

Focus on Funds: When Fund Investment Is Strong, Capital Markets Get Stronger

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The US capital market is the subject of study and conversation worldwide, as financial leaders and regulators consider what lessons it might hold for economic growth in other countries. In the March 22, 2019, edition of *Focus on Funds*, ICI President and CEO Paul Schott Stevens shares highlights of a discussion among capital markets experts.

Transcript

Stephanie Ortvals-Tibbs, ICI director of media relations: What are the fundamentals of building strong, deep capital markets? At ICI's recent collaborative conference at Chatham House in London, ICI CEO Paul Stevens led a discussion about this issue. And afterwards, he shared with me the key takeaways.

Paul Schott Stevens, ICI president and CEO: There was a clear consensus among everyone about the importance of asset management [as an] alternative to banks, in terms of capital formulation, and the health and potential for growth that they bring to the economy.

Ortvals-Tibbs: When you stand back, if you were to then put a message from the panel on a billboard for regulators to drive past, is there anything in particular you would want that billboard to say?

Stevens: Well, it would be like a football cheer: go, capital markets! I think. No, seriously, I believe that for lots and lots of exactly the same reasons, all of our societies have an important imperative of achieving greater growth. And greater growth requires the contributions that capital markets—funds, among other instruments in capital markets—uniquely can bring to the table.

Ortvals-Tibbs: So Paul, we talk about capital markets; we talk about funds; we talk about all these factors. But in the end, it's the person behind it—that investor—that we're really talking about.

Stevens: And that's in particular in the United States, where our funds have 100 million investors—people of largely ordinary means. So that's exactly right. And frankly, one of the other themes that came forward, I believe, is that other societies also want to mobilize the potential that retail investors have as participants in these markets. For them to meet their own challenges for saving, providing their security in retirement, but also to do the things that that kind of investment does for their economies.

Ortbals-Tibbs: It does remind you, when you come into these conversations that are global, how admired the US retirement system is and the effect it's had on our capital markets. It's really closely observed by other places.

Stevens: Well, the OECD [Organisation for Economic Co-operation and Development] says that among all the countries in the developed world, we're about the fifth-best prepared. Among that group, we're the largest economy. So, yes, I think we've done some very good things.

Retirement systems have to reflect ultimately the culture of their society. So, the 401(k) works well for us; something like it may work very well for other people. But we don't hold it up as something to mimic, but in order to learn from. And that's, I think, the key thing.

Additional Resources

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- *ICI Viewpoints:* [Growing Better with Age: The 401\(k\) Turns Forty](#)
- Speech: [The Role of Investment Funds in the Global Economy](#)
- Speech: [“Let the Old People Live Good Lives”: Global Trends in Retirement](#)