

(UN)KNOWN (UN)KNOWN

Thoughts on AI's Impact on Banking & Beyond

June 20, 2024

Christoph Bornschein, Founder & Chairman TLGG Group



AN UNLIKELY “PROPHET” FOR THE AI AGE

“There are known knowns; there are things we know we know. We also know there are known unknowns; that is to say we know there are some things we do not know. But there are also unknown unknowns - the ones we don't know we don't know.”



We can predict the impact of technology to some extent...



Internet enables social
media



Smartphone enables mobile
banking



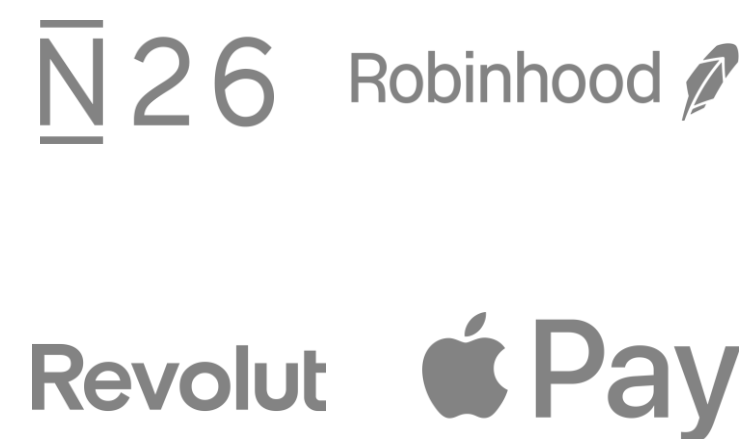
...while being completely stunned by the **second order effects**



Internet enables
social media



Smartphone enables
mobile banking



'The first Twitter-fuelled bank run': how social media compounded SVB's collapse

The speed at which Silicon Valley Bank collapsed has left experts questioning whether social media has opened up entirely new risks in the world of finance

FINANCE | STOCKS

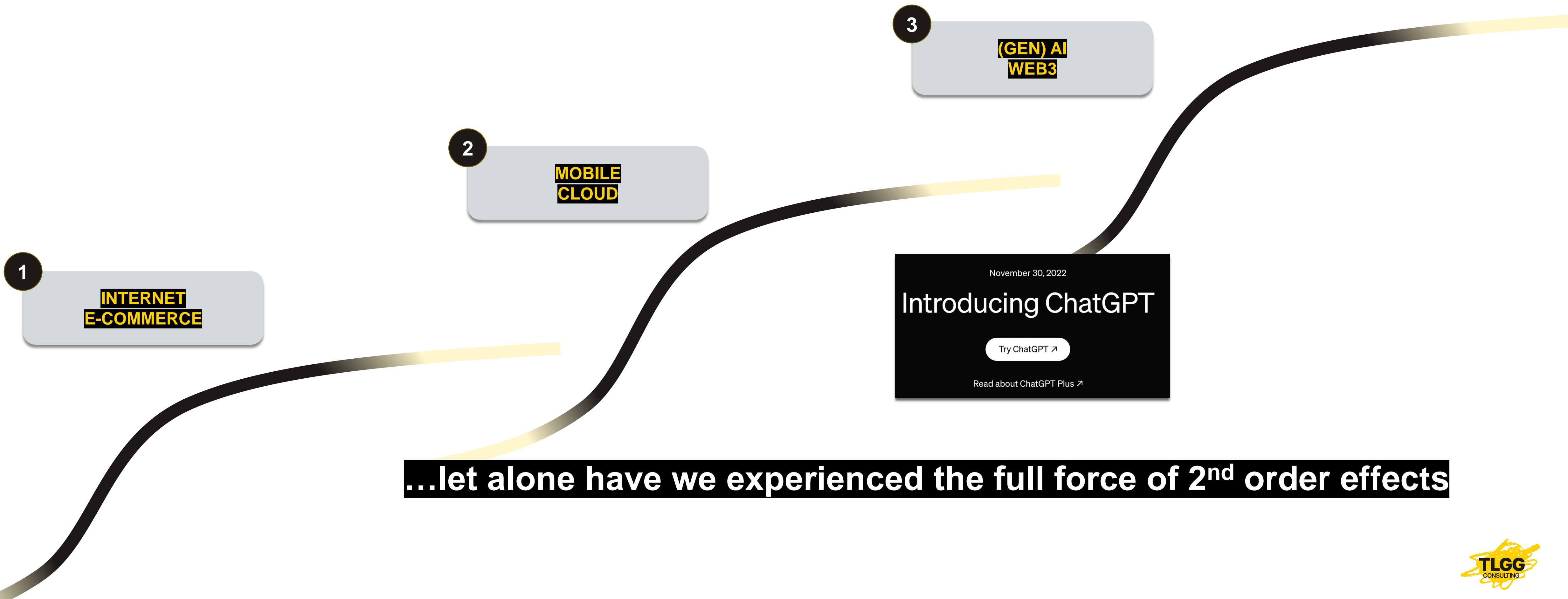
Who Is Keith Gill? The Meme Lord Is Back

Amateur investor who turned GameStop into a phenomenon has revealed a monster stake in the company worth \$260 million

By [Gunjan Banerji](#) [Follow](#)

Updated June 4, 2024 4:33 pm ET

The current AI hype is barely 2 years old – we don't know yet what **“maturity”** looks like...



...let alone have we experienced the full force of 2nd order effects

A FRAMEWORK FOR THE FUTURE OF AI



KNOWN KNOWNS

Things we should
obviously do...

KNOWN UNKNOWNNS

Things we should
explore & figure out...

UNKNOWN UNKNOWNNS

Things we can only
speculate on...

KNOWN KNOWNS

**OWNING A PIECE OF
THE AI CAKE**

CAPITAL

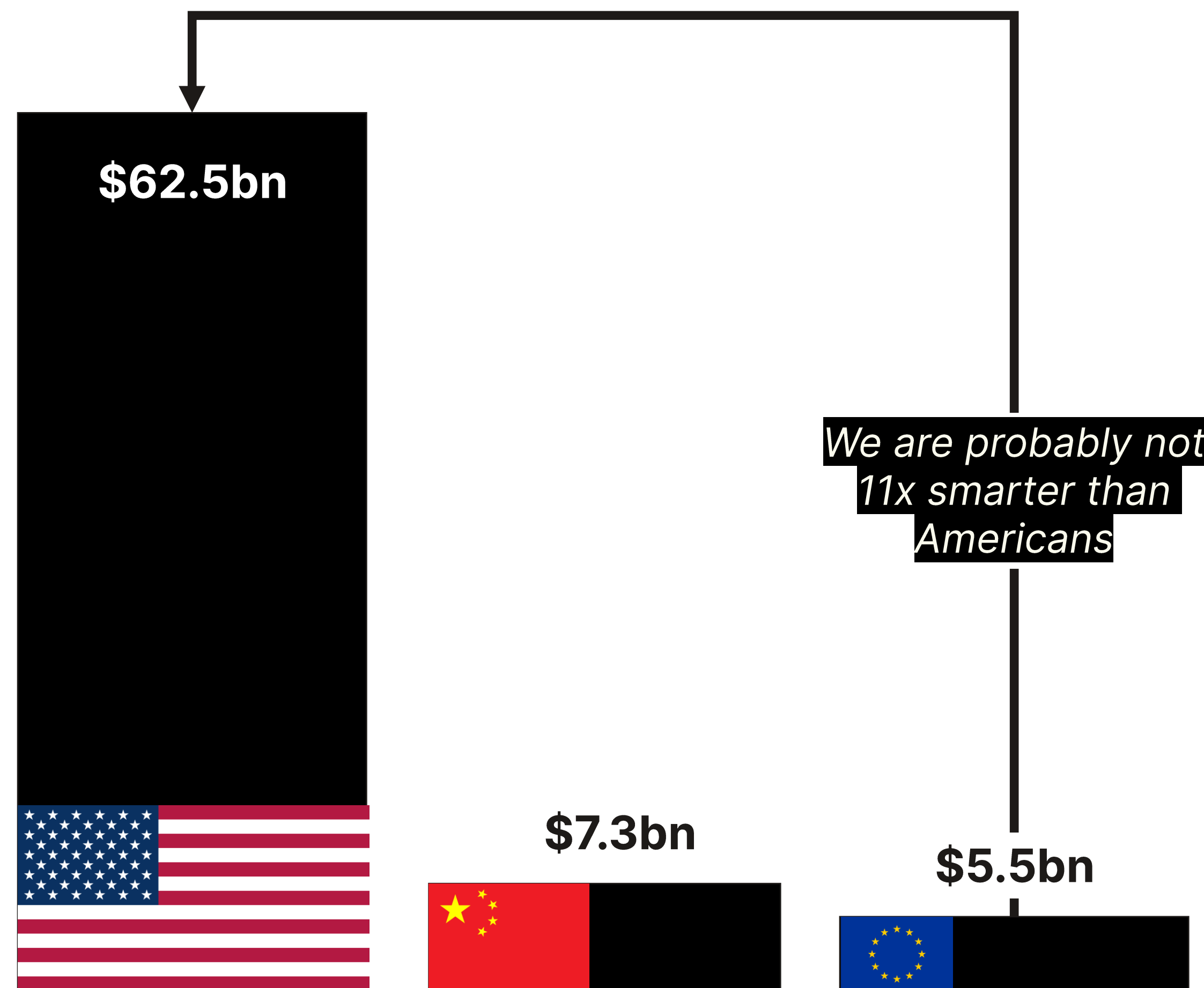
~~CULTURE~~

EATS

STRATEGY

FOR

BREAKFAST



Private Investment in AI in 2023, Stanford University

Mistral, a French A.I. Start-Up, Is Valued at \$6.2 Billion

Created by alumni from Meta and Google, Mistral is just a year old and has already raised more than \$1 billion in total from investors, leading to eye-popping valuations.

The New York Times seems surprised that an AI startup is indeed from **Europe...**

...the lead investors, however, are all **American.**

We DO have the **talent** to compete...

Opinion **The Top Line**

French AI fundraising sensation shows Europe's got talent

Money is flowing into regional tech start-ups but regulators have a difficult balancing act not to kill AI in its infancy

ANNE-SYLVAIN CHASSANY

+ Add to myFT



New report: Despite impressive patent activity, Europe's small deep tech businesses lag behind their US counterparts

28 APRIL 2022



*As a region, **Europe** is full of talent, with lots of people from many countries who are very strong in mathematics and computer science.*

Arthur Mensch (2024)

...but we **URGENTLY** need structural change!

Sewing Says Europe Needs Capital Market Union to Lure Tech Firms



Deutsche Bank CEO Says Europe Needs Capital Market Union

By [Steven Arons](#) and [Alexander Weber](#)

18. Januar 2024 at 17:04 MEZ

EUROPEAN CENTRAL BANK
EUROSYSTEM

EN

SPEECH

A Kantian shift for the capital markets union

Speech by Christine Lagarde, President of the ECB, at the European Banking Congress

Frankfurt am Main, 17 November 2023



*“...rapid development of the capital market union (CMU) could lead to an additional **4,800 companies across Europe raising an extra €535 billion a year.**”*

Christine Lagarde (2023)

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**LOSING WEIGHT WHILE
BUILDING MUSCLE**

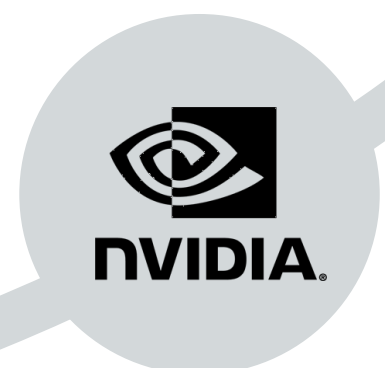
AI is certainly not new in Banking...



*"We have been actively using predictive AI and ML for years — and now have **over 400 use cases** in production in areas such as marketing, fraud and risk — and they are increasingly driving real business value across our businesses and functions."*

Jamie Dimon (2024)

...but we should expect an **acceleration** of its impact



COST

Drive efficiency

INCOME

Drive innovation

”revenue growth while
costs are decreasing”

Due to the
implications of AI,

≡ **Klarna**

Log in

Press / Klarna AI assistant handles two-thirds of customer service chats in its first month

Klarna AI assistant handles two-thirds of customer service chats in its first month

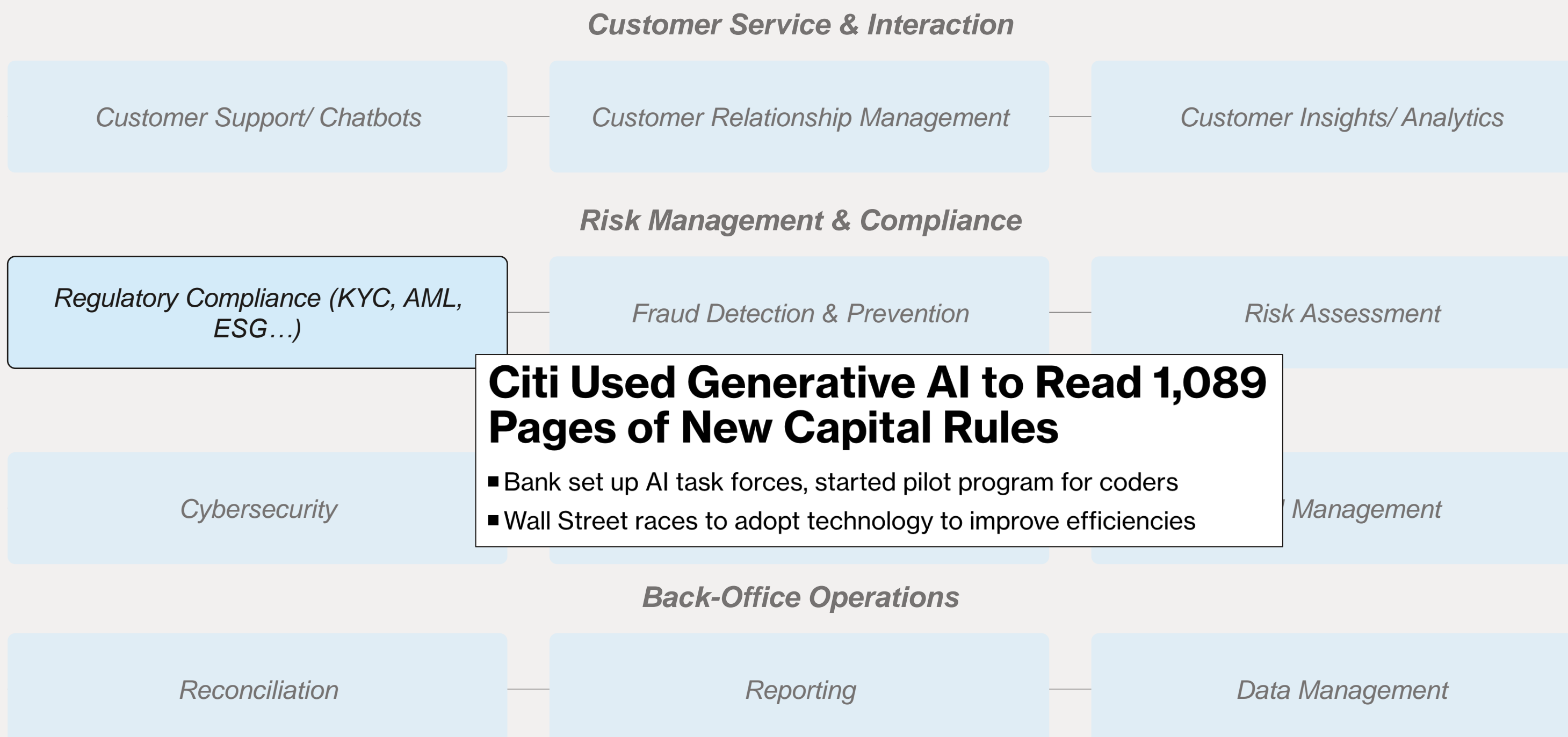
February 27, 2024



AI: Ozempic for Banks

Dare to rethink the way you run your organization, but...

BANKING OPERATIONS (examples)



...don't treat AI
as a hammer
looking for nails
everywhere

Banks and FinTechs today only think about using AI for “better business”

BETTER BUSINESS

Better Advice

FINANCE

Morgan Stanley kicks off generative AI era on Wall Street with assistant for financial advisors

PUBLISHED MON, SEP 11, 2023
UPDATED MON, SEP 11, 2023

Markets

JPMorgan Unveils IndexGPT in Next Wall Street Bid to Tap AI Boom

- Bank is creating thematic investment baskets using GPT-4 model
- Trademark for name was filed last year, stirring speculation

Better Checkouts

stripe

Stripe launches the biggest set of upgrades yet for its optimized checkout suite

18 September 2023

...

Better Analysis

Introducing BloombergGPT, Bloomberg’s 50-billion parameter large language model, purpose-built from scratch for finance

March 30, 2023

Better Interfaces

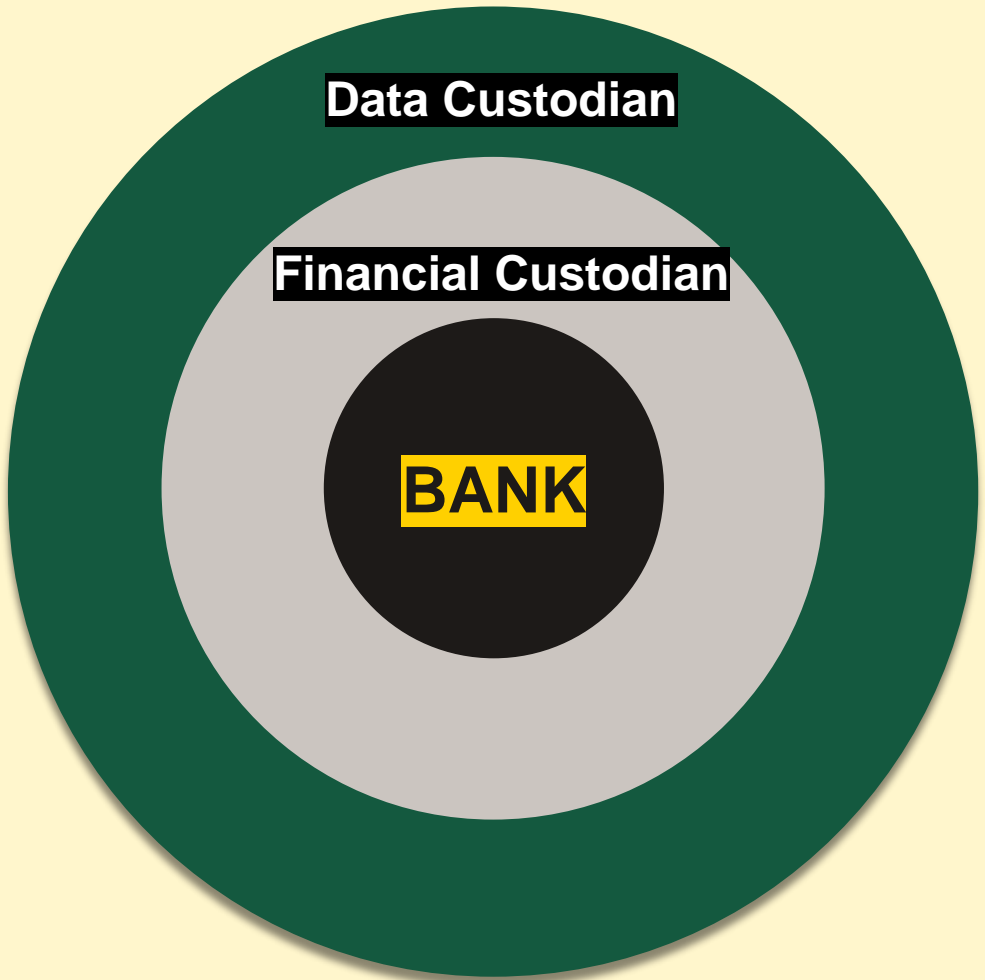
Brex ai

Reduce expense busywork by 10x while increasing compliance and accuracy.

[Get started](#)

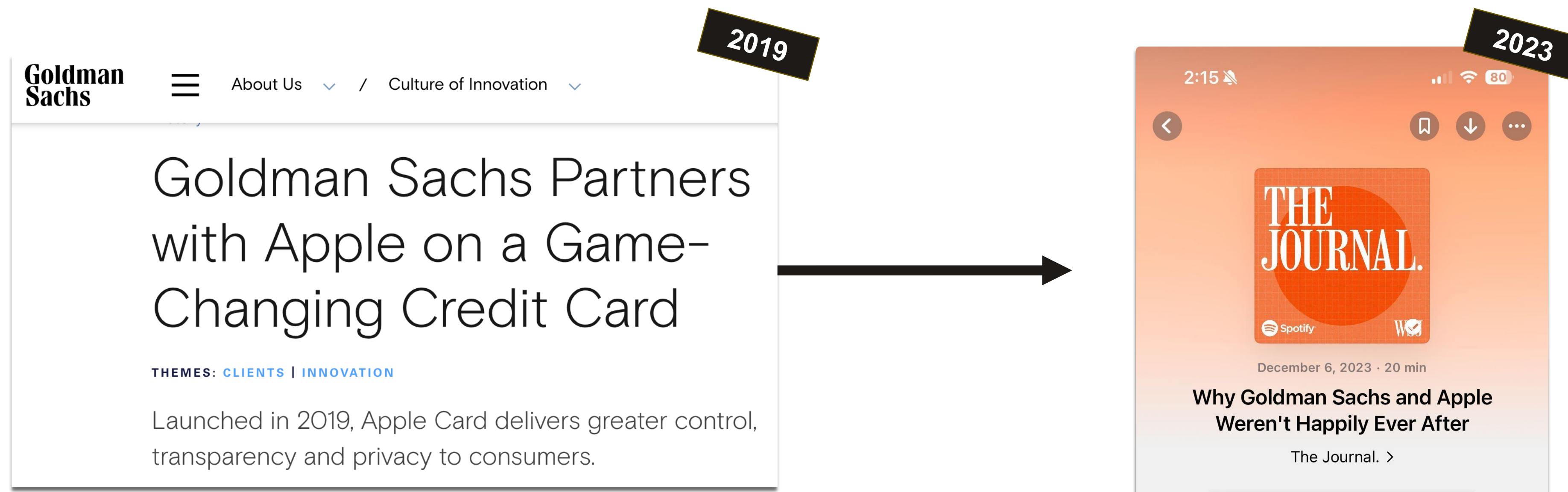
NEW BUSINESS

One idea



Enable a new data economy by building pipes & filters for data sharing between companies & industries

Last comment: Outsourcing “innovation” is both the biggest temptation and threat



...what is your USP despite having a banking license?

Whatever it is, use it.

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**SPECULATING ON
FUTURE EXPERIENCES**



#1 Democratizing the **UHNW** Experience

Financial AI advisers acting upon your...

Values

Risk profile

Personal living situation

...

#2 Paving the Way for Autonomous Banking

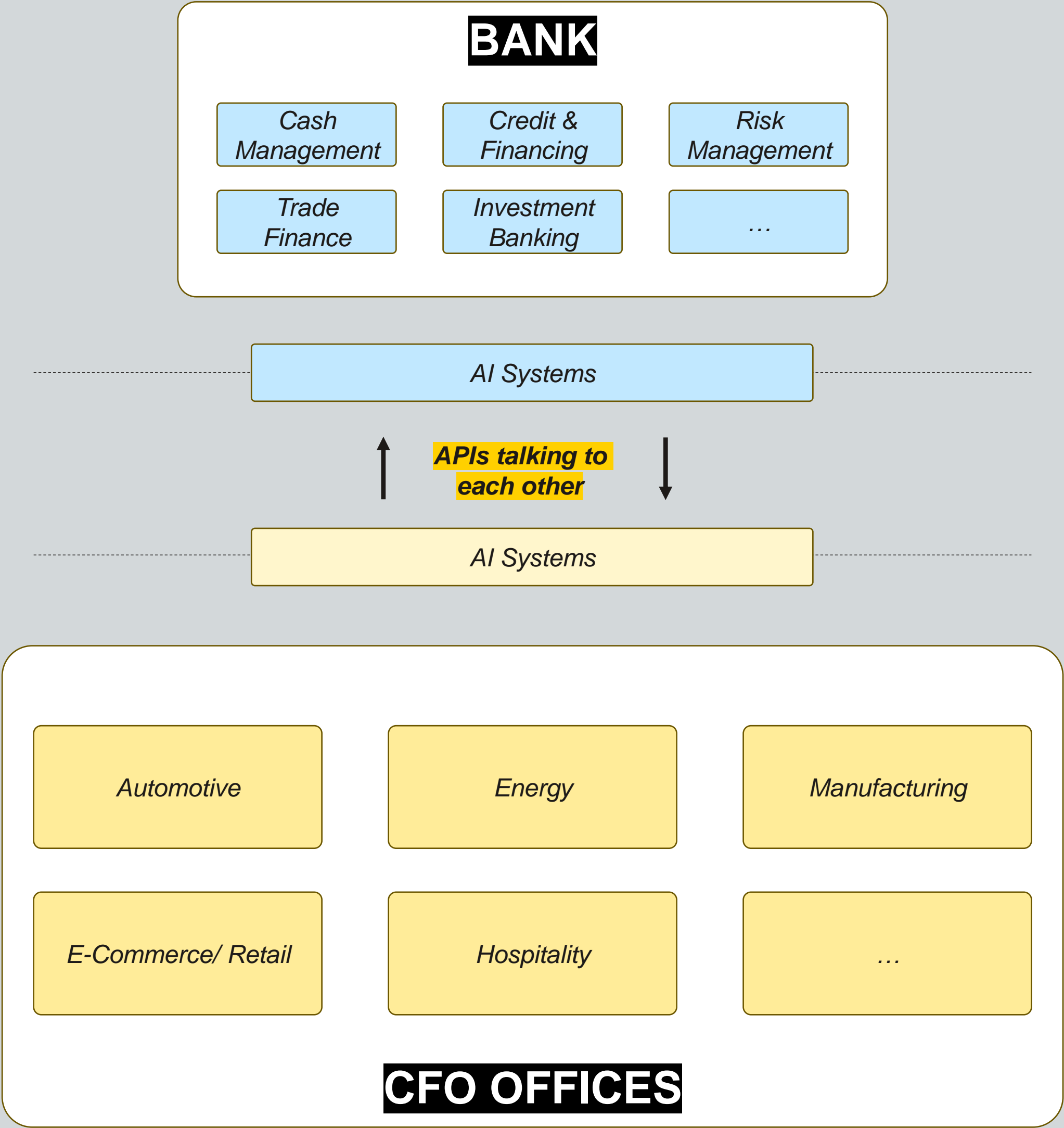
AI CFO systems autonomously...

Finetuning strategies

Reading data & running analytics

Sourcing financing solutions

...





JOANNA STERN

I Cloned Myself With AI. She Fooled My Bank and My Family.

Our columnist replaced herself with AI voice and video to see how humanlike the tech can be. The results were eerie.



By Joanna Stern [Follow](#)

Updated April 28, 2023 7:58 am ET

270
 Gift unlocked article
 Listen (9 min)

TAP FOR SOUND
 WSJ

0:25/7:33

Photo illustration: Elena Scotti

#3 A Cat-and-Mouse Deepfake-KYC Game

Bad actors using AI to...

Impersonate

Steal

Disappear with little trace

...

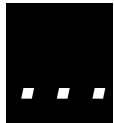
#4 The Manifestation of Populist Meme Finance

Individuals & organizations using AI to...

Create entire content ecosystems

Mass-personalize stories

Nudge financial decisions



Trump Media Stock: Trump SPAC Payday | Shares Spiral | Risky to Be

Wealth

Trump Mastered The Art of the SPAC Deal. Cashing Out Is Harder

- Trump Media stake may bring over \$1 billion despite share drop
- De-SPAC executives often struggle to realize large payouts

MARKETS

How Roaring Kitty’s wealth went from \$53,000 to nearly \$300 million — and could one day top \$1 billion

PUBLISHED TUE, JUN 4 2024•11:33 AM EDT
UPDATED TUE, JUN 4 2024•4:17 PM EDT



BENZINGA

Here's How Much \$1,000 Invested In Dogecoin Would be Worth If You Invested When Elon Musk First Tweeted About DOGE

\$245K

☰ WSJ in read

7 months ago ★

El Salvador's Bitcoin Investments Have Turned a Profit, President Says

By Alexander Osipovich, Reporter

AI IS A CATALYST FOR...

THE GOOD

THE BAD

THE UGLY

FOCUS ON WHAT YOU CONTROL



KNOWN KNOWNS

AI will be massive

Let's make sure to
own a stake in it

KNOWN UNKNOWNNS

AI will change banking

Let's make sure to pro-
actively figure out how

UNKNOWN UNKNOWNNS

AI will delight & confuse

Let's make sure to
be prepare

THANK YOU.

