

Man, money and machines: How consumers can benefit from the Cyber Society

How can behavioural science, data science and technology best serve our financial lives? Questions for a distinguished panel of economists, professors and opinion formers at a major ING-sponsored conference in Amsterdam. **By journalist, Jeremy Gaunt**



A life-long relationship with customers

It has come at a breath-taking rate, but we are now firmly in a world in which huge amounts of data are being vacuumed up by artificial intelligence (AI) programs to persuade us what to buy, wear, eat and invest. The question is, how can people benefit from this Cyber Society and what role, if any, do banks and others have in making sure it all works properly?

Such was the issue before a panel of experts who met on July 9 under the auspices of ING's Think Forward Initiative and the Amsterdam Innovation District. The locale – the Amsterdam Science Park – was more than apt; it is a container village of high-tech start-up businesses.

“We need to think how we can mobilise social cohesion to help people,” said Mark Cliffe, ING’s Chief Economist, noting that studies suggest banks are still fairly well trusted by consumers when it comes to money management. “We should focus on building a life-long relationship with customers”, he told the conference.



Mark Cliffe

Too much data?

Banks are increasingly looking to their data sets to see how they can inform themselves and their clients about what financial steps to take, be it through so-called robo-advising, payment apps or simply designing new products. ING’s Chief Analytics Officer Görkem Köseoğlu said that more efforts should go to better understanding the drivers of financial decisions. But it is far from straightforward.

The meshing of AI with so-called Big Data has raised a number of problems, mostly not to do with the technology itself but with use. Paul Ormerod, an economist and visiting professor at UCL, for example, showed a) how there was sometimes too much data to be useful and b) how consumers could easily be influenced.

The meshing of AI with so-called Big Data has raised a number of problems

In the first case, Ormerod noted that simply typing “mobile phone” into a Google search threw out about 155 million results or data points. In the second, he cited earlier studies that showed how knowing what others had chosen had led to “a phenomenal difference” in the music downloaded by a test group of students. But he also showed how useful huge swathes of data could be, tracking the mood of Londoners based on an analysis of positive and negative tweets on Twitter. AI, Ormerod concluded, was good at picking up patterns, but pretty much useless at everything else. Essentially AI can not interpret, even though in the popular mind it may be seen that way.



Gerd Gigerenzer, German psychologist

Machine-human collaboration

In a similar vein, Professor Gerd Gigerenzer, Director of the Harding Risk Literacy Centre at Berlin's Max Planck Institute for Human Development, noted a difference between risk and uncertainty – the former essentially knowing what could come, the latter not knowing. AI performs best in the first case, but humans have evolved to understand the second and machines haven't. "We need to have a good machine-human collaboration," he said.

Gigerenzer believes behavioural scientists and others make things too complicated. He prefers a heuristic – basically a rule-of-thumb – approach to finance and other sectors, eschewing vast amounts of data analysis. "It pays to try to find a simple solution – and it saves you lots of money," Gigerenzer said, swimming against the tide of Big Data. He cited cases where making an informed heuristic forecast had proven more accurate than a complex analysis – something he dubbed the "Less-Is-More Effect".

Professor Gina Neff, a sociologist with of the Oxford Internet Institute at the University of Oxford, focused on some of the misuses of Big Data by AI programs, or at least misuses by the people seeking to interpret what they were given by AI. In one infamous case, New York City police tried to find a suspect who looked like Woody Harrelson by running the actor's picture through a face-recognition program, unaware that such programs use highly specific measurement -- not looks-like – variables.

Noting that "humans tell stories", Neff said that data had to be put in context or else it could lead to dangerous mistakes. There were "bad expectations, "bad perceptions" and "bad applications" when it came to AI, while biased data leads to biased outputs. "We (need) to build better, appropriate uses of AI," she said. "Let people feel they have some power."



Professor Gina Neff

What banks can learn

The people, however, are somewhat confused about it all to judge from findings presented by Tony Smith, global head of financial services at UK polling firm Ipsos. For example, 75% of people in an Ipsos survey said they would like to have access data on how they spend their money. But only 40% said they were comfortable providing information that could lead to that.

There is a huge disparity between countries when it comes to a willingness to share data

Similarly, there is a huge disparity between countries when it comes to a willingness to share data with companies and actually sign up to do so. Developing countries such as India are far more open to it than mature economies such as The Netherlands. Smith said Ipsos had found that people became more positive about such things as open banking – sharing data with others to get more opportunities – if they could be persuaded that they would benefit. “Utility overcomes concern,” he said, meaning that natural caution is put to one side if something can be shown to be useful.

So, what does all this mean to banks? Well, the good news, according to Ipsos research, is that banks are top of this list when it comes to trust, so they are in the best position to exploit new financial technology with their clients. The downside is that new, powerful players – notably the likes of Google, Amazon and Facebook, are getting into the financial act. The opportunity that banks hold won't be there long.

Author

Olivia Grace

Editor

olivia.grace@ing.com

Julian Geib

Junior Economist, Global Trade

julian.geib@ing.de

Zoltán Homolya

Economic research trainee

zoltan.homolya@ing.com

Amrita Naik Nimbalkar

Economist, Global Macro

amrita.naik.nimbalkar@ing.com

Mateusz Sutowicz

Senior Economist, Poland

mateusz.sutowicz@ing.pl

Alissa Lefebvre

Economist

alissa.lefebvre@ing.com

Deepali Bhargava

Regional Head of Research, Asia-Pacific

Deepali.Bhargava@ing.com

Ruben Dewitte

Economist

+32495364780

ruben.dewitte@ing.com

Kinga Havasi

Economic research trainee

kinga.havasi@ing.com

Marten van Garderen

Consumer Economist, Netherlands

marten.van.garderen@ing.com

David Havrlant

Chief Economist, Czech Republic

420 770 321 486

david.havrlant@ing.com

Sander Burgers

Senior Economist, Dutch Housing

sander.burgers@ing.com

Lynn Song

Chief Economist, Greater China

lynn.song@ing.com

Michiel Tukker

Senior UK & Eurozone Rates Strategist

michiel.tukker@ing.com

Michal Rubaszek

Senior Economist, Poland

michal.rubaszek@ing.pl

This is a test author

Stefan Posea

Economist, Romania

tiberiu-stefan.posea@ing.com

Marine Leleux

Sector Strategist, Financials

marine.leleux2@ing.com

Jesse Norcross

Senior Sector Strategist, Real Estate

jesse.norcross@ing.com

Teise Stellema

Research Assistant, Energy Transition

teise.stellema@ing.com

Diederik Stadig

Senior Economist, Healthcare & Technology

diederik.stadig@ing.com

Diogo Gouveia

Sector Economist

diogo.duarte.vieira.de.gouveia@ing.com

Marine Leleux

Sector Strategist, Financials

marine.leleux2@ing.com

Ewa Manthey

Commodities Strategist

ewa.manthey@ing.com

ING Analysts

James Wilson

EM Sovereign Strategist

James.wilson@ing.com

Sophie Smith

Digital Editor

sophie.smith@ing.com

Frantisek Taborsky

EMEA FX & FI Strategist

frantisek.taborsky@ing.com

Adam Antoniak

Senior Economist, Poland

adam.antoniak@ing.pl

Min Joo Kang

Senior Economist, South Korea and Japan

min.joo.kang@ing.com

Coco Zhang

ESG Research

coco.zhang@ing.com

Jan Frederik Slijkerman

Senior Sector Strategist, TMT

jan.frederik.slijkerman@ing.com

Katinka Jongkind

Senior Economist, Services and Leisure

Katinka.Jongkind@ing.com

Marina Le Blanc

Sector Strategist, Financials

Marina.Le.Blanc@ing.com

Samuel Abettan

Junior Economist

samuel.abettan@ing.com

Franziska Biehl

Senior Economist, Germany

Franziska.Marie.Biehl@ing.de

Rebecca Byrne

Deputy Global Head of Editorial and Supervisory Analyst

rebecca.byrne@ing.com

Mirjam Bani

Sector Economist, Commercial Real Estate & Public Sector (Netherlands)

mirjam.bani@ing.com

Timothy Rahill

Credit Strategist

timothy.rahill@ing.com

Leszek Kasek

Senior Economist, Poland

leszek.kasek@ing.pl

Antoine Bouvet

Head of European Rates Strategy

antoine.bouvet@ing.com

Jeroen van den Broek

Global Head of Sector Research

jeroen.van.den.broek@ing.com

Edse Dantuma

Senior Sector Economist, Industry and Healthcare

edse.dantuma@ing.com

Francesco Pesole

FX Strategist

francesco.pesole@ing.com

Rico Luman

Senior Sector Economist, Transport and Logistics

Rico.Luman@ing.com

Jurjen Witteveen

Sector Economist

jurjen.witteveen@ing.com

Dmitry Dolgin

Chief Economist, CIS

dmitry.dolgin@ing.de

Nicholas Mapa

Senior Economist, Philippines

nicholas.antonio.mapa@asia.ing.com

Egor Fedorov

Senior Credit Analyst

egor.fedorov@ing.com

Sebastian Franke

Consumer Economist
sebastian.franke@ing.de

Gerben Hieminga

Senior Sector Economist, Energy
gerben.hieminga@ing.com

Nadège Tillier

Head of Corporate Sector Strategy
nadege.tillier@ing.com

Charlotte de Montpellier

Senior Economist, France and Switzerland
charlotte.de.montpellier@ing.com

Laura Straeter

Behavioural Scientist
+31(0)611172684
laura.Straeter@ing.com

Valentin Tataru

Chief Economist, Romania
valentin.tataru@ing.com

James Smith

Developed Markets Economist, UK
james.smith@ing.com

Suvi Platerink Kosonen

Senior Sector Strategist, Financials
suvi.platerink-kosonen@ing.com

Thijs Geijer

Senior Sector Economist, Food & Agri
thijs.geijer@ing.com

Maurice van Sante

Senior Economist Construction & Team Lead Sectors
maurice.van.sante@ing.com

Marcel Klok

Senior Economist, Netherlands
marcel.klok@ing.com

Paolo Pizzoli

Senior Economist, Italy, Greece
paolo.pizzoli@ing.com

Marieke Blom

Chief Economist and Global Head of Research

marieke.blom@ing.com

Raoul Leering

Senior Macro Economist

raoul.leering@ing.com

Maarten Leen

Head of Global IFRS9 ME Scenarios

maarten.leen@ing.com

Maureen Schuller

Head of Financials Sector Strategy

Maureen.Schuller@ing.com

Warren Patterson

Head of Commodities Strategy

Warren.Patterson@ing.com

Rafal Benecki

Chief Economist, Poland

rafal.benecki@ing.pl

Philippe Ledent

Senior Economist, Belgium, Luxembourg

philippe.ledent@ing.com

Peter Virovacz

Chief Economist, Hungary

peter.virovacz@ing.com

Inga Fechner

Senior Economist, Global Trade

inga.fechner@ing.de

Dimitry Fleming

Senior Data Analyst, Netherlands

Dimitry.Fleming@ing.com

Ciprian Dascalu

Chief Economist, Romania

+40 31 406 8990

ciprian.dascalu@ing.com

Muhammet Mercan

Chief Economist, Turkey

muhammet.mercan@ingbank.com.tr

Iris Pang

Chief Economist, Greater China

iris.pang@asia.ing.com

Sophie Freeman

Writer, Group Research

+44 20 7767 6209

Sophie.Freeman@uk.ing.com

Padhraic Garvey, CFA

Regional Head of Research, Americas

padhraic.garvey@ing.com

James Knightley

Chief International Economist, US

james.knightley@ing.com

Tim Condon

Asia Chief Economist

+65 6232-6020

Martin van Vliet

Senior Interest Rate Strategist

+31 20 563 8801

martin.van.vliet@ing.com

Karol Pogorzelski

Senior Economist, Poland

Karol.Pogorzelski@ing.pl

Carsten Brzeski

Global Head of Macro

carsten.brzeski@ing.de

Viraj Patel

Foreign Exchange Strategist

+44 20 7767 6405

viraj.patel@ing.com

Owen Thomas

Global Head of Editorial Content

+44 (0) 207 767 5331

owen.thomas@ing.com

Bert Colijn

Chief Economist, Netherlands

bert.colijn@ing.com

Peter Vanden Houte

Chief Economist, Belgium, Luxembourg, Eurozone

peter.vandenhoute@ing.com

Benjamin Schroeder

Senior Rates Strategist

benjamin.schroeder@ing.com

Chris Turner

Global Head of Markets and Regional Head of Research for UK & CEE

chris.turner@ing.com

Gustavo Rangel

Chief Economist, LATAM

+1 646 424 6464

gustavo.rangel@ing.com

Carlo Cocuzzo

Economist, Digital Finance

+44 20 7767 5306

carlo.cocuzzo@ing.com