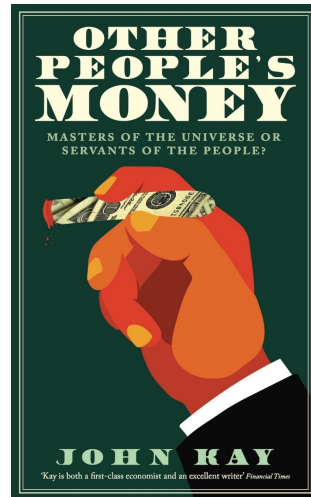


JOHN KAY

# Other People's Money

John Kay

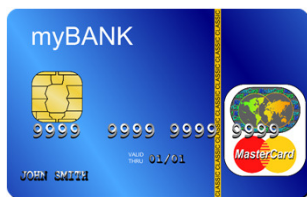
The Foundation for Science and Technology/  
Gresham College  
6<sup>th</sup> July 2016



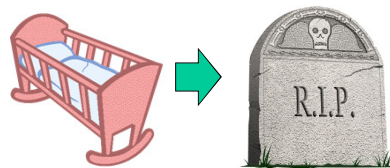
# Functions of finance

JOHN KAY

## Payment system



## Wealth management



## Capital allocation



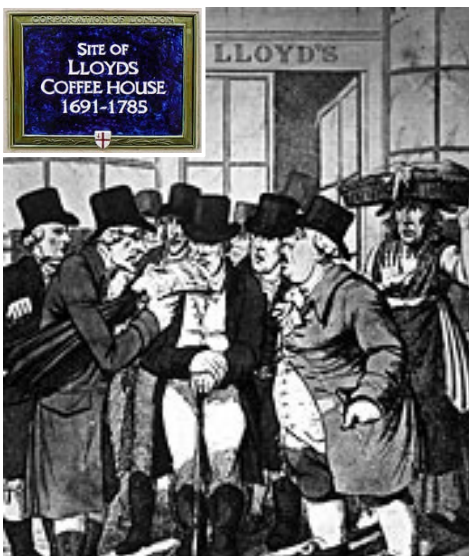
## Risk mitigation



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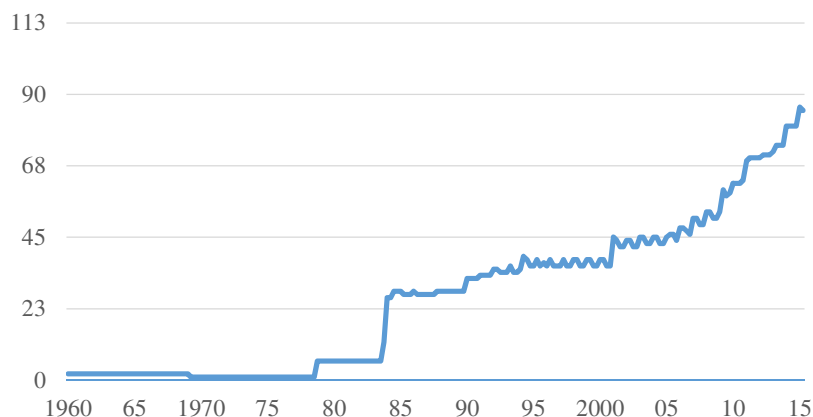
I had some input into the creation of this product (which by the way is a product of pure intellectual masturbation, the type of thing which you invent telling yourself 'Well, what if we created a "thing", which has no purpose, which is absolutely conceptual and highly theoretical and which nobody knows how to price?').

Fab Tourré quoted in W.D. Cohan, *Money and Power: How Goldman Sachs Came to Rule the World*, New York, Random House, 2011. p. 515.

## Regulatory burden

**JOHN KAY**

### Number of pages in US bank regulatory filings



Source: Federal Financial Institutions Examination Council, Call Report

As published in Preston Ash, Christoffer Koch and Thomas F. Siems, 'Too Small to Succeed?—Community Banks in a New Regulatory Environment', Dallas Fed

JOHN KAY



*Sen. C. Levin (D, Michigan):* When you heard that your employees in these emails and looking at these deals said 'God, what a shitty deal', 'God, what a piece of crap', when you hear your own employees or read about these in emails, do you feel anything?

*Mr D.A. Viniar (CFO, Goldman Sachs):* I think that is very unfortunate to have on email.

US Senate, permanent subcommittee on investigations, 27 April 2010

JOHN KAY



*Captain Renault:* I'm shocked, shocked to find that gambling is going on in here!

*[a croupier hands Renault a pile of money]*

*Croupier:* Your winnings, sir.

*Captain Renault:* *[sotto voce]* Oh, thank you very much.

*[aloud]*

*Captain Renault:* Everybody out at once!

*Casablanca* (1942), Warner Bros