared to respond to Big Tech's initiatives.

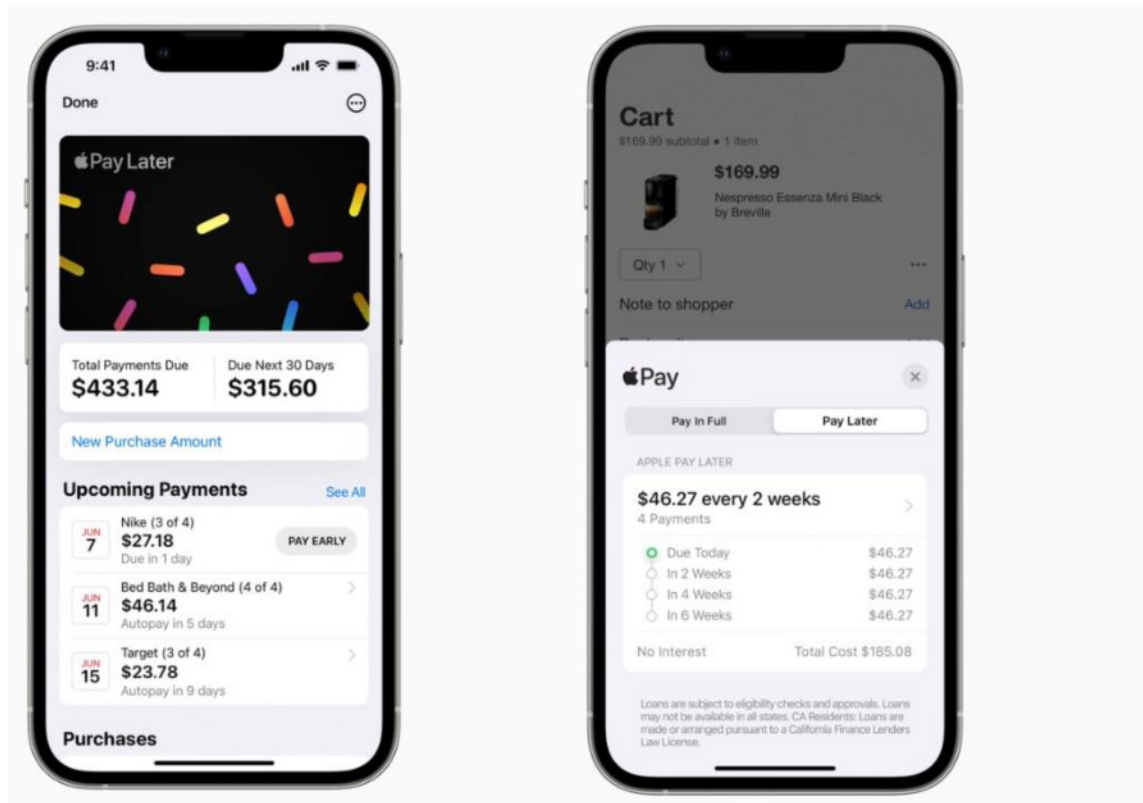
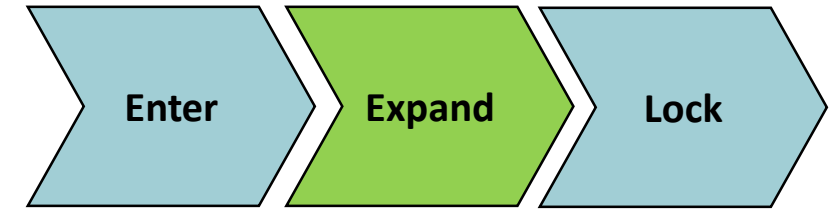
# The Big Tech strategy for financial services



# No tech giant without a payment initiative



# Apple Pay Later ventures into lending and cuts the banking partner



Apple performs the credit checks, risk management, and BNPL operations in-house  
...while leveraging data from its eco-system

**Discontinued** (announced June 2024)

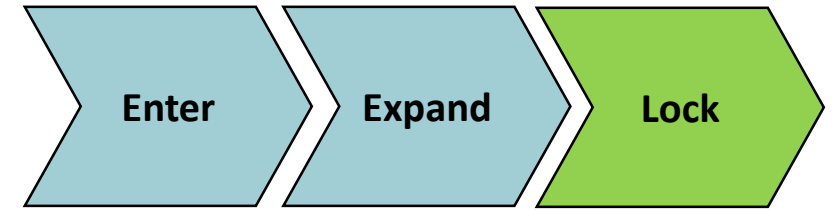
## Other steps

Apple Card, Apple savings account (US), Connected Cards (UK), investment feature (US, abandoned)



# Gatekeeper on the smartphone

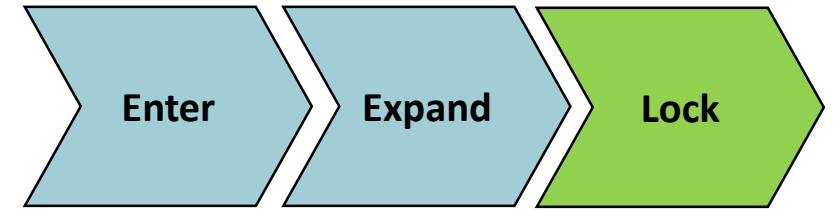
## - Apple's NFC-chip



iOS blocks any EMV-application from using the phone's NFC-chip

Legal challenges by banks (e.g. US) and laws mandating to open up the chip (e.g. Germany)

# Libra/Diem – Facebook's failed attempt to mint its own money



INSIDER

Facebook's plan to revolutionize how money works, and why companies and lawmakers are so worried about it, explained in 30 seconds

Rebecca Aydin Oct 26, 2019, 2:30 PM



Plan to issue a stablecoin  
pegged to a basket of  
currencies

Seeking to run the  
settlement, asset, and  
gateway layer



# Big bang launches and speed-to-scale

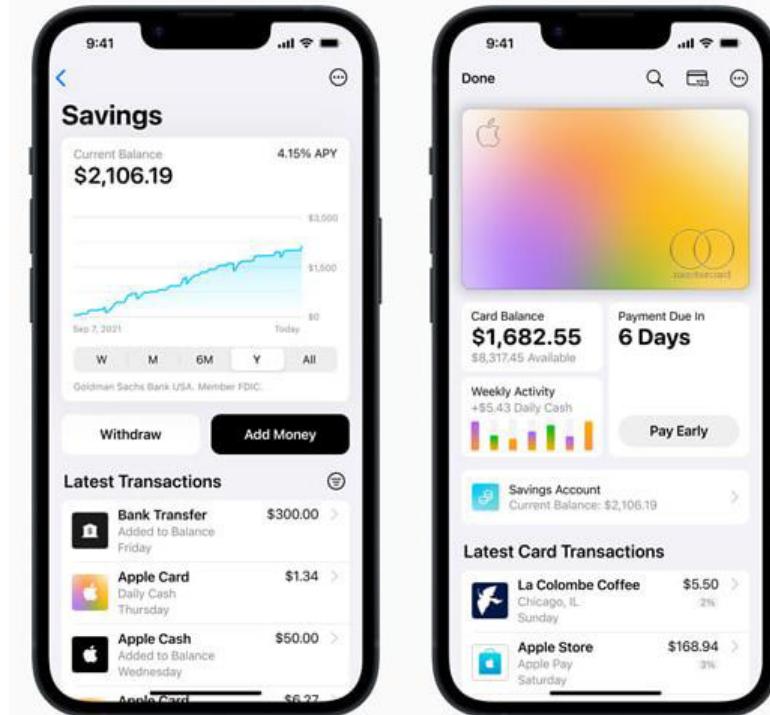
## Yu'e Bao



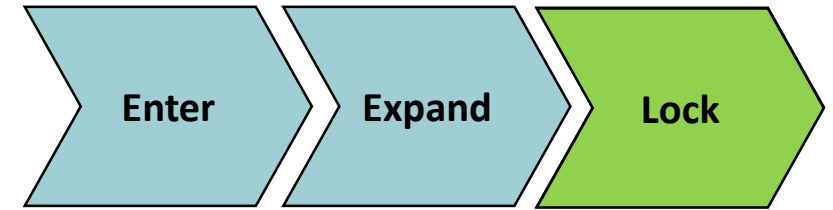
An Ant Financial mascot is seen at its office in Hangzhou. PHOTO: JOHN RUWITCH/REUTERS

Source pictures: <https://www.wsj.com/articles/more-than-a-third-of-china-is-now-invested-in-one-giant-mutual-fund-11553682785>  
<https://www.apple.com/newsroom/2023/04/apple-cards-new-high-yield-savings-account-is-now-available-offering-a-4-point-15-percent-apy/>

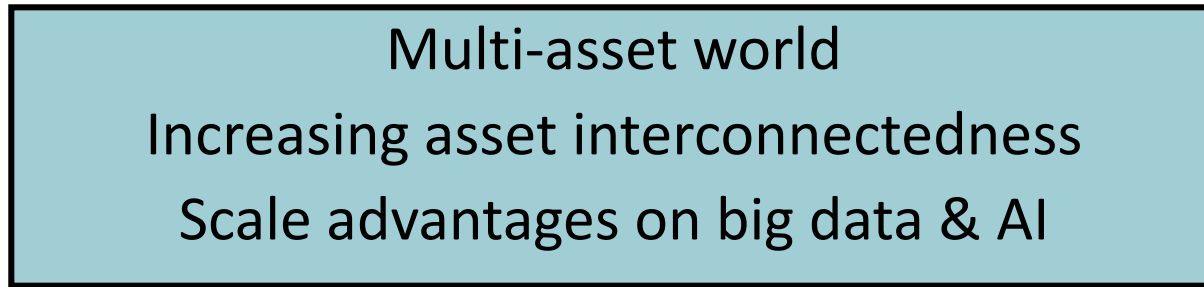
## Apple Savings Account



# New tech magnifies platform problems



## Finance tomorrow



Monopolistic tendencies  
Systemic risks  
Margin pressure for banks



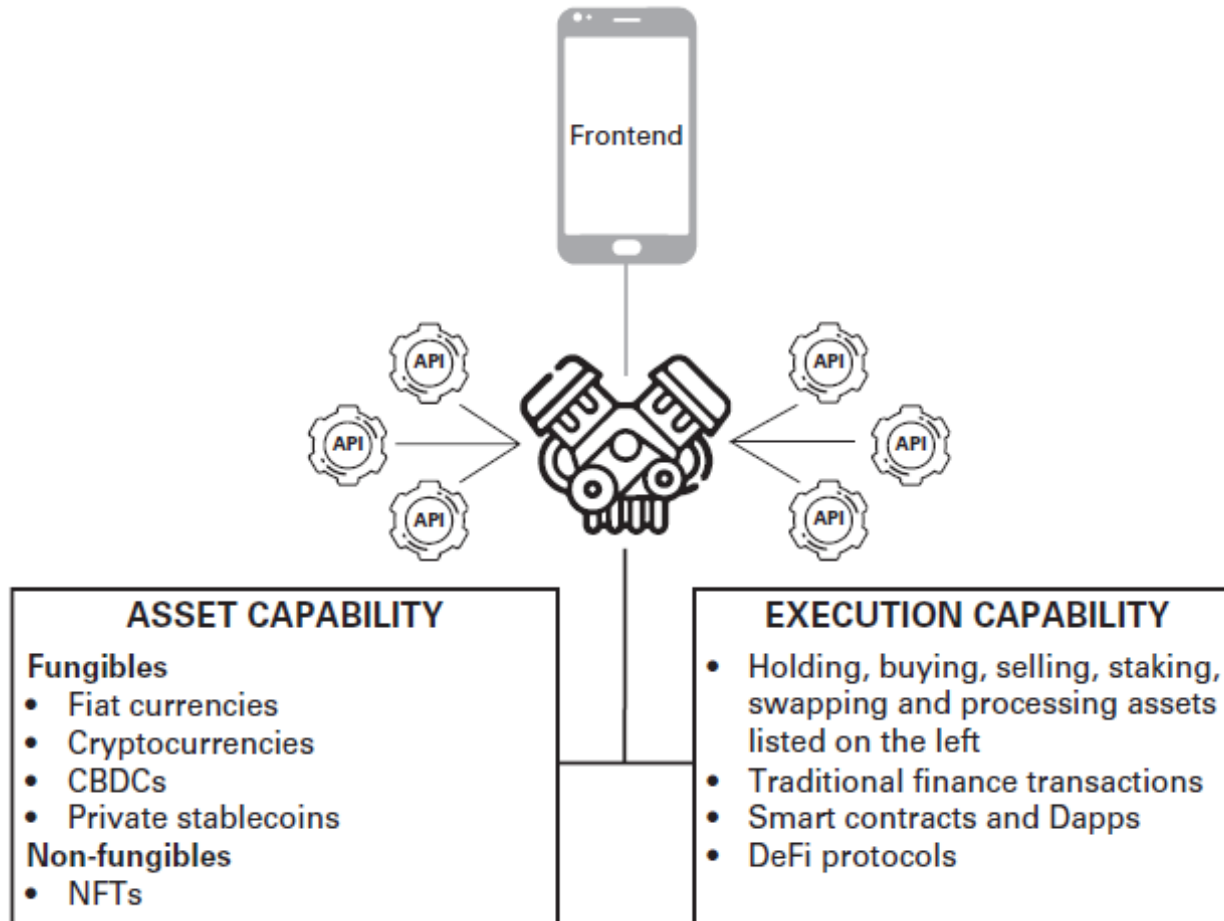
Regulators must **level the playing-field** for all actor groups to  
**safeguard an efficient market**

# How to level the playing field and contain risk

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1. Prevent Big Tech from abusing gatekeeper function (e.g. NFC-chip, mobile OS)
2. Designate Big Tech as Nonbank Systemically Important Financial Institutions (“SIFI”)
  - Hybrid-approach: Entity-based + activity-based approach
  - Advocated by IMF, FSB, and BIS
3. Implement tight controls of Big Tech launching stablecoins pegged to fiat or other TradFi assets
4. Ensure that licensed banks are allowed to engage in the same digital asset and DeFi activities as non-licensed entities

# TradFi and DeFi assets merging in Super Money Engines



The race has already started

 **Meta Pay**

Five trademark applications hint at Meta working on a Super Money Engine

# Read more about how Big Tech will disrupt banking

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**Available here:**  
<https://amzn.to/3VLGPtK>

# Watch the market closely, regularly



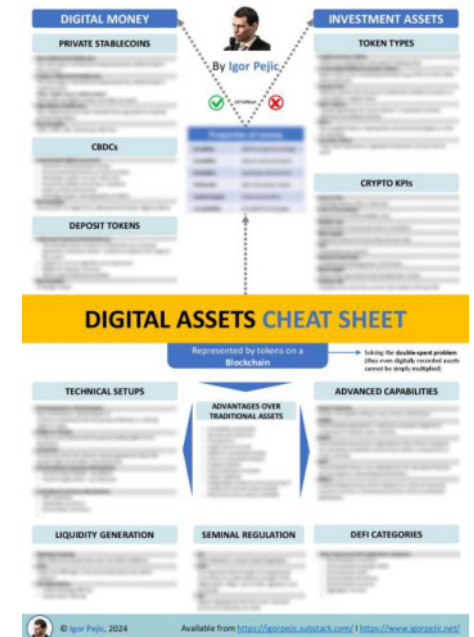
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# Thank you!

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***Big Tech in Finance***

(Kogan Page, May 2023)



***Blockchain Babel***

(Kogan Page, March 2019)

# Questions?



Picture: <https://www.pexels.com/photo/illuminated-cityscape-against-blue-sky-at-night-316093/>