

Social Finance and Capital Market

2012.9.19

SANG YONG PARK
YONSEI SCHOOL OF BUSINESS

The Role of Finance

- ◆ Robert Schiller, Finance and the Good Society, 2012
 - The word *finance* derives from the classical Latin word, *finis*, which means “goal”.
 - Financing an activity is creating the architecture for reaching a goal—and providing stewardship to protect and preserve the assets needed for achievement and maintenance of that goal.
 - “Finance, despite its flaws and excesses, is a force that potentially can help us create a better, and more equitable society.”

Social Finance and Capital Market

- **Social finance** is an approach to managing money that delivers a social dividend and an economic return.
- **Capital market finance** is more suitable for funding innovative, uncertain, and informationally diverse projects than bank finance.
- **The role of the capital market for social finance** is then to provide financing for projects that
 - deliver a social dividend and an economic return
 - are innovative, uncertain, and informationally diverse.

Recommendation of an Idea

◆ Philanthropic funding of incentive competition

to solve the big social problems and

capital market funding of the winning enterprises

for commercialization

- Incentive competition의 예
- Orteig Prize (\$25,000) Competition in 1919 for “nonstop flight between New York and Paris”
 - ➔ (10여 팀이 시도하여 막대한 비용을 지출하고, 30여명이 사망)
 - ➔ Charles Lindenberg won the competition on May 21st, 1927
 - ➔ Commercial aviation 역사 시작

Recommendation of an Idea – continued

- X Prize Foundation(Peter Diamandis)'s Ansari Prize Competition

➔ 10MM Award

➔ Performance Target: Build and launch a space craft capable of carrying three people to 100 km above the Earth's surface, twice within two weeks.

➔ 25 private teams joined the competition worldwide and spent collectively \$100MM

➔ On October 4th, 2004, Burt Rutan team, funded by Paul Allen (co-founder of Microsoft) won the prize.

Recommendation of an Idea – continued

- Incentive competition의 특성:

구체적 성과목표, 거액의 상금, 다수의 참여 유도

➔ 최근 Challenge Prize를 제공하는 정부 및 비영리법인 증가

➔ 인터넷 + DIY(do it yourself) 혁신 + social network + “The Rising Billion”의 영향으로 비전문가 그룹이 창의성을 바탕으로 성공하는 사례가 많음

➔ “They are meant to recruit non-conventional participants with expertise from other domains, providing fresh insights and spurring existing researchers to get on their bikes.” *Economist*, 4/11/2011

Recommendation of an Idea – continued

- Techophilanthropist (테크노자선사업가)
 - ➔ 30~40세 전후에 사업성공으로 거부가 된 후,
 - ➔ 돈뿐만 아니라 개인의 재능과 네트워크를 총 망라하여 인류, 또는 어느 지역의 Mega Social Problem 해결에 뛰어드는 자선사업가
 - ➔ Bill Gates (말라리아 퇴치) + “Giving Pledge”에 서명한 100여명 등
- 한국의 잠재적인 테크노자선사업가들은?
- Breakthrough innovation을 통해 사회문제를 해결하면서 자본시장의 투자자에게 적절한 수익을 제공할 수 있는 한국의 Social Problem은?
 - 가계부채, 노인, 질병, 교육, 북한….