

- » Defining “artificial intelligence”
- » Exploring the two major types of AI
- » Knowing how AI can help with your financial pursuits

Chapter **1**

Artificial Intelligence 101

Artificial intelligence, more commonly known as AI: It’s all the rage today, and it will likely end up in every corner of modern life. It stokes both excitement and fear. It’s changing the business, social, and financial landscape as I write this.

When it comes to AI, the best choice for people is to do what you’re doing right now — learning what it is, what it can do, and how you can use it to your advantage in today’s competitive economy. Like every major innovation in human history, it can have amazing positive power, and it can have the power to harm. Use it to make yourself stronger. This chapter gets you started on the road to investing with AI.

First Things First: What Is AI?

As a business person and a financial educator, I generally avoid in the scope of this singular book the techie stuff and stick to the how-do-I-use-this-stuff approach. I pride myself on being an educator, and I look at artificial intelligence the same way I look at a laptop computer or a smartphone — like a tool. I may not be able to explain the inner workings of it with much precision, but I know how to use it to achieve my goals or to satisfy my wants and needs.

As for AI, let's do the obvious thing here and ask AI about AI. I use ChatGPT (which is covered in greater detail in Chapter 2). My question (more commonly known as a prompt):

"Please define and explain AI in less than 150 words as if I were an eighth grader."

The response from ChatGPT is in Figure 1-1.

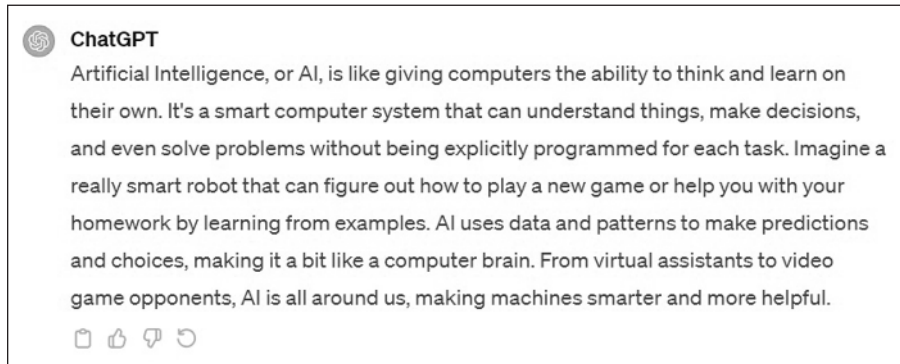


FIGURE 1-1:
Asking AI
about AI.

Cool! ChatGPT says it's like a smart robot that can help you with your problems and tasks. That's my kind of answer. Throughout the book I use examples from AI tools, predominately from ChatGPT and also AI-enhanced tools such as Bing Chat (yes, the turbo-charged version of Microsoft's Bing Search engine).



TIP

I wrote this book fully mindful that AI is constantly changing and improving. Make it a point to visit any resource listed throughout this book (especially in Part 6) that is relevant to your concerns (and plenty of valuable resources are included). The resources are both general and specific, but timely, and they are constantly updated to help you keep up with AI's development.

Distinguishing the Two Types of AI

Although I could ask AI to provide an extensive explanation of AI and I could spew all the facets and jargon about it, I'll stick to my terminology about AI in the following sections. The two types of AI are general and specific. Horizontal and vertical would also do.

General AI

The reason I also refer to general AI as “horizontal” is that this type of AI spans the vast digital landscape to produce the response to your inquiry or request. It can be good for starters and for general knowledge.

A good example of this type of AI is the popular ChatGPT (see Chapter 2). Despite its awesome capabilities, I wouldn’t use it for an intense, specific purpose. For example, I could use it to learn skills such as creating a web page, but I wouldn’t rely on it to learn about brain surgery or cancer. I would go to specialized sources for that or (better) human experts.



TIP

Another general AI tool to add to your arsenal would be AI-enhanced search engines. The last time I looked, you could choose from 18 AI-enhanced search engines, but that number may have changed in the time it took for you to read this! You can find them in Appendix B.

Specific AI

Vertical or specific AI concentrates on a given topic or specialty. Good examples of this are robo-advisors (covered in Chapter 7). Keep in mind that part of the power of AI is that it uses its technological power to learn about what it’s working on. Some AI tools specialize in finance, but other tools specialize in healthcare, and so on.



TIP

I think the best example of this is when you need medical treatment or the attention of a doctor. You would first go to a general practitioner (GP). But after that you may need some specialized attention. The GP may know about your heart, for example, but the GP would ultimately need to refer you to a cardiologist. Think of general and specific AI in the same way.

In Chapter 3, different categories of AI are covered; take a look there for some excellent AI directories that can help you find the right AI tool for whatever issue you want to address.

Investing in Stocks with AI’s Help

The primary reason you may have gotten this book is because the title includes both “AI” and “investing,” and the heart of this combo is covered in Part 2.



REMEMBER

Keep in mind that in this book, as with most of the investing books I author, I point out the crucial distinctions between “investing” and “speculating.” To put it simply, investing is putting your money into assets and/or vehicles that have value today and the possibility of much greater value over time. Meanwhile, speculating is essentially like educated gambling, hopefully to make greater gains sooner despite greater risks. Everybody wants to get that amazing stock when it’s cheap and obscure and to watch it soar to mind-boggling levels as “ka-ching” is ringing in our brokerage accounts. It could happen with your investing (such as large-cap tech stocks), and you could hit it big with your speculating (such as with small-cap stocks), but you should know the difference.

For investing in large-cap stocks that are neck-deep in AI, head over to Chapter 4. If you’re looking for that small company that could soar to the moon, check out Chapter 5. Just keep in mind that many of today’s small tech companies won’t be around a few years from now, so take heed of the word “fundamentals” (covered in Chapter 8) since that is at the heart of true investing. Speculating, meanwhile, is a stone’s throw away from financial gambling, so learn the difference.

For those of you who want to get into AI in a safer way, consider going through exchange-traded funds (ETFs) and/or mutual funds, which are investing in AI through a portfolio approach. See Chapter 6 for details.

Using AI to Try Stock Investing Alternatives

The prior section covered investing in AI-related vehicles. But keep in mind that AI is a versatile tool that can be used across the investing landscape. Part 3 goes into assets from precious metals and commodities to cryptocurrencies and real estate. Getting into these areas will be much easier with AI as your digital research assistant.



TIP

Perhaps the hidden gem for you is Chapter 12. It concentrates on helping you with AI to tackle business and career ventures. For many folks, the rise of AI brings some concerns and uncertainty. Here is where you turn lemons into lemonade, and boost your professional prospects and see AI through the lens of possibilities. Be like me and make an AI-assisted home-based business part of your financial situation (check out my AI resources at www.ravingcapitalist.com/AI/).

Looking at Your Total Financial Picture with AI

Don't just look at the investment landscape. Use AI to kick it up a notch and be holistic with every corner of your financial situation.

As I write this, the national economy and the world's geopolitics are bringing uncertainty everywhere. Be prepared. AI can be used for analyzing the economy (see Chapter 13) so you know what to do whether you are facing a recession, inflation, or both (or worse).

Keep in mind that investing is a part (yes, a large part) of the financial planning process. Get to know the other parts, too. Part 4 goes into retirement planning, budgeting, and much more, so don't ignore these vital parts of your situation. Of course, you need to address the tough stuff like estate planning and taxes (ugh), but AI makes it easier than ever to deal with these issues.



REMEMBER

In some of these areas you'll likely need a human expert, but AI will make the process so much easier, reduce your stress, and increase your knowledge and confidence.

Getting Smart about AI



TIP

For those of you who want to get really informed about AI (beyond the scope of this book), here are some places to turn to that place a heavy emphasis on the world of AI:

- » **AI Practical Guide** (<https://aipracticalguide.com/>): They have a beginners' guide as well.
- » **IBM's developer blog** (<https://developer.ibm.com/>): Why not learn the technical side with what is arguably AI's longest participant?
- » **Adult education sites** such as Coursera (www.coursera.com) and Udemy (www.udemy.com): They have some excellent free and low-cost courses on AI.

Appendix A has more AI educational resources.

