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

- Facebook
- Twitter
- LinkedIn
- Reddit
- N26
- Robinhood
- Revolut
- Apple Pay
...while being completely stunned by the second order effects

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, 2023 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 UNKNOWNS: Things we should explore & figure out...
- UNKNOWN UNKNOWNS: Things we can only speculate on...
KNOWN KNOWNS

OWNING A PIECE OF THE AI CAKE
CULTURE EATS STRATEGY FOR BREAKFAST

Private Investment in AI in 2023, Stanford University

We are probably not 11x smarter than Americans

$62.5bn

$7.3bn

$5.5bn
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...

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

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

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!

"...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)
KNOWN UNKNOWNS

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
Due to the implications of AI,

"revenue growth while costs are decreasing"
Dare to rethink the way you run your organization, but…

...don’t treat AI as a hammer looking for nails everywhere
Banks and FinTechs today only think about using AI for "better business".
Last comment: **Outsourcing “innovation”** is both the biggest temptation and threat…

**Goldman Sachs Partners with Apple on a Game-Changing Credit Card**

Launched in 2019, Apple Card delivers greater control, transparency and privacy to consumers.

2019

2023

…what is your USP despite having a banking license?

**Whatever it is, use it.**
UNKNOWN UNKNOWNS

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

…
#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

...
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 UNKNOWNS

- AI will change banking
- Let’s make sure to pro-actively figure out how

UNKNOWN UNKNOWNS

- AI will delight & confuse
- Let’s make sure to be prepare
THANK YOU.