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According to Professor Babina, what is the primary reason the financial sector has seen one of the largest rates of investment in AI?

- ☐ Financial regulations mandate the use of AI for compliance.
- ☐ AI helps financial firms significantly reduce their marketing costs.
- ☐ AI is primarily used for replacing human workers in finance.
- ☒ The financial industry generates enormous amounts of digitized data, which is essential for AI.

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Which of the following is highlighted as a significant improvement in banking due to AI, almost eliminating a past inconvenience?

- ☐ The availability of human tellers in bank branches.
- ☒ The accuracy of predicting fraudulent transactions, reducing declined legitimate transactions.
- ☐ The interest rates offered on savings accounts.
- ☐ The speed of opening new bank accounts.

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Professor Babina's own research indicates that US firms most commonly use AI for:

- ☐ Reducing office operational costs.
- ☒ Product innovation, including improving and customizing products and creating new services.
- ☐ Compliance with government financial reporting.
- ☐ Large-scale replacement of workers.

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Algorithmic trading, powered by AI, is characterized by:

- ☐ Reducing the amount of data needed for trading decisions.
- ☐ Slower, more deliberate trade execution focusing on long-term trends.
- ☒ Executing trades at very high speeds based on complex market analysis.
- ☐ Primarily being used by individual retail investors.

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How are venture capitalists and private equity firms using AI?

- ☐ To decrease the amount of capital invested in early-stage companies.
- ☒ To identify promising startups, automate due diligence, and monitor portfolio companies.
- ☐ To replace the need for human judgment in final investment decisions.
- ☐ Primarily for marketing their funds to potential investors.

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What fundamental reason should guide a firm's decision between using external AI solutions (like ChatGPT) versus building its own?

- ☐ The number of employees the firm has.
- ☒ Whether the problem the firm is trying to solve involves its core competitive advantage and product innovation.
- ☐ The current stock market valuation of external AI solution providers.
- ☐ The geographical location of the firm's headquarters.

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In the insurance industry, how is AI contributing to the claims process?

- ☐ By increasing the amount of paperwork required for a claim.
- ☐ By solely relying on human adjusters for damage assessment.
- ☒ Through AI-powered automation of data entry and damage assessment using image and video analysis.
- ☐ By making it more difficult to file a claim.

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What concern is raised regarding the increased reliance on AI in trading?

- ☐ A decrease in trading volume.
- ☐ A lack of data for AI algorithms to process.
- ☒ Potential for increased market volatility and unseen risks.
- ☐ An over-reliance on human intuition, overriding AI decisions.

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One of the key ways AI helps investment analysts is by:

- ☐ Reducing the need for analysts to understand financial statements.
- ☐ Generating fictional news to test market reactions.
- ☒ Digesting huge amounts of data like earnings calls, news, and financial filings much faster to generate insights.
- ☐ Automatically making final investment decisions without human oversight.

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Looking ahead, what factors will define the next wave of AI innovation in finance?

- ☐ A reduction in the amount of data required for AI models.
- ☒ Explainability of AI, its ethical implications, and deep integration across platforms and products.
- ☐ The exclusive use of internally built AI solutions by all firms.
- ☐ A complete shift away from human oversight in all financial decisions.