

# Financial services AI in 2024 vs. 2030

By: Grant Easterbrook

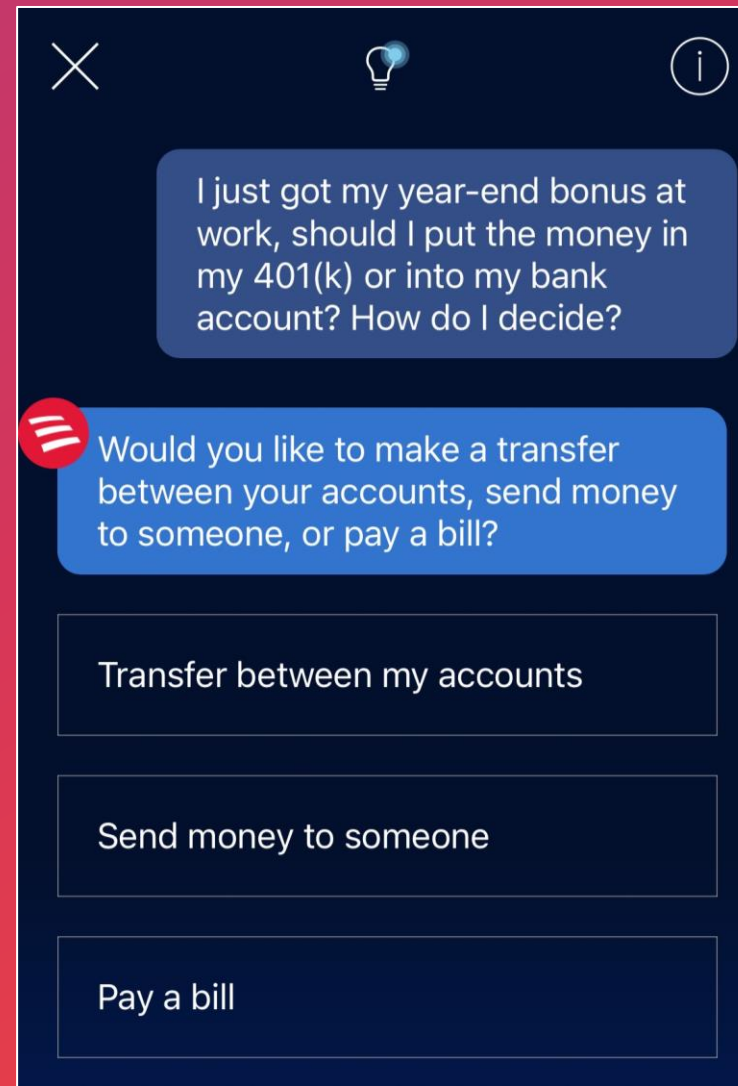
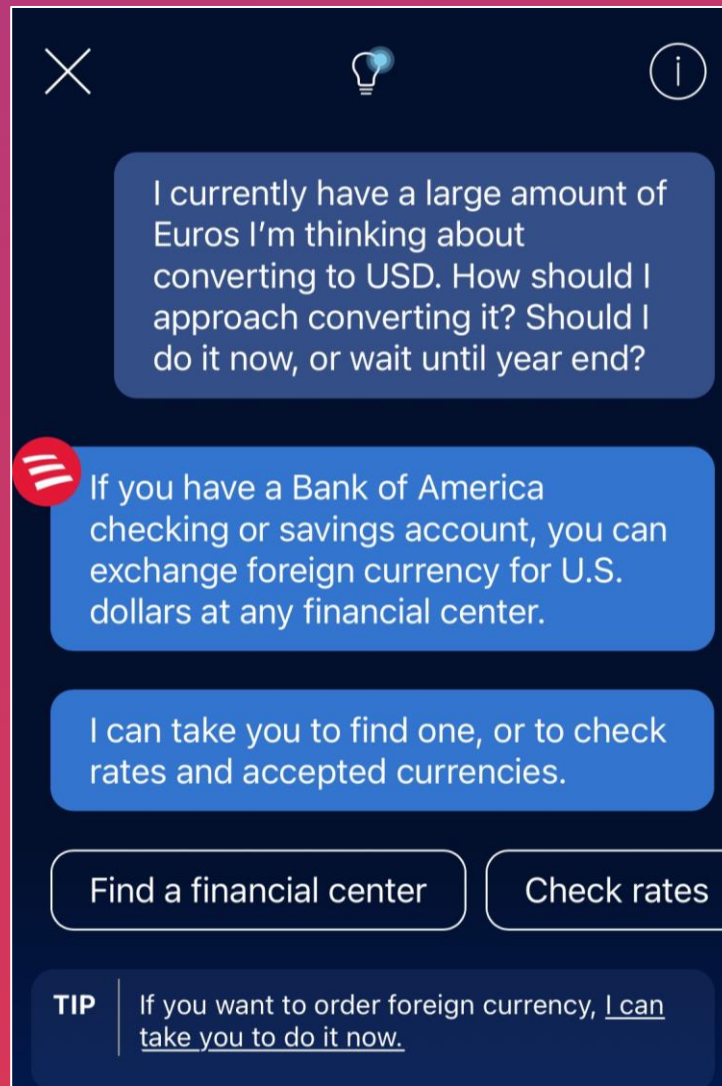
Longtime Fintech/AI consultant and former founder

# Table of contents

1. The current state of AI in financial services in 2024
2. The future state in 2030
3. How will Gen AI change the financial services industry?

# The current state of AI in financial services in 2024

# In 2024, the financial services industry primarily offers very basic chatbots



# The industry has not yet transitioned to Gen AI-based assistants

- Only a handful of fintech early movers offer a Gen AI assistant
- Financial services lags behind other industries

I just got my year-end bonus at work. Should I put the money into my retirement account or my bank account? How do I decide?



Congrats on receiving your year-end bonus! Deciding whether to put it into your retirement account or your bank account depends on a few key factors related to your financial situation and goals. Here's a framework to help you decide:

## 1. Emergency Fund

**Do you have an emergency fund** of at least 3–6 months' worth of expenses?

If not, it may be wise to prioritize your bank account, so you have cash on hand in case of emergencies (e.g., job loss, medical issues).

- **If yes:** Consider contributing to your retirement account.
- **If no:** Building an emergency fund should take precedence.

## 2. High-Interest Debt

**Do you have high-interest debt** (credit cards, personal loans, etc.)?

If you have debt with interest rates higher than 7–8%, paying it off might be a better use of the bonus. High-interest debt costs more over time than the potential returns you'd get in most retirement accounts.

- **If yes:** Pay down the debt first.
- **If no:** You can focus on saving or investing.



What does the financial AI assistant of  
2030\* look like?

\*Exact date varies by vertical!

# What are the key capabilities that AI assistants will offer customers in 2030?

- Account analysis and suggestions
- Budgeting and financial planning
- “Plain English” financial education/conversation
- Assist with trading/market research
- Some key capabilities are uncertain for 2030 – they require a tech breakthrough

# Generative AI can perform basic budgeting and financial planning

- By 2030, all financial services firms will offer this technology to handle basic planning questions/needs
- Advisors must focus on higher value activity

I currently live in the Netherlands. I'm thinking about retiring to Portugal. How much money do I need to afford a 20 year retirement in Portugal? How does the cost of living compare to the Netherlands?

Retiring in Portugal is an increasingly popular choice for many Europeans due to its pleasant climate, lower cost of living, and favorable tax incentives. Let's break down the finances and considerations for a 20-year retirement in Portugal compared to the Netherlands.

## Cost of Living in Portugal vs. the Netherlands

### 1. General Overview:

- **Portugal:** Typically, Portugal is known for being one of the most affordable countries in Western Europe, especially compared to Northern European countries like the Netherlands. The cost of living can vary depending on whether you live in a more tourist-centric area (e.g., Lisbon, Algarve) or smaller, more rural towns.
- **Netherlands:** The Netherlands has a significantly higher cost of living, especially in cities like Amsterdam or Utrecht, with higher prices for housing, groceries, and healthcare.

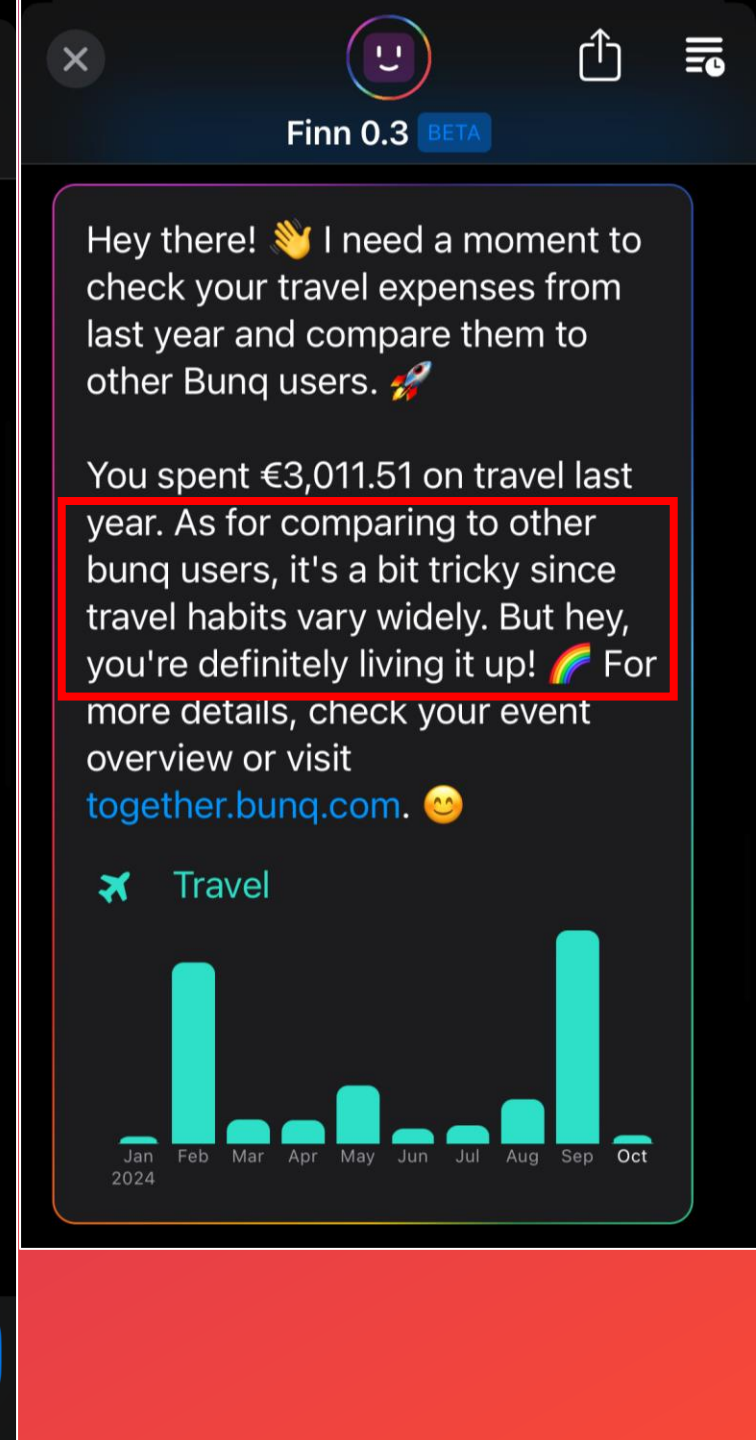
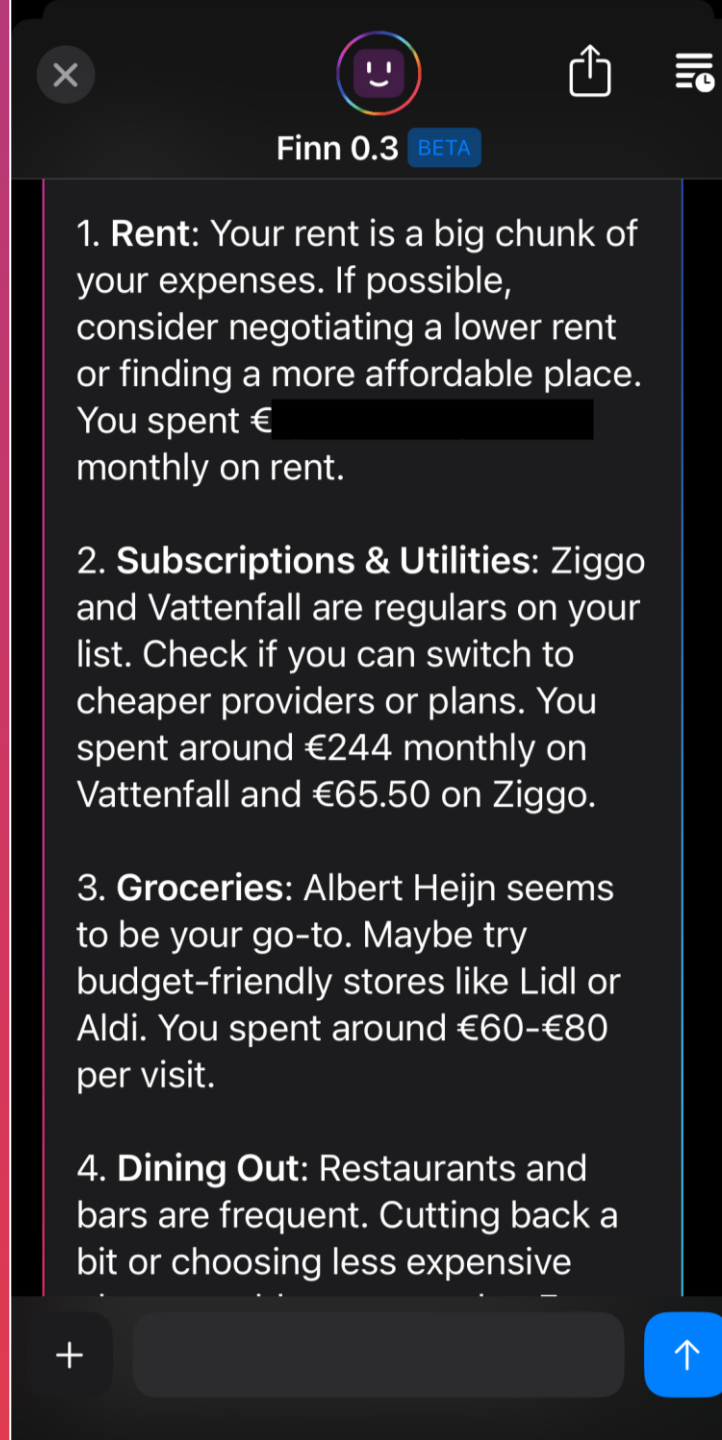
### 2. Main Expense Comparison:

| Expense                                 | Portugal (per month) | Netherlands (per month) |
|---|----------------------|-------------------------|
| Rent (1-bedroom apartment, city center) | €700-€1,000          | €1,200-€1,800           |
| Utilities (electricity, heating,        | €100-€150            | €150-€250               |

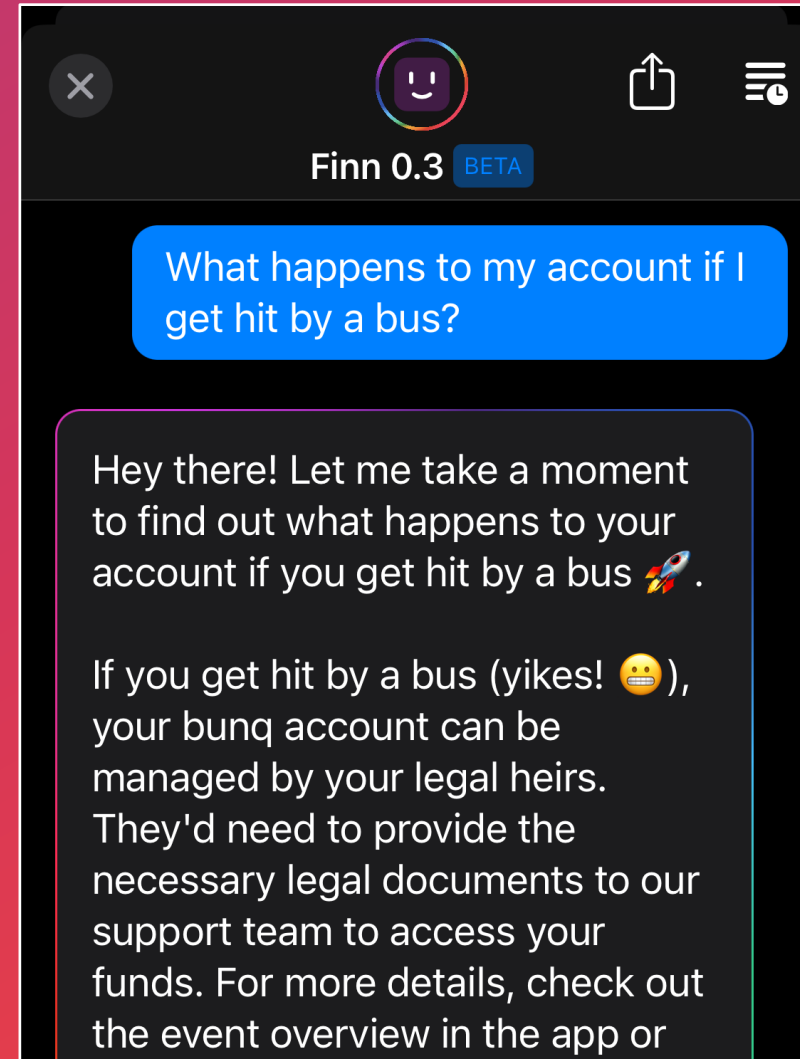
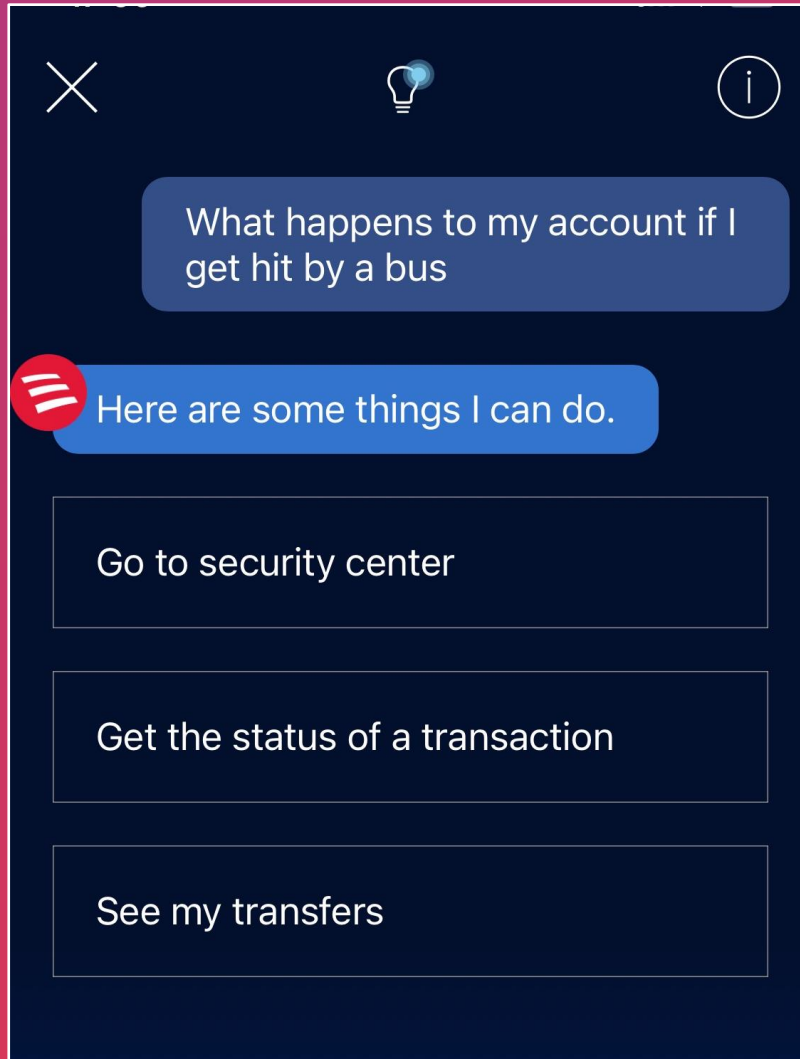


By 2030, Gen AI will be able to perform very personalized planning/analysis

- As of 2024, Gen AI assistants can only provide basic account analysis



# The ability to converse in “plain English” dramatically improves the value of the AI



# Gen AI assistants can help with trading research, but currently stop short of buy/sell

Alpha

Can you give me a list of low-cost index ETFs that provide exposure to the top American tech stocks?

Here are some low-cost index ETFs that provide exposure to the top American tech stocks:

- Vanguard Information Technology ETF (VGT):** This ETF provides exposure to a broad range of U.S. technology companies, including large, mid, and small-capitalization stocks. It has a low expense ratio and offers diversified exposure to the tech sector.
- Invesco QQQ ETF (QQQ):** This ETF tracks the Nasdaq-100 Index, which includes 100 of the largest non-financial companies listed on the Nasdaq stock exchange. It has a focus on technology and provides exposure to leading tech companies.
- iShares U.S. Technology ETF (IYW):** This ETF seeks to track the investment results of an index composed

Alpha

What do you think of Microsoft stock? How has it been trading since the start of the new year?

Since the start of the new year, Microsoft (MSFT) stock has been trading at a range of \$366.77 to \$375.90. The stock started the year at \$373.69 and ended the period at \$370.87. It was traded a total of 45,710 times with a total volume of 17,616,258 shares. The average time-weighted price was \$369.69, and the average volume-weighted price was \$370.36.

As for my opinion on Microsoft stock, I can't provide personal opinions or recommendations. However, I can help you gather information from various sources to assist you in making informed decisions. If you'd like, I can look up recent analyst opinions on Microsoft stock to provide you with a summary of their perspectives.

# Advanced capabilities with an uncertain 2030 outlook

- Buy/sell/hold trade advice
- Product recommendations
- Advanced tax minimization strategies
- “Painful to undo” products (e.g., trusts, life insurance policies, etc.)
- Regulatory/liability concerns need to be overcome + tech breakthrough needed to reduce hallucinations



Credit: Rob Dabi

IDEAS MADE TO MATTER | ARTIFICIAL INTELLIGENCE

## Can generative AI provide trusted financial advice?

 by Betsy Vereckey | Apr 8, 2024

### Why It Matters

*Many people seeking tailored investment advice engage with a certified financial adviser. Generative AI has the potential to upend that dynamic.*

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Artificial intelligence is already a mainstay in financial technology, where it underpins everything from budgeting apps to customer service chatbots. But can AI provide smart, personalized financial advice the way financial advisers do?

# Two possible scenarios for 2030

## Scenario one: improved core capabilities

- Account analysis
- Budgeting/financial planning
- “Plain English” conversations
- Trading/market research



## Scenario two: Ai breakthrough

- Buy/sell/hold trade advice
- Product recommendations
- Advanced tax strategies
- “Painful to undo” products

How will Gen AI change the financial services industry at the people level and at the firm level?

By 2030, how will generative AI impact financial services at the human level?

**Scenario #1:**

AI assistants cannot provide advanced capabilities

*Eliminates customer support jobs and requires many financial advisors to develop new skills*

**Scenario #2:**

AI assistants can provide advanced capabilities to consumers

*Reduces the number of jobs in financial advice, accounting, insurance, etc.*

By 2030, how will generative AI change financial services at the firm level?

### **Tech Wins**

Tech behemoths disintermediate financial services firms



### **Big Banks Win**

No disintermediation, but the tech entrenches dominance of big banks



### **Tech Commoditized**

Gen AI tech becomes a commodity and does not disrupt market share





# How should financial services firms prepare for 2030 given all of these uncertainties?

- On the tech side, firms cannot use the standard approach for a big tech build (approve a fixed business case -> “heads down” for 1-2 years) for Gen AI
  - Follow best practices to maximize flexibility
  - Have an “off the shelf” plan ready for different scenarios
- On the people side, map out the cost/time/operational changes that would be needed in different scenarios

Get In Touch

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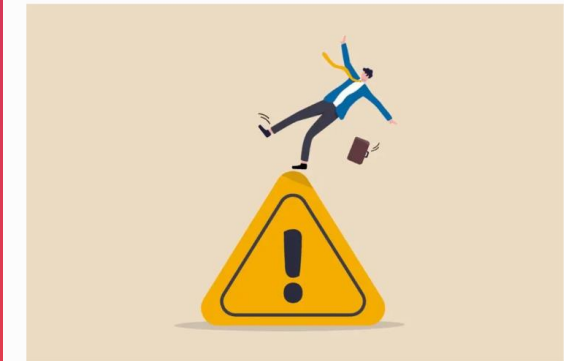
Based in Amsterdam? Come to the  
*AI on the Amstel* monthly meetup

# Corporate Gen AI Projects Should Plan For Failure — And That's OK

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*Longtime fintech and AI consultant cited in the news 200+ times*

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Sep 11, 2024, 07:14am EDT  
Updated Sep 12, 2024, 05:45am EDT



Your organization should prepare to “fail” at ... [ + ]  
GETTY

The generative AI revolution kicked off by the launch of ChatGPT-3.5 in November 2022 has unleashed a frenzy of activity as corporations look to take advantage of the new technology. But building and maintaining a high-quality gen AI assistant presents a very different challenge than the standard corporate tech build. As we close in on the two-year anniversary of the launch of

Questions?