

Press Release

CFS survey: Artificial intelligence will be one of the core topics of the financial industry in the future – More initiatives to inform and educate the public would be beneficial

FRANKFURT, 3 December 2018. The German government has decided to invest three billion euros in the funding of artificial intelligence (AI) by 2025. There are also talks planned with the federal states and partners from industry to stimulate further investment. The main goals include making Germany and Europe a leading location for AI technologies and ensuring future competitiveness.

Despite the positive signals from the German government, a recent survey by the Center for Financial Studies found that the majority of the German financial industry (84% of respondents) doubts that most decision-makers in business and politics are precisely aware of the importance of artificial intelligence. Digitalisation in general and AI in particular are terms frequently employed in public discussions, although many people have only a vague idea of what these topics entail. Given the importance of these trends, a clear majority (86%) of the German financial sector is in favour of an initiative to inform and educate the public.

“We are living in a time of dramatic changes in the economy and the world of work. It is therefore essential to inform and educate people of all ages appropriately. I would like us to not only focus on schools, but to develop formats for adult education to address these key future topics,” said Professor Volker Brühl, Managing Director of the Center for Financial Studies, commenting on the survey results.

Artificial intelligence is very likely to revolutionise a whole range of industries over the next 10 years – 83% of respondents are convinced of this. Only 17% think that the importance of AI technologies is overestimated.

The financial sector is already heavily influenced by artificial intelligence, and the new technology has the potential to transform financial processes. Accordingly, 90% of German financial industry respondents said they expect AI technologies to be one of the core topics for their industry in the future.

“German banks must make substantial efforts if they are not to lose out in the field of artificial intelligence. Only a few banks are pursuing a genuine AI strategy today,” Professor Brühl adds.

When asked about the key future areas of application for AI in banking, 77% of respondents cited central functions (risk management, controlling etc.), closely followed by asset management (76%) and retail banking (73%). In addition, 53% mentioned the capital markets business. Only 36% of respondents regard corporate banking as a relevant area of application.

Hubertus Väth, Managing Director of Frankfurt Main Finance e.V., underlines: “When it comes to AI, in international comparison the gap is enormous. According to a survey by management consultants Asgard and Roland Berger, there are only 106 AI start-ups in Germany compared with 383 in China or around 1,400 in the USA. The German government's program is late to the game, but not too late. In order to catch up, it is now necessary to cooperate intelligently with start-ups and join forces in the Financial Centre Frankfurt.”

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The results are based on a quarterly management survey in the German financial sector.

The Center for Financial Studies (CFS) conducts independent and internationally-oriented research in important areas of Financial and Monetary Economics, ranging from Monetary Policy and Financial Stability, Household Finance and Retail Banking to Corporate Finance and Financial Markets. CFS is also a contributor to policy debates and policy analyses, building upon relevant findings in its research areas. In providing a platform for research and policy advice, CFS relies on its international network among academics, the financial industry and central banks in Europe and beyond.

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