Robinhood co-founder and CEO Vlad Tenev discusses his vision for the future of the financial services industry. He outlines opportunities for technological improvement, and stresses that some of the biggest challenges are around communication and regulation, including eliminating T+2 settlement of stock trades.

Transcript

- I know you've been a really strong advocate 00:00:04,083 for real-time settlement.. Getting rid of T2 is not considered easy or trivial.. And so I'm curious if you could paint the picture for us of what you think is the path forward.. Is it technologically driven? Is it gonna be, do you believe in another form of governance or what? - I think that technology is actually 00:00:22,390 relatively straightforward.. And a lot of people have been, I think when I wrote that blog post and tweeted it, you had all the Blockchain people coming out and saying, Blockchain already solves this.. And I think Blockchain is one possible solution.. Crypto can do it.. You can also use standard database technology, right? But I think the status quo is it's mainframes, right? This stuff is running on mainframes and there's actual physical paper certificates involved that are being stored in basements and when Hurricane Sandy in New York happened, however many, eight years ago, there was actually a problem, right? Because I think some of those facilities flooded and they had to be carted.. The certificates had to be carted to special drying facilities where they could be dried chemically in New Jersey.. So, there's a lot that can be improved on the technology, but I actually think the real problem is a communication problem..

I think people need to understand what's happening and they need to see a picture of what the future could look like, where these problems don't exist.. And I think the picture of that is compelling, and it's not just Robinhood's capital and deposit requirements that would be improved.. Even though I think some of the sort of criticism to my proposal is, Oh look Robinhood wants to get away from raising billions of dollars and so now they're trying to change T+2.. But there's lots of other things that improved too.. I'll give you an example.. Right now you can short a stock multiple times, right? So the way that works is, I'm holding a stock.. I lend it to you.. You short sell it, right? Someone's buying that on the other side, right? And they can lend it to someone else to short sell.. And that's how you end up in this chain of things where stocks are shorted like 140%.. And it's a technology problem because we don't have the systems to keep track of what's going on..

So I think that could be resolved with technology.. And I think the real impetus is like, how can we paint a future where we're using the best technology to power our financial system and how can we actually make the American financial system sort of the envy of the world again, and really invest in that infrastructure and what are some of the other really powerful things that'll come out as a result of that, that we can then build...