

VIDEO

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Focus on Funds: New Technologies Likely to Transform Asset Management

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Fund complexes are adopting artificial intelligence and machine learning to introduce new efficiencies. In the August 3, 2018, edition of *Focus on Funds*, Kensho Technologies President and Chief Operating Officer Adam Broun details what to expect.

Transcript

Stephanie Ortbals-Tibbs, ICI director of media relations: Think your job in the mutual fund and ETF industry doesn't involve machine learning or artificial intelligence [AI]? Well, you might be surprised. If it's not today, it could well be tomorrow, as I learned from talking with one of the leading experts on AI and machine learning at ICI's recent General Membership Meeting.

Adam Broun, Kensho Technologies president and chief operating officer: AI and machine learning are finding their way into almost every process that almost any business—inside finance, outside finance—touches. The effects are going to be more subtle, and they will take longer than perhaps people think, so I wouldn't panic. This is not about the wholesale immediate takeover by the robots of our jobs.

But it is, right now, about software becoming available that allows a human to be more effective, more productive, more aware of what's going on in the world, and to understand what to do about it. And that can affect every part of the industry.

Ortbals-Tibbs: I recently saw an example of this in the compliance world, where it was showing how perhaps the machine can be trained to read these reams of regulatory documents and compliance materials that are out there and help pull out the information that we all really need to focus on. That's an example of the kind of thing we might expect. It's not taking away somebody's job; it's perhaps just helping them do their job better.

Broun: That's a great example, and you can apply—and we do apply—similar technology to other parts of an organization. Wherever somebody has to swim through reams of text, and reams of reports and transcripts, and call notes and so on, the technologies available

today allow the machine to not just ingest and read and structure text—it can identify people, products, places, things, topics. It allows you to search intelligently for the types of things you’re interested in. And by intelligently, I mean more than sort of [typing] “control F,” you know, match this string.

And then, the software over time—actually, not very much time—can learn what you’re interested in based upon what you’re reading, what you’re highlighting, and can very rapidly learn to suggest new things coming in, whether that’s a piece of news, a new article, or simply some other document from your library. And it can intelligently suggest other data that would be helpful to you in your task.

It’s almost like a very smart journalist building the article, but then illustrating it with graphs and charts for you without you really having to do that manually. That’s where we’re going.

Ortbals-Tibbs: Will I need to be a technical genius to do this?

Broun: If you do, then we’ve done our job wrong. The whole point is to make you more effective at your job without having to learn how the sausage is made.

Ortbals-Tibbs: I’m curious if there’s anything else you would offer as advice to, you know, kind of the broad base of the fund industry? Say—if you want to start thinking about these issues, learning about these issues, here’s how to do it.

Broun: Embrace the technologies that are coming available. Enable your own technology teams to change the way they hire, change the way they deliver technology to you. Introduce new technologies into the bloodstream of the organization. Many organizations sort of put their technology people in a box, and that’s quite comfortable for them, but it’s the wrong place to be.

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