

[MUSIC PLAYING]

CHRIS DAVIS: Welcome to the *Career and Academic Resource Center Podcast*. I'm your host, Chris Davis, the associate director of the Career and Academic Resource Center here at Harvard Extension School. Today it's my great pleasure to be speaking to Marion Laboure.

Dr. Laboure is a director in the thematic research team covering technology at Deutsche Bank. Prior to this, she worked as an economist at the Luxembourg Central Bank, the European Commission, and Barclays. She was also a fellow researcher at the International Monetary Fund, and is the author of books covering capital markets and financial technology.

Dr. Laboure holds a PhD in economics from the Ecole Normale Supérieure and a master's degree in economics from the London School of Economics, as well as a master's in finance from the University of Paris Dauphine. She is considered one of the top 45 fintech specialists in the world as of 2022.

She was a visiting scholar at the Center for European Studies at Harvard University from 2018 to 2019, during which time she was an associate of the Department of Economics at Harvard. She currently teaches or coteaches two courses -- Microeconomic theory and Financial technologies, artificial intelligence, blockchain, and cryptocurrencies at Harvard Extension School.

Dr. Laboure is the co-author with Nicolas Deffrennes of *Democratizing Finance -- The Radical Promise of Fintech*, which was published in April of this year by Harvard University Press. The subject of the book is how digital technology and financial technology, or fintech, has transformed and continues to transform the world of finance by enabling people with fewer resources around the globe to access banking, insurance, credit investment, and other financial services.

Dr. Laboure and her co-author argue in the book that financial innovations can increase accessibility and play a role in reducing inequality and addressing social challenges in health care, career opportunities, government services, and other areas in the coming years and decades. So welcome to the podcast, Dr. Laboure. Thank you so much for being here.

So I was interested in having you speak to our students, both because I think the topic of your book is relevant and of interest to certainly our management and finance students and other demographics as well and also because several of our degree-seeking students in the Faculty Aide Program -- which is something that I've spoken about on this podcast previously -- contributed to the research and preparation of the book from what I understand.

So I think that's certainly of interest to students, and I'd like to ask you more about that in a bit. First of all, I'd like to ask you to summarize, at a high level, the subject of your book. I gave a brief introduction to it, but I'd love to hear from you on the goal that you and your co-writer had in writing the book and undertaking the writing of the book and what you'd like readers to take away from it.

MARION LABOURE: Yeah. Thank you very much, Chris. I'm very happy to be here today and to discuss the book. And actually, the idea of the book is what we notice up to and until the financial crisis in 2007. Overall, economic growth and income growth in developed and developing markets were pretty much higher than they are now.

And since the financial crisis, we have had a stagnation of income in the developed world. We also had fast mutation of employment towards freelancing. And we had the emergence and massive growth of fintech solutions attacking consumer pain point and specific banking niche.

And what we have seen -- it's like over the past 50 years, we had a surge of inequality around the world. And what we wanted to demonstrate in this book is like, yes, fintech inequality -- inequality is there. We had this surge of inequality, but fintech and actually financial technology can also help to reduce inequality.

So inequality did increase, but technology is there. We have 1.7 billion inhabitants in the world, who are unbanked. And thanks to technology-- because half of them have access to internet, they have a mobile phone. And then it can help to sell, to borrow, to invest money as well.

And the way we have structured the book -- so we have two different parts in the book. So the first part is about developed markets. So where we are talking about the macroeconomic context for the millennials, we are also showing that we are moving towards a cashless society. We are also seeing the digital democratization of asset management.

And then we also developed and talked about the blockchain technology and how it helps government to be digitalized. And especially here, we talked about the Dubai case study. We had as well Estonia, which is a fascinating case study. So Estonia started looking at the blockchain technology very early in the 2000s.

And we also looked specifically at the United Nations, so the building blocks, a case study, which is very interesting in terms of key learning. And so this is what we have for the developed market. So this is the first part of the book. And in the second part of the book, we are focusing on developing emerging economies.

And here, basically, we are showing that inclusion is of primary importance. So we are looking at inequalities and economic development. And we are seeing that, we have over 1.7 billion inhabitants who are unbanked. And here, technology can help, given that half of them have access to internet and a mobile phone.

And we are also looking at this unbanked population and the financial needs that they have. And then we are focusing on public versus private sector fintech ecosystem. So I'm thinking about several case studies -- and we have a lot of case studies in the book, like, for example, WeChat Pay, Alipay, and Jumia as well.

And it's what we are showing in the book. So again, two parts. The first part is emerging economies. Second part, advanced economies. We are showing the main issues in both parts of the world and how fintech, and especially technology, can help to overcome this issue and to improve inequality.

CHRIS DAVIS: Thank you so much. Now, one thing I wanted to make sure to mention -- some of the listeners to this will be folks that are well-versed in the world of management and finance and who will be very comfortable with these terms and terminology and what we're talking about.

And first of all, I would encourage anyone who can to read your book. I think it does an extraordinary job of giving context to the financial history of the last 15 years globally and also talking about the future, as you and your co-author do so well. But I think for a layperson, I do want to clarify what fintech is, because I think that definition might vary a little bit from region to region or some people may be less familiar with it.

I think what I took away from your book was that financial technology, or fintech, can apply to everything from simple online banking to e-commerce, crowdfunding, and crowd lending, robo-advisors, digital or cashless banking, to also digital currencies and cryptocurrencies, which is something that you and your co-author referred to.

Is that more or less accurate, the scope of fintech as you would share it?

MARION Yeah. Absolutely. I think you always have the bigger definition where you're increasing, exactly what you said.

LABOURE: Only it's what we have chosen in the end. And you have the narrow definition, which includes, basically, the development that we have seen only recently.

And we had a real challenge to decide which kind of scope we wanted to cover. And the thing is, with technology, everyone has been talking about technology for many years now. And it's always hard to talk about financial technology, because everything is about technology and finance. But that's why we went for the wider definition as you just mentioned.

CHRIS DAVIS: Now, a big theme of the book -- and you touched on it earlier -- is these ideas of financial inclusion in populations that are underserved. And you mentioned the global population of unbanked people. And one of the things that I found fascinating is that you and your co-author list out what some of the benefits are of financial -- what financial technology contributes to reducing inequality and increasing inclusion.

And I'm going to read a couple of them, because I think this is very thorough. Facilitating and increasing access to credit, channeling small savings into the formal economy, improving risk management, reducing information asymmetries, reducing product and service costs and transaction costs.

And one of the things that I'd love to have you elaborate on is that you talk about some of the common negative outcomes of financial exclusion. And by financial exclusion, I think we're referring to populations around the world in rural areas or developing countries that don't have access or easy access to banking.

And you talk about the negative outcomes in particular for the disabled, elderly women, and migrants. Could you elaborate on that a little bit more?

MARION Yeah. Absolutely. And actually, that's very key. What we tend to forget often is even in advanced economies, you have people who are financially excluded. And it's true for emerging economies, but it's also true for Western economies and in the US.

And what we notice is we have, I think it's around 70%, 80% probably now, of the population who are financially excluded, who are actually located in seven countries in the world. And these financially excluded peoples -- basically, people who don't have a bank account -- they are mostly women, disabled people, and older people as well.

And the thing is, when you don't have access to a bank account, it means that you cannot save, you cannot get a pension at the end. You cannot-- when you retire, it's a big issue. You cannot invest. So when you cannot invest in a business, you cannot prosper a business. And it's a vicious circle.

CHRIS DAVIS: Yes, certainly. And one of the things that you touch on in the book too -- very much relevant I think -- is the explosion of the gig economy and freelancers and how technology contributes to that. Can you talk a little bit more about what you and your co-author found in terms of how these technologies, whether it's Uber or similar platforms, have increased opportunities for those who are financially underserved or who are in developing countries?

What are some of the observations or insights that you and your co-author had about this new area of technology and financial services?

MARION LABOURE: Yeah. Absolutely. So in terms of freelance -- so what we are seeing is the rise of freelancers. So it's not a new trend, but obviously, this trend has been reinforced by the pandemic. So we had even more freelancers than what we had previously before the pandemic.

So quickly -- the pandemic has quickly accelerated this trend. And what we are seeing, we are seeing two types of trends, I would say so. For example, if I take the case of the US freelancers -- you mentioned Uber drivers -- many people are driving in addition to another job.

So it's like for most people, I would say it's a secondary job, an additional job, because they want to earn more money, they have more time in the evening, and so on. While if you take the case about, let's take France -- I'm French as you can hear -- it's very different. So basically, if you take Uber drivers, they are more often people from minority backgrounds in France who don't have as many job opportunities because it's very tricky living in the countryside.

And actually, these Uber jobs are also here in terms of inclusion. So it's very different. It's more like a primary job rather than a secondary jobs as you can find in the US. And so it was true before the pandemic -- I think it's even more true after the pandemic. And what we have seen with the pandemic is an acceleration of the number of freelancers.

And we are seeing more and more people who actually want to work from home because it's more flexible, it's easier, it's more convenient, easier to combine a family with a job. And it has been an explosion during the pandemic. And yeah. The work from home is obviously facilitated by internet, by the fact that we can work from home, that we have the technology actually now to be able to log in remotely and-- yeah.

CHRIS DAVIS: Well, before I transition to asking you a little bit more about your experience with student researchers in the Faculty Aide Program, I did want to close by asking you about that. Because you and your co-author certainly take pains to refer to the developments of the pandemic in the book and how that's also increased the need, the demand for digital and cashless payments.

But I was curious to ask you. I'm assuming the book -- you had started writing it -- certainly, the idea from it came before the pandemic had begun. It sounds like -- from what I read in the book -- it sounds like most of it was written in 2020 or 2021. Did the development of the global pandemic change the direction of the book in any way or add to your learnings or -- basically include anything that you hadn't originally planned to tackle or to write about? I'm curious.

**MARION
LABOURE:**

Yeah. That's a very good question, actually. So you're absolutely right. We started the book in 2018, so well before the pandemic. So it's a long process when you publish with an academic publisher because you need to submit a proposal. The proposal needs to be approved. And then you have some peer review process, taking at least six months, perhaps sometimes one year.

So it's a long process. So we had to update the whole book during the pandemic in order to reflect the latest change. And it was important. And I think the pandemic has been a very good answer about technology, which is good for the book. But we definitely had to update everything. Yeah.

And in terms of the main development that we have seen during the pandemic -- so the end of the book, actually, we added two chapters with the pandemic, which is mostly the cashless society and the CBDC cryptocurrencies. Because what we have seen is Facebook and on Libra slightly before the pandemic.

But cryptocurrencies really took off, as you know. So we needed to add this. Cryptocurrencies is a huge topic these days, so it needed to be there. We also had the rise of central bank digital currencies, CBDC, which started after the Facebook Libra announcement. So it was also a new chapter. So we have updated the whole book, and we have added two new chapters following these developments.

CHRIS DAVIS: It is fascinating because it certainly does -- the developments of the last two years certainly underlines some of the areas that you and your co-writer were already writing about and added more information I think to your project. But it certainly adds a layer of relevance to the book.

And again, I encourage people to read it, even those who are not well-versed in the finance world and want to learn more about it. I think you and your co-author do a wonderful job of making it very thorough but also accessible to a wider audience. And the last thing that I wanted to ask you about is, as I've mentioned before, the book was published by Harvard University Press. It's an academic press.

You've been an instructor at Harvard Extension School for several years. The Faculty Aide program, which has been mentioned on this podcast several times, is a program that I manage and am quite proud of because it offers eligible degree-seeking students the opportunity to work with instructors on projects outside of the classroom.

There are instructors who are doing research in labs, in other venues, and also who are preparing academic journals or work that is going to be published. And this is certainly an example of that. Several of our students have worked as faculty aides for you in the past couple of years, and I understand that some of them have helped to contribute to some of the research.

Can you talk a little bit about that and what that brought to the book, what insights you would want to share about instructors or faculty who have the opportunity to work with students on projects outside the classroom, what you've learned from that, what you would recommend for students who are interested in doing that?

**MARION
LABOURE:**

Yeah. Absolutely. So basically, we started the book a bit randomly because I attended an event organized by Harvard University Press when I was at the Harvard campus. So, for us, it was a bit of luck. And I met my publisher. I met the editor. We had a great idea.

We submitted a proposal, and then we started this process. And as soon as I started this process, I heard about this amazing opportunity that you were offering, and I wrote a job description for this faculty aide program. And I got probably four, five faculty aides over the past three or four years.

And I think they have been extremely helpful and useful. And the way I advertise it is like I'm saying that I'm writing a job. And I don't advertise the position for any particular profile, even if -- I really appreciate that the person has an economic background, a business background -- the person understands the topic.

That's actually far better. But I don't have a strong preference. And sometimes I have a variety of different profiles applying because they're interested in this particular topic because they are interested in this particular kind of literature review, they want to do some data crunching. And I get different people applying for different reasons.

And what I really appreciate is when we have this open conversation. I know what the person is really looking for. I know what the person is very interested in as well. And actually, when we find a match -- because when you write a book, you have so many steps to do and to look for and to research and to write on -- that you can be interested in many different kind of profiles.

So basically, when I know exactly what the person is looking for and I know what I need to do, I am looking for someone where there is a real match and when a person is highly motivated.

CHRIS DAVIS: That's very interesting to hear that, and I've seen that in other contexts too. Sometimes a student who is in the finance graduate degree program will want to work on the research or a project that a humanities instructor is doing. And sometimes vice versa.

Sometimes our management and finance economics instructors will advertise a job and there will be someone with a very strong liberal arts or humanities background who is interested or particularly well-matched for that. So it's good to say that I think because sometimes students think, OK, the only thing that I can apply for is the field that I'm studying.

But it doesn't always work out that way. And sometimes it's a learning opportunity for everyone involved.

MARION LABOURE: Yeah. Absolutely. And I'm always looking for someone who is curious, motivated by the topic, interested in this particular research process, in what it takes to write a book. But again, I think I had very different backgrounds applying for this position. I mean, in terms of management, finance, econ, humanities, social, tech.

Very, very different people are applying. And I think over the past four years, I don't think I had someone-- I mean, two people in a row with the same type of backgrounds. So again, I'm looking for someone who is highly curious, interested in the topic rather than someone with a specific background.

CHRIS DAVIS: Now, you mentioned this earlier -- I don't know how much you can share, but I'd love to close by asking you -- it sounds like you're maybe working on your next book. Is there anything you can tell us about the subject at this point? Is it too early to talk about that?

MARION LABOURE: It's quite early to talk about that. I'm currently working on the follow-up book. So basically, it's also a fintech book, but it's also about the next step. So over the past 12 months, we have seen a number of different tech innovations. So I'm thinking about NFTs, metaverse, cryptocurrencies of course.

There are a lot of different types of cryptocurrencies which are there. So I'm looking at these topics currently. But it will be more on technology and probably less on inequality this time.

CHRIS DAVIS: I'm fascinated already, and that's certainly a very relevant area and a very turbulent one from what I've been following, but it certainly could not be more timely. Marion, thank you so much for taking the time to chat today. I'm so glad to hear about both the contents of the book from the author herself but also your experience working with student researchers.

It's always helpful, I think, for students to hear that, and I'm quite interested in hearing it from the instructor perspective. So thank you so much for sharing your experiences today.

MARION LABOURE: Yeah. Thank you very much, Chris. It was a pleasure to share it with you. And again, I think it's a tremendous opportunity for students, for us, and I'm really looking forward to hearing it.

CHRIS DAVIS: Thank you so much.

[MUSIC PLAYING]

You have listened to the *CARC Podcast*. This is the podcast for the Career and Academic Resource Center here at Harvard Extension School, and I hope you will join us again.