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# BRIEF HISTORY OF FINANCE

# Brief History of Finance

- Ancient Period (pre-1950)
- Classical Period (1950-1980)
- Modern Period (1980-2000)
- Computational Period (2000-2020)
- Artificial Intelligence Period (post-2020)

# Brief History of Finance

## Ancient Period (pre-1950)

- Informal reasoning
- Rules of thumb
- Experience of market practitioners

# Brief History of Finance

## Classical Period (1950-1980)

- Introduction of formal reasoning and mathematics
- Specialized Models (B&S)
- General frameworks (Harrison and Kreps, 1979 neutral risk approach)

# Brief History of Finance

## Modern Period (1980-2000)

- Many advances in subfields of finance
- Computational finance
- Stochastic interest rates
- Stochastic volatility

# Brief History of Finance

## Computational Period (2000-2020)

- Shift from theoretical focus to computational
- Use of computationally demanding algorithms

# Brief History of Finance

## Artificial Intelligence Period (post-2020)

- Shift to AI-first in finance
- Shift from simple linear models to advance models and algorithms from AI
- Use of deep neural networks or reinforcement learning to capture, describe and explain financial phenomena