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What do you see as the opportunities in the evolving financial services space?

Financial services is as interesting now as it's ever been. The growth in the demand for financial services is likely to exceed the growth in income going forward. The question is whether that demand could be completely eliminated by technology. I don't think so. Technology is just a way to do things better, faster, cheaper.

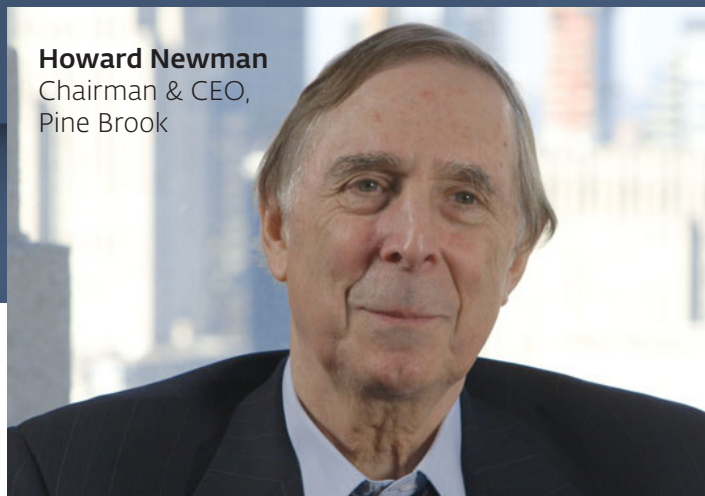
What do you see as some areas of technology that have helped financial services?

Look at one recent example of the great fintech inventions in the last few years, Airbnb. When I was a graduate student in Europe, I used to travel around, and you'd pull into the center of a town and there would be the war widows out there saying, "Room for let, room for let," right? Is that any different than Airbnb? It's just a more efficient way of delivering the same service, right? Great financial service technologies are simply embodiments of existing businesses.

So the outlook for financial services as an investor remains very bright. It's going to require you to continue to be nimble, to take advantage of dislocations, which are caused either by regulation or by technology or by growth. But the opportunity set remains really strong in that area.

Moving on to the growing energy sector, what do you see as the future for global energy?

The world population is going to grow from 6 billion to 9 billion, and that means that the population will consume more energy.



Howard Newman
Chairman & CEO,
Pine Brook

The issue is that we won't be able to conserve as much as we consume. I think the mix will move to lower-carbon-generating sources, because we've invested enough capital in those from a social perspective to begin to make them economic. Wind, solar, and alternatives are getting to the point where they no longer need the subsidies we've been giving them.

Renewables are the darling for government subsidies, but what are your thoughts on oil and gas?

Big subsidies are given to wind and solar, and those subsidies will bring those technologies to bear. They're not going to eliminate the need for fossil fuels. They may and should eliminate the need for coal, but the marketplace eliminated the need for coal. It's called natural gas. If you produce electricity with natural gas, you produce half the carbon dioxide per kilowatt as you do with coal.

Now we know where all the natural gas is. We don't need coal. We don't need to legislate or regulate coal out of existence. The market's going to do that for us. Looking forward with fossil fuels, you'll see less coal, more natural gas and oil. Oil is going to be driven by the growth of transportation in the developing world, where electric vehicles will increase in developing countries. But I don't see oil going away, at least not in my investing or post-investing horizon. ■