BigData, Financial Crises, and Systemic Risk Measurement

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The era of bigdata has also witnessed the largest financial crisis since the Great Depression and in this talk, Andrew Lo argues that this is not coincidental. The same technological advances that have allowed us to identify patterns in large datasets have also created complexities and unintended consequences that affect the entire financial system. After reviewing the role of leverage constraints, illiquidity, and market-making in creating financial instabilities, Prof. Lo considers the implications for regulatory reform and describes a novel application of cryptography to provide regulators with risk transparency while protecting investor privacy.