INTRODUCTION OF ARTIFICIAL INTELLIGENCE INTO ECONOMICS AND FINANCE, PRACTICE OF USE IN THE MODERN WORLD

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Abstract

In the article, the author outlines the degree of influence of artificial intelligence on the economy and business, and also examines its opportunities and problems.

Keywords: artificial intelligence, algorithm, data, machine learning, transaction, digital economy.

Introduction

Artificial intelligence (AI) is a rapidly evolving field that has the potential to revolutionize many aspects of our lives. It refers to the development of computer systems that can perform tasks that typically require human intelligence, such as image recognition, natural language understanding, and decision making [1]. Artificial intelligence is used in industries ranging from healthcare and finance to retail and transportation, and its impact is already being felt throughout the economy and society. As AI continues to evolve, it has the potential to bring significant changes to the way we live and work. The use of AI is becoming more common and it is changing the way companies operate. AI algorithms are used to analyze huge amounts of data and make predictions, helping companies make more effective and efficient decisions. Artificial intelligence is also being used to automate routine tasks, freeing up employees to focus on more complex and creative tasks [2]. For example, retail companies use AI-powered chatbots to handle customer queries, freeing employees from unnecessary work and focusing their attention on the main tasks. In the financial sector, artificial intelligence algorithms are used to detect fraud and monitor transactions, helping to prevent colossal losses. Additionally, AI is being used to develop new products and services, driving innovation across many industries. For example, in the healthcare industry, medical imaging systems powered by artificial intelligence help doctors diagnose diseases more accurately and quickly. Artificial intelligence is also being used to develop new drugs and treatments by analyzing vast amounts of biomedical data. In the energy sector, artificial intelligence algorithms are used to optimize renewable energy systems, making them more efficient and cost-effective. Another way AI impacts the economy and business is by creating new jobs in the labor market. As AI-powered systems take over routine tasks, people are needed to monitor, develop, implement and manage these systems. This is creating new jobs in data science and analytics as companies look to harness the massive amounts of data they collect. Moreover, AI is also changing the way companies compete [3]. Companies that use AI gain a competitive advantage by being able to make data-driven decisions, improve their products and services, and become more efficient. On the other hand, businesses that do not adopt AI risk being left behind. However, it is important to note that the integration of AI into the economy and business also raises concerns about privacy, ethics, and fairness. The fact is that artificial intelligence systems collect and store large amounts of data, which can cause privacy problems and increase the risk of data leakage [4]. AI systems can also make decisions without taking into account human values, ethics and emotions, which can lead to unintended consequences and ethical dilemmas. There are concerns that AI algorithms could perpetuate existing biases and discrimination, and there are also questions about who will be held accountable for the decisions made by AI systems. To ensure that the benefits of AI are maximized while its negative impacts are minimized, it is critical that businesses and policymakers work together to develop and implement ethical principles for the use of artificial intelligence. This could include ensuring transparency in AI decision-making processes, protecting the privacy and rights of individuals, and addressing potential job displacement. Additionally, it is important for companies and individuals to invest in upskilling and reskilling programs to prepare for the changing workforce demands brought about by AI. By investing in education and training, we can ensure that every person goes on to have the skills needed to participate in and benefit from the digital economy.

In conclusion, AI can bring significant benefits, including increased efficiency, job creation and economic growth. However, it is important that people consider the potential risks and negative consequences, such as job changes and privacy concerns, and work together to ensure that the benefits of AI are available to everyone. By doing so, we can ensure that the impact of AI on the economy and on business is responsible and sustainable.

Millions of customers, billions of transactions, trillions of assets. The financial sector, as we know, is the driving force of the global economy and the world in which we live. Along with the boom in digital technology in the 21st century, this sector has also undergone dramatic changes. What we had to work with in the last century is now becoming impossible for the digital generation.

Take, for example, how customer behavior has changed. Account holders today visit banks infrequently to carry out day-to-day transactions. Banks have also changed their services to meet modern customer needs. It is at this moment that a new stage of transformation takes shape. Artificial intelligence is coming onto the scene. Chatbots and robotic process automation are among the many forms of AI that are gaining traction in the financial market.

According to preliminary estimates, by 2023 the banking industry could save $447 billion thanks to AI. How exactly are these technologies changing the industry?

He convenience of instant personal support

Unlike other industries, the banking and finance sector has always been considered to be a laggard in terms of customer service. In today's digital age, banks are expected to provide these services not face-to-face, but through digital media.

Chatbots and real-time communication software have become the starting point for the development of this area. Chatbots are AI programs that work based on predefined rules. More advanced ones could include deep learning capabilities that allow them to continuously learn from conversations with customers and map out how to serve them on the spot.

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The main benefit of using chatbots in the financial industry is that they offer convenience and instant, personalized support. Data shows they can increase sales conversion by 35%.

Reliable risk assessment

Entities in the financial sector, namely banks and financial institutions, are subject to legal regulations that apply within their own physical limitations. Compliance with these regulations becomes cumbersome when services are provided in a large market spread across several continents.

Even on a team with the best accounting and risk assessment minds, ensuring full compliance when dealing with securities, insurance products, debt and similar financial products can be quite difficult.

This is exactly what artificial intelligence helps with. AI improves the reliability of risk assessments by introducing systematic structures that prevent random errors. According to McKinsey, all this could bring the banking sector more than $250 billion.

Reducing the costs of conducting operations of the main and leading banks

Most of the important transactions of banks take place at the main and middle offices. This is where requests are reviewed and the ideal standard of service is ensured.

In the past, banks resorted to manual processing of transactions. However, on a modern scale this method of control has become impossible. Artificial intelligence comes to the rescue, helping to reduce the burden on employees.

With predefined logic and the ability to continually learn from online transaction interactions, an AI system can easily automate and scale transactions. This leads to increased productivity, reduced errors, and maximum resource savings.

Intelligent personal finance management

Not every average user can work with spreadsheets, especially for personal budgeting. This is one of the reasons for the popularity of mobile and web applications for personal finance management.

Artificial intelligence and machine learning improve the usability of these services. The goal of AI in this direction is simple. Every day we miss interesting facts about our financial situation that, when put together and analyzed, can shed light on other, better ways to organize our funds.

Now you can find a huge number of AI tools for managing your financial condition, which help you evaluate potential savings and calculate passive income based on current expenses. Every day we get closer to autonomous financial systems becoming a reality.

Market and technology research firm Forrester defines autonomous financial systems as “algorithm-driven services that can make decisions or take actions on behalf of a customer.”

In autonomous finance, an AI-powered chatbot helps the customer sign up for financial services, understand how they work, and even get more detailed information related to security.

Expedited consideration of loan applications

One of the biggest challenges for financial service providers is providing the right amount of credit to the right borrower for the right duration. Even a small underestimation can lead to the loan agreement not going through, and the company or client losing a lot of money.

Until recently, an individual's creditworthiness was determined by checking his average annual and current income, average lifestyle expenses, previous repayment history, etc. Needless to say, it was a serious process involving several sequential steps and tedious data collection.
Artificial intelligence helps simplify this task. With its help, bankers and financial institutions create predictive models of an individual's likely income, as well as solvency, by linking together several data points. AI can speed up the pace of lending decisions many times over. This would make it possible to identify those accounts that can bring good profits, and those that have a high probability of taking out a loan beyond their capabilities and needs.

Conclusion

Artificial intelligence is driving large-scale reforms in the financial sector. These changes are so profound that in a few years the sector could become completely different.
A common misconception about AI is that it will take away jobs across all industries. Contrary to this, the fact is that AI will make things easier for financial professionals. And while this transition will eliminate some jobs, it will also create new opportunities for businesses.
For example, people working in customer service may not be in great demand once chatbots become commonplace for customer service. However, customer service specialists will still need to train and build chatbots.
Likewise, there are also several speculations about how AI will change the financial industry. It will speed up existing processes and give them the necessary clarity of action that was missing when processing applications manually. In the same area, AI will reduce errors and also maximize productivity and operational efficiency of banking and financial institutions. All this suggests that AI is a harbinger of good times for finance.

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