Harnessing the Power of AI in Finance: Opportunities and Challenges

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AI Opportunities
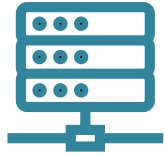
Data Collection

AI can help speed up process of data extraction and data augmentation

Data Analytics

AI can help parse through vast amount of data and analyze it fasten process of decision making
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Automation

AI can take over repetitive tasks in finance like loan processing, fraud detection and personalized marketing to improve efficiency

AI has immense potential to transform finance through data collection, data analytics and process automation.

AI Application in Finance

Fine-tuning Algorithms

Using AI to fine tune Algos which can be used to make faster trading decisions

Portfolio Management

Optimizing portfolios and making data-driven investment decisions using AI

Risk Management

Detecting financial risks and anomalies using machine learning algorithms

Fraud Prevention

AI can flag potentially fraudulent transactions for further investigation, helping to prevent fraudulent activity before it occurs

Regulatory Compliance

Automating regulatory processes and ensuring compliance using natural language processing

Credit Scoring

Assessing creditworthiness of customers using predictive analytics and machine learning models

Uses cases of AI at Hedge Funds

Web Scraping

Using AI to scrape the internet to gather data which can be used for making trading decisions

Data Analytics

Using real-time data from Web data scrape to update financial models real-time

Back-testing

Using historical positioning data to back-test scenarios like short squeeze and margin recall

cruiseLine	startingPrice	exclusiveOffers	saleDetails	title	description	expiration	link
Royal Caribbean Cruises	From $269	Our Royal Exclusive: Free Specialty Dinner for 2	48-Hour Flash Sale: Up to $600 Instant Savings	Double Bonus Offer	$50–$3,000 Extra When You Book With Us		
Royal Caribbean Cruises	From $269	Our Royal Exclusive: Free Specialty Dinner for 2	48-Hour Flash Sale: Up to $600 Instant Savings	No Interest or Approval	Book with No Cruise Payment Due Today		
Royal Caribbean Cruises	From $269	Our Royal Exclusive: Free Specialty Dinner for 2	48-Hour Flash Sale: Up to $600 Instant Savings	Our Royal Exclusive	Free Specialty Dinner for 2		https://www.cruises.com/results.do?places=C%2CBH%2CBM&days=3%2C4%2C5&c=44&sort_by=7&d=04/01/2024&d2=11/30/2024

Back-testing Output

	ITC	Prop	FI
Buy		1590, 2421, 3189, 9904,	3017, 5274,
Sell	1590, 2383, 3324,	2376, 3017, 5274, 6282,	2421, 9904,

FI OB Bar Chart for 2421
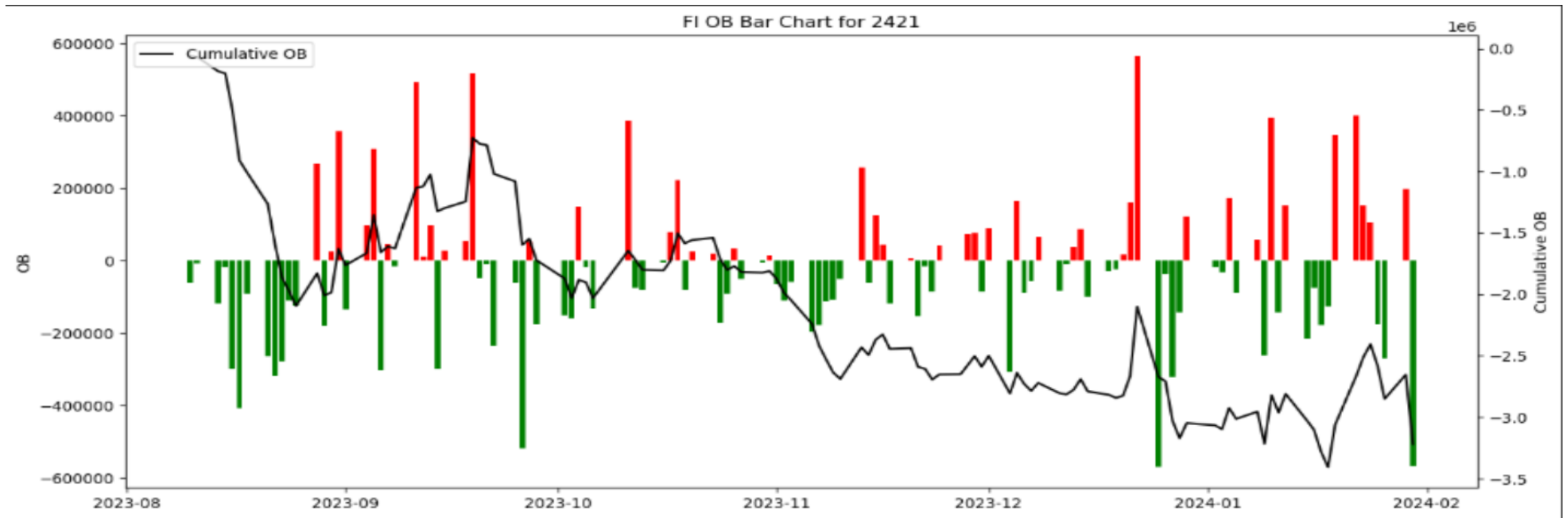
AI Challenges

Algorithm bias

Ensuring AI-driven decisions do not perpetuate biases or discriminate against individuals or groups.

Lack of explainability

Ensuring interpretability and transparency in AI models is essential for regulatory compliance and stakeholder trust

Data-privacy

Protecting customer data and respecting individual privacy in the age of AI-powered financial services

Building AI Capability and Implementation Roadmap

Hire AI Talent

Train employees

Foster collaboration

| Assess and Plan | Prototype and Pilot | Scale and Integrate | Monitor and Iterate |

Building internal AI capability through training, hiring, and collaboration will enable financial institutions to effectively adopt AI.

Questions