

### Financial Innovation and Public Policy

The development and expansion of more advanced telecommunications systems and computing platforms has reshaped the workings of many industries. In particular, the financial services industry, which has invested heavily in information technology for a long time, has changed in key ways over the past two decades. Examples range from internet banking services, the expanded use of credit scoring for consumer loans and mortgages, and new financial derivatives, such as credit default swaps. Such changes have raised immediate public policy questions, especially in the area of banking supervision and payments system design. In addition, policy makers have been faced with questions regarding the impact of these financial innovations on the broader economy, such as through their impact on the monetary policy transmission mechanism and the stability of the financial system. To provide an overview of the public policy questions arising from financial innovation, we have collected [recent examples](#) of statements on this subject by central bankers, both in the U.S. and abroad.