

Don't Read This if You're in a White Collar Job

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In today's Money Morning...bow down to your shiny robot overlords...this tech isn't coming, it's already here...and more...

Last month I attended the SIBOS conference in Singapore. It's the world's largest banking and finance conference. The conference is put on by the Society for Worldwide Interbank Financial Telecommunications (SWIFT).

Part of the SIBOS conference every year an innovation stream, Innotribe. It's a highlight of the conference. They always show new and upcoming FinTech. It's a good look at the future of banking and finance.

And this year was no exception. One of the most eye opening sessions was also one of the most worrying. You see, if you're in a white collar job you might not be in it much longer. And you can blame Watson for it.

Win at Jeopardy then take over the World

You've probably heard of Watson before. His popularity stems from his appearance on Jeopardy in 2011. Here, Watson – not connected to the internet I might add – beat Ken Jennings and Brad Rutter at Jeopardy.

This was a huge win. For a start Rutter and Jennings were Grand Champions. Also, Watson had to play exactly like the humans. That meant understanding the clue, thinking, buzzing in and providing the right answer.

And Watson wasn't even online. The win spurred IBM's Watson program into overdrive. They began to work on ways to bring Watson truly into the world.

Last year IBM put \$1 billion into the commercialisation of Watson. They are building the next era of computing. **And it's 'cognitive computing'.**

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Having computers behave and interact like people is the future. It's not full blown AI. But it's not far off. IBM's not alone in their push for cognitive computing. Qualcomm is also pursuing this field with their Zeroth cognitive platform.

When two of the world's biggest tech companies are putting billions into this, you know it's coming. In fact it's not just coming; it's already here.

Will it destroy the middle class? Probably not. Will it replace thousands of white collar workers? You bet it will. Will the robot overlords take over? No.

You see, if we can embrace and work with this tech we might all be better off for it. But if you are a white collar worker, you might want to start looking at a backup plan.

You might not lose your job to cognitive computing tomorrow. But you might sooner

than you think...

Hello, I'm Watson how can I help you invest your money?

Some of the early adopters to this smart computing are banks. Mizuno Bank in Japan is using Watson along with robots. The aim is to improve customer service and improve efficiency.

In Australia, Macquarie Bank is getting into 'robo-advice'. The *Australian Financial Review* reports:

'Macquarie Group is targeting retail investors and self-managed super funds with a new robo-advice program that will provide detailed recommendations matched to customers' investment priorities.'

Macquarie Wealth Management CIO, John O'Connell spoke about the tech. Explaining what it will do he said it will provide, *'a written outline of exactly what we would do if we were in your shoes.'*

O'Connell continued to explain that it,

'Will tell you what actual things to buy, what things to sell, your portfolio tilts and where we think they should be given our views on the outlook for markets, and for economies.'

This use of cognitive computing has been in the works not just for the last year or two. Not even since 2011. In fact it goes as far back as the 90s. But back then it seemed implausible. To think that computers could deliver intelligent financial advice to customers was crazy.

Well I'm here to tell you that computers can.

I've written about the future of automation and smart computing before. You can see it coming if you know where to look. In my investment service, [Australian Small Cap Investigator](#), I recently wrote to users about it, explaining that the 21st century will be the era of cognitive computing.

'The difference with automation this time around [compared to automation in the 20th century] is that the new jobs that robotics will take are white collar jobs. With the advancement in 'cognitive computing', they can now do jobs that you probably never thought a robot could do.

'It's going to take jobs. Call centre jobs, insurance advisor jobs, wealth management and financial advisor jobs.'

The announcement from Macquarie Wealth Management confirms what I've been saying. But it's not just Macquarie looking at this tech. The 'Big 4' are also getting into this space. ANZ is already using a form of automated systems to provide customer service. They call it 'Robotic Automated Process'.

All this provides investment opportunities. Opportunities in companies that develop cognitive computing, like IBM or Qualcomm. And opportunities in those that are first

movers using the technology.

I think the bigger returns will be in companies that adopt the technology before competitors. The ones that can use this tech to be better, faster and smarter. These companies will have the competitive advantage.

It will let them keep costs down. It will improve efficiency. Ultimately it will deliver better returns for shareholders. It's a new era of new technology. An era that will bring gains in the cognitive computing space for those that see it coming.

Submitted by Roger Buhlert – Cardinia Shire Council