



Law and Technology Resources
for Legal Professionals

MENU

AI in Banking and Finance February 29, 2024

By Sabrina I. Pacifici, 29 Feb 2024

This semi-monthly column highlights news, government documents, NGO/IGO papers, industry white papers, academic papers and speeches on the subject of AI's fast paced impact on the banking and finance sectors. The chronological links provided are to the primary sources, and as available, indicate links to alternate free [unpaywalled] versions.

NEWS:

The Economist, February 29, 2024. **How businesses are actually using generative AI.** Some experiments with chatbots are more useful than others...Could generative AI prompt similarly profound changes? A lesson of previous technological breakthroughs is that, economywide, they take ages to pay off. The average worker at the average firm needs time to get used to new ways of working. The productivity gains from the personal computer did not come until at least a decade after it became widely available. So far there is no evidence of an AI-induced productivity surge in the economy at large. According to a recent survey from the Boston Consulting Group (BCG), a majority of executives said it will take at least two years to “move beyond the hype” around AI. Recent research by Oliver Wyman, another consultancy, concludes that adoption of AI “has not necessarily translated into higher levels of productivity—yet.” That is unsurprising. Most firms do not currently use ChatGPT, Google’s Gemini, Microsoft’s Copilot or other such tools in a systematic way, even if individual employees play around with them. A fortnightly survey by America’s Census Bureau asks tens of thousands of businesses whether they use some form of AI. This includes the newfangled generative sort and the older type that companies were using before 2023 for everything from improving online search results to forecasting inventory needs. In February only about 5% of American firms of all sizes said they used AI. A further 7% of firms plan to adopt it within six months (see chart). And the numbers conceal large differences between sectors: 17% of firms in

the information industry, which includes technology and media, say they use it to make products, compared with 3% of manufacturers and 5% of health-care companies.

CNBC Money Report, February 29, 2024 – **Microsoft introduces Copilot AI chatbot for finance workers in Excel and Outlook** – Microsoft on Thursday announced that it will release a Copilot chatbot that can perform key tasks for people working in finance. The software company will first offer the tool in public preview. Pricing details will follow. Many business software providers, including HubSpot and Salesforce, have been working to supercharge existing products with generative artificial intelligence, in the hope of making clients more efficient. The craze began after startup OpenAI in 2022 launched the ChatGPT chatbot, which can spit out natural-sounding text or other content with a few words of human input. The typical company comprises a variety of groups in which employees perform specialized work. “We want every one of the departments to be enabled and enriched with a Copilot,” Charles Lamanna, a Microsoft corporate vice president, said in an interview with CNBC in San Francisco on Wednesday. Microsoft already has a Copilot for general-purpose industrial use in Office applications, and it has released Copilots designed for sales and customer-service workers.

Business Insider, February 28, 2024. **In Private Equity Revival In 2024, Those Who Understand AI Will Win.** Gone — at least for the medium term — is the era of low interest rates and the days of highly leveraged deals. Funds must now refocus on value creation in their portfolios. These were the findings at a conference for the private equity industry in June 2023 and are likely to remain the PE investment themes of 2024, according to **Beringer Capital**, a PE firm based in Toronto, Canada. The industry set a record-breaking pace in the post-financial crisis decade, but the surge in demand for goods during the Covid pandemic resulted in supply chain bottlenecks that quickly fanned the flames for inflation. The global central banks’ collective response to rising prices? Higher interest rates. As rates moved higher, access to cheap funding to finance PE deals was more scarce, which caused activity in the mergers and acquisitions market to fall sharply. “The combination of credit tightening and valuation mismatches made 2023 an interesting year that rippled across M&A activity, fundraising, exits, and restructurings,” said **MorganFranklin Consulting** in its Private Equity Review of 2023.

BNN Bloomberg, February 27, 2024. **Bankers Will See AI Transform Three-Quarters of Day, Study Says** – AI is likely to **replace or at least lend a hand** in tasks that take up almost three-quarters of the time bank employees now spend working. From a report: *That’s the conclusion of a new analysis by consultancy Accenture, which said banking has the potential to benefit more from the technology than any other industry. Just 27% of employees’ time currently has a low potential of being transformed, according to the analysis. “There is a reinvention that is happening across banks, a way for firms to step back and re-evaluate ways of working,” Keri Smith, global banking data and AI lead at Accenture, said in an interview.* The release of ChatGPT more than a year ago prompted many firms to boost hiring for AI-

related positions and test more uses for generative AI, which can summarize documents, write emails and churn out responses to users' questions. The world's biggest banks have been experimenting, spurred by the promise that the technology will boost staffers' productivity and cut costs. "Every bank needs to think through their talent strategy, and how to take this technology to scale," Smith said. At Citigroup, all 40,000 coders will have the ability to experiment with different AI technologies by the end of March. Analysts at Bank of New York Mellon can wake up two hours later to write their research, because AI technology can create a rough draft and prepare related data for them overnight, Chief Executive Officer Robin Vince said on an earnings call last month.

MSN, February 27, 2024. **Apple may be forced to reveal its AI plans to shareholders, as pressure is building internally for more transparency.** Apple has been infamously tight-lipped regarding its AI plan, yet one shareholder movement might force it to finally reveal its plans. As initially reported by the [Financial Times](#), Norges Bank Investment Management and Legal & General, which are two of the biggest Apple shareholders, are backing a proposal from the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) that could force Apple to announce its plans for AI. According to the Financial Times report, Legal & General has requested this information from Apple, stating "We met with the company to discuss these topics, and it did not commit to increasing transparency and disclosures around AI at this time". In response to Apple's failure to disclose its AI plans, Legal & General said "Apple should be transparent in their uses of AI and their risk management processes." Revealing its AI plans publicly could have the potential to harm Apple's image and might remove any novelty that comes with unique selling points but this push for transparency makes some sense for major shareholders.

[Financial Times, February 27, 2024](#) [unpaywalled]. **Large Apple shareholders seek AI disclosures.** Norway's wealth fund and LGIM back resolution asking iPhone maker to outline risks associated with artificial intelligence. Two large Apple investors are seeking more information about the company's artificial intelligence risks as tech companies' ambitions in the fast-growing sector face mounting investor scrutiny. Norges Bank Investment Management and Legal & General, [Apple's](#) eighth and 10th-largest shareholders respectively, have said they will support a resolution at the iPhone maker's annual shareholder meeting on Wednesday that asks the company to report about AI in its business operations. The shareholder proposal asks the company to "disclose any ethical guidelines that the company has adopted regarding [its] use of AI technology". US technology giants have faced a growing number of questions about their AI development as they spend billions of dollars to compete in the emerging sector. In January, the US Federal Trade Commission [issued information demands](#) to Alphabet, Amazon and Microsoft for details about their partnerships with generative AI companies. Last year, the US and UK unveiled efforts to scrutinise AI development. Some Big Tech investors have expressed concerns. At Microsoft's annual meeting in December, 21 per cent of the

company's shareholders supported a resolution demanding more information about risks posed by misinformation generated and disseminated through AI.

American Banker, February 27, 2024. **Navigating the future of banking, Fintech and AI.** What are the best use cases for generative AI in banking and fintech? What do banks and fintechs need to do to keep up with technology advances and not get left behind? We invited two long-time experts on finance and technology — Luis Valdich, managing director of Citi Ventures, and Alex Sion, managing partner of private equity firm Motive Partners — to American Banker's downtown Manhattan office to share their view of the advantages advanced AI can bring about, as well as the challenges of implementing the technology. Watch this video to find out what they said.

Cryptonews, February 26, 2024. **Financial Stability Board To Focus on Asset Tokenization and AI, Chair Says.** The Financial Stability Board (FSB) will deliver reports on asset tokenization and AI later in 2024, according to Chair Klaas Knot. [In a letter dated February 20 and released February 26](#), Knot told G20 finance ministers and central bankers that the global financial stability outlook "remains challenging." Financial Stability Board Outlines Key Focus Areas for 2024 Regulation. However, the Financial Stability Board has a strategy in place as Knot explained in the letter, which was meant as preparation for the meeting of ministers and bankers scheduled for February 28-29 in São Paulo, Brazil. Priority areas for the FSB in 2024 will include non-bank financial intermediation, climate change, cross-border payments, as well as [asset tokenization](#) and AI, Knot noted in the letter. Last year, the G20 approved a global regulatory and supervisory framework for crypto assets. The [G20 Roadmap on Crypto Assets](#), endorsed in October, stemmed from the G20 New Delhi Leaders' Declaration passed in July. A Synthesis Paper jointly developed by the FSB and the International Monetary Fund introduced the roadmap. The FSB said it would issue a progress report on the roadmap's implementation in October.

PAPERS:

NBER – ChatGPT and Corporate Policies. Manish Jha, Jialin Qian, Michael Weber & Baozhong Yang Working Paper 32161 DOI 10.3386/w32161 Issue Date February 2024. We create a firm-level ChatGPT investment score, based on conference calls, that measures managers' anticipated changes in capital expenditures. We validate the score with interpretable textual content and its strong correlation with CFO survey responses. The investment score predicts future capital expenditure for up to nine quarters, controlling for Tobin's q and other determinants, implying the investment score provides incremental information about firms' future investment opportunities. The investment score also separately forecasts future total, intangible, and R&D investments. High-investment-score firms experience significant negative future abnormal returns. We

demonstrate ChatGPT's applicability to measure other policies, such as dividends and employment.

NBER – Applying AI to Rebuild Middle Class Jobs. David Autor. Working Paper 32140. DOI 10.3386/w32140. Issue Date February 2024. While the utopian vision of the current Information Age was that computerization would flatten economic hierarchies by democratizing information, the opposite has occurred. Information, it turns out, is merely an input into a more consequential economic function, decision-making, which is the province of elite experts. The unique opportunity that AI offers to the labor market is to extend the relevance, reach, and value of human expertise. Because of AI's capacity to weave information and rules with acquired experience to support decision-making, it can be applied to enable a larger set of workers possessing complementary knowledge to perform some of the higher-stakes decision-making tasks that are currently arrogated to elite experts, e.g., medical care to doctors, document production to lawyers, software coding to computer engineers, and undergraduate education to professors. My thesis is not a forecast but an argument about what is possible: AI, if used well, can assist with restoring the middle-skill, middle-class heart of the US labor market that has been hollowed out by automation and globalization.

Accenture – Work, workforce, workers. Reinvented in the age of generative AI.

January 2024. Generative AI has burst onto the scene. It appeared fast and is evolving even faster. To date, our teams have already worked on over 700 client projects. We're seeing what success looks like—and sharing it here. We know that achieving gen AI's full potential hinges not just on a strong data foundation, but also on leaders' willingness to lead and learn differently. This makes it possible to navigate the risks and seize the huge opportunity before us to reinvent work, reshape the workforce and prepare people, responsibly. No other modern technology has impacted these areas to such a degree—and we're all about to experience it. However, similar to when digital came on the scene, the rush for pilots and experimentation is too often leaving robust talent strategies behind. To spotlight the importance of focusing on talent early, our research brings data to the groundbreaking reality that we're seeing every day. As you dive into these insights, know that this is the start of a journey like no other. We're exploring how gen AI is changing the game and how we can all come out ahead – as businesses, as leaders and as people.

NGO/IGO:

The Age of Uncertainty—and Opportunity: Work in the Age of AI By Brent Orrell | David Veldran American Enterprise Institute, February 29, 2024. The question of how artificial intelligence will affect jobs, skills, and the future of work is open-ended, and answers have been uncertain and contradictory. As AI has advanced, forecasts of labor market impacts have increasingly emphasized AI's potential to automate tasks that

require skills—including creativity, writing, and social and emotional learning—previously believed to be beyond the technology’s reach. In the face of these advances and the uncertainties they generate, students and incumbent workers should focus on developing balanced skill “portfolios” that support flexibility and adaptation, and policymakers should empower them to do so. [Read the PDF](#)

World Bank. 2023. **Generative Artificial Intelligence**. Emerging Technologies Curation Series; No.5. © Washington, DC: World Bank. <http://hdl.handle.net/10986/39959> License: [CC BY-NC 3.0 IGO](#). Generative artificial intelligence (AI) has been developing rapidly and has attracted significant attention in recent years, with numerous advances and breakthroughs. The generative AI market is expected to grow from 1.5 billion dollars in 2021 to 6.5 billion dollars by 2026 – a compound annual growth rate of 34.9 percent. Acknowledging the growing importance of generative AI in research and practical applications, including its use to solve international development challenges, this report provides a comprehensive overview of generative AI, introduces the basics, explains its development over time, and examines its types and applications. After highlighting the benefits and capabilities of generative AI, the report explores how it can be applied in various industries such as health care, manufacturing, media, and entertainment and then discusses potential opportunities and limitations users must consider. Finally, it describes initiatives and strategies that the Korean government and private sector players have implemented to adopt and advance generative AI in Korea and the global marketplace. The fifth issue in the Emerging Technology series, generative AI is the result of a collaboration effort of the World Bank Group Information Technology Solutions Technology and the World Bank Korea Country Office. The series captures new technology and trends and shares knowledge to help solve international development challenges. URI – <https://openknowledge.worldbank.org/handle/10986/39959>



Posted in: [AI in Banking and Finance](#), [Blockchain](#), [Cryptocurrency](#), [Economy](#), [Financial System](#), [Legal Research](#)

FOUNDER, EDITOR, PUBLISHER SABRINA I. PACIFICI

Providing current, reliable, actionable, comprehensive law, technology and knowledge discovery resources for 28 years.

FOLLOW LLRX



SEARCH LLRX

Search LLRX database of over 2,500 articles.

ENHANCED BY Google



SUBJECTS

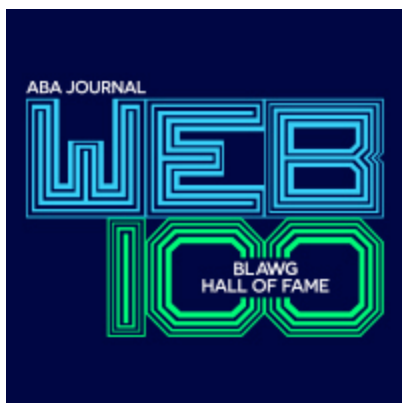
Select Category



SUPPORT LLRX

Please click the Donate button and support LLRX. Thank you very much.

Donate



PAGES

- [Home](#)
- [About LLRX](#)
- [Advertise on LLRX](#)
- [Privacy Policy](#)
- [Linking Policy](#)
- [Contact Us](#)

BESPACIFIC

Sabrina is also Researcher/Author of [beSpacific®](#) - Accurate research surfacing documents and resources focused on law, technology, government reports, and knowledge discovery - with a global perspective. Updated daily since 2002 with a searchable database of more than 45,000 postings.

ARCHIVES – 1996 TO PRESENT

Select Month ▼

CALENDAR

February 2024

| M | T | W | T | F | S | S |
|-------|----|----|----|-------|----|----|
| | | | 1 | 2 | 3 | 4 |
| 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| 26 | 27 | 28 | 29 | | | |
| « Jan | | | | Mar » | | |

LLRX
 Copyright © 1996-2024 LLRX®

