

A large graphic consisting of two overlapping triangles. The top triangle is purple and points downwards, while the bottom triangle is blue and points upwards. They meet at a central point, creating a white diamond shape in the middle.

CAN AI BE A GAME CHANGER FOR ECONOMIC GROWTH?

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INTRODUCTION – SPEAKER



**Mark Purdy,
Managing Director - Economic Research
Accenture Research**

FOR MANY OF US, OUR FIRST INTRODUCTION TO THE IDEA OF ARTIFICIAL INTELLIGENCE CAME VIA THE MOVIES

AI in service to the society or AI posing threats to humanity?

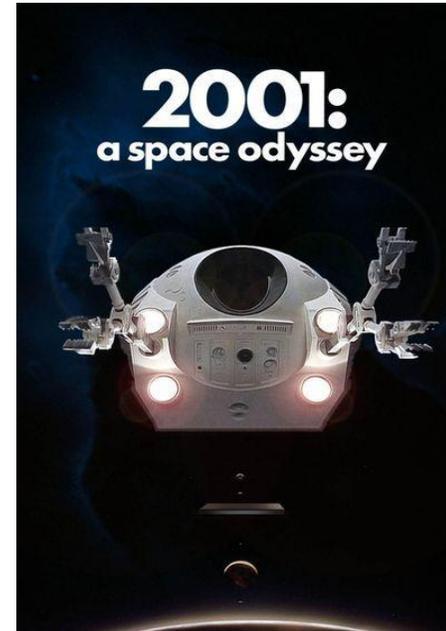


TARS, the space robot from 'Interstellar' (2014)



Baymax, the healthcare robot from 'Big Hero 6' (2014)

V.S.



The computer called Hal taking over the spacecraft, '2001: A Space Odyssey' (1968)



Robotics fighting back from 'I, Robot' (2002)



Crime forecasting from 'Minority Report' (2002)

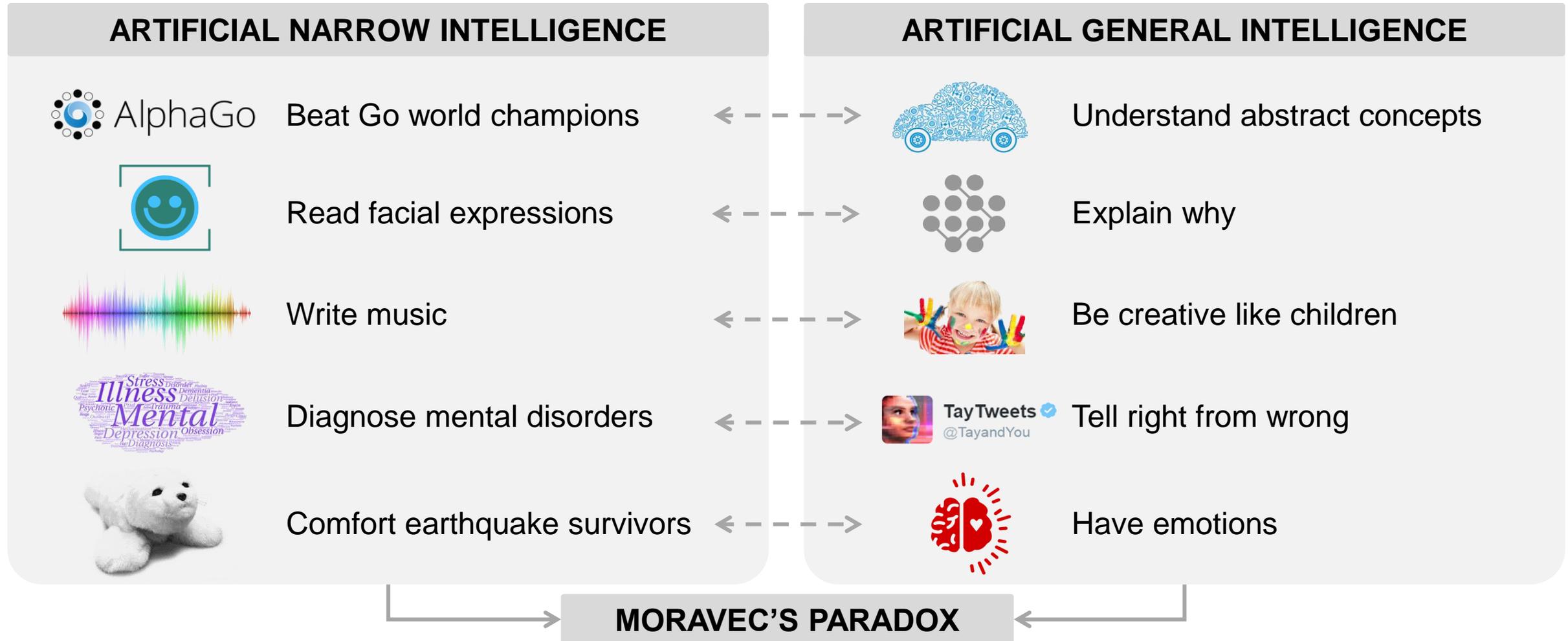
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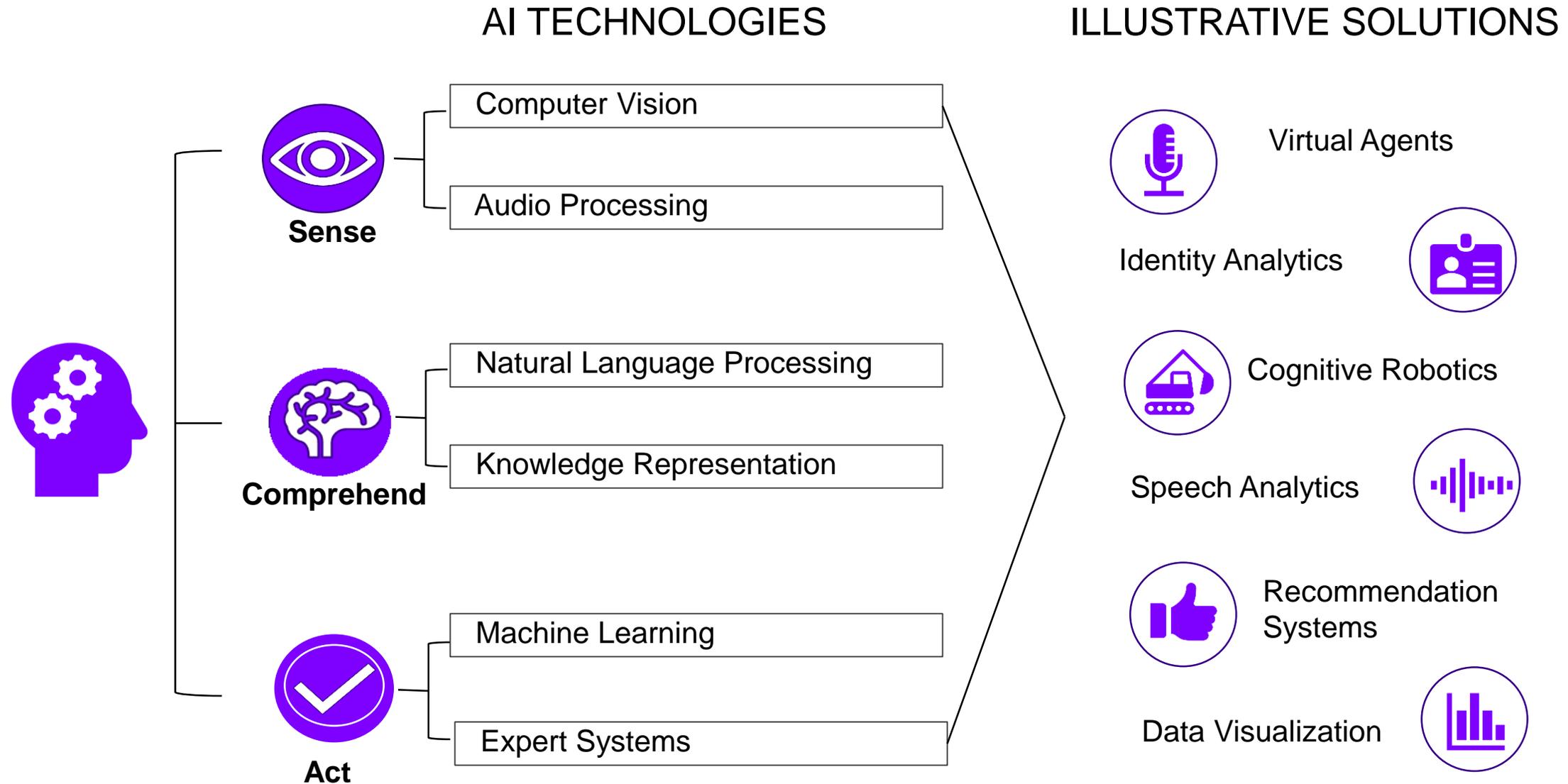
Machines taking control of Earth, 'the Matrix' (1999)

HUMAN-LEVEL AI IS STILL A LONG WAY OFF

What AI can and can't do



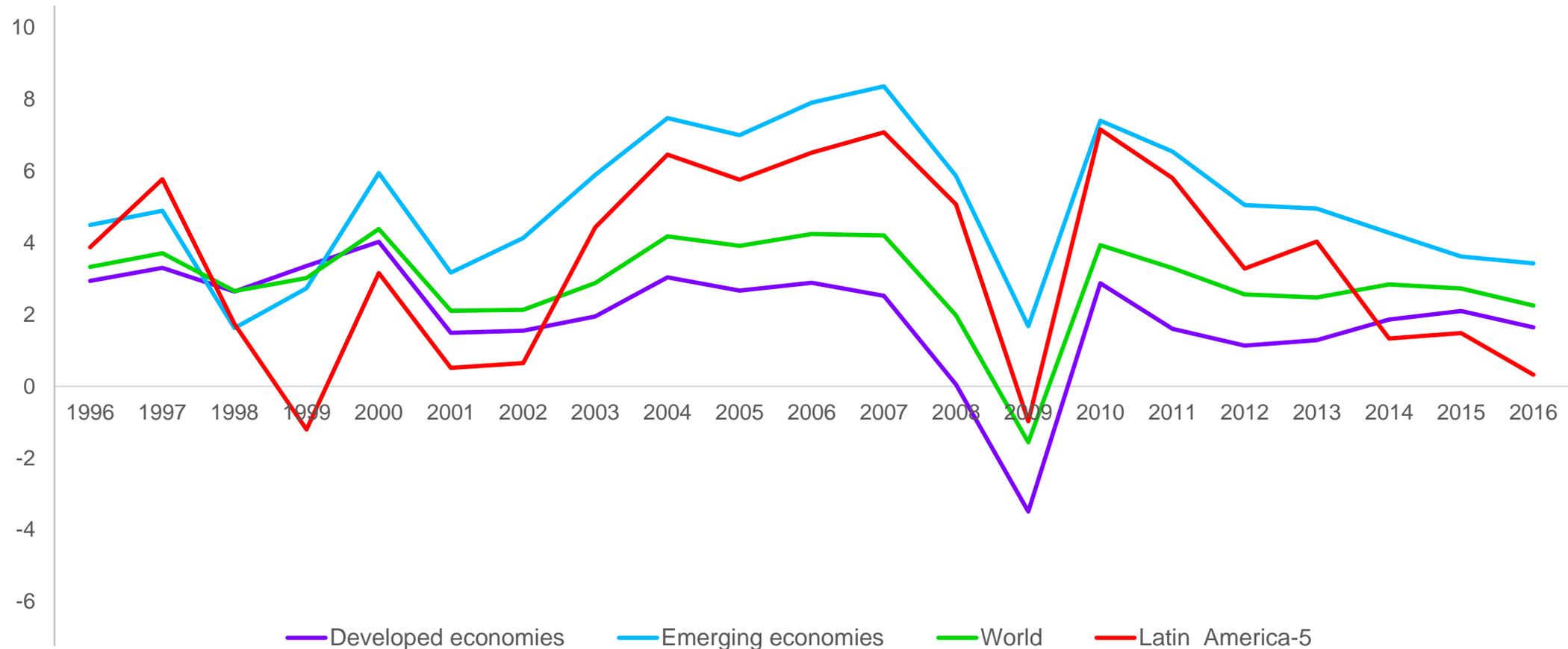
WHAT IS ARTIFICIAL INTELLIGENCE



**COULD AI BE AN ECONOMIC
SALVATION?**

GLOBAL ECONOMIC GROWTH IS WEAKENING. LEADING LATIN AMERICAN ECONOMIES HAVE BEEN NO EXCEPTION

GDP growth (real, % y/y)

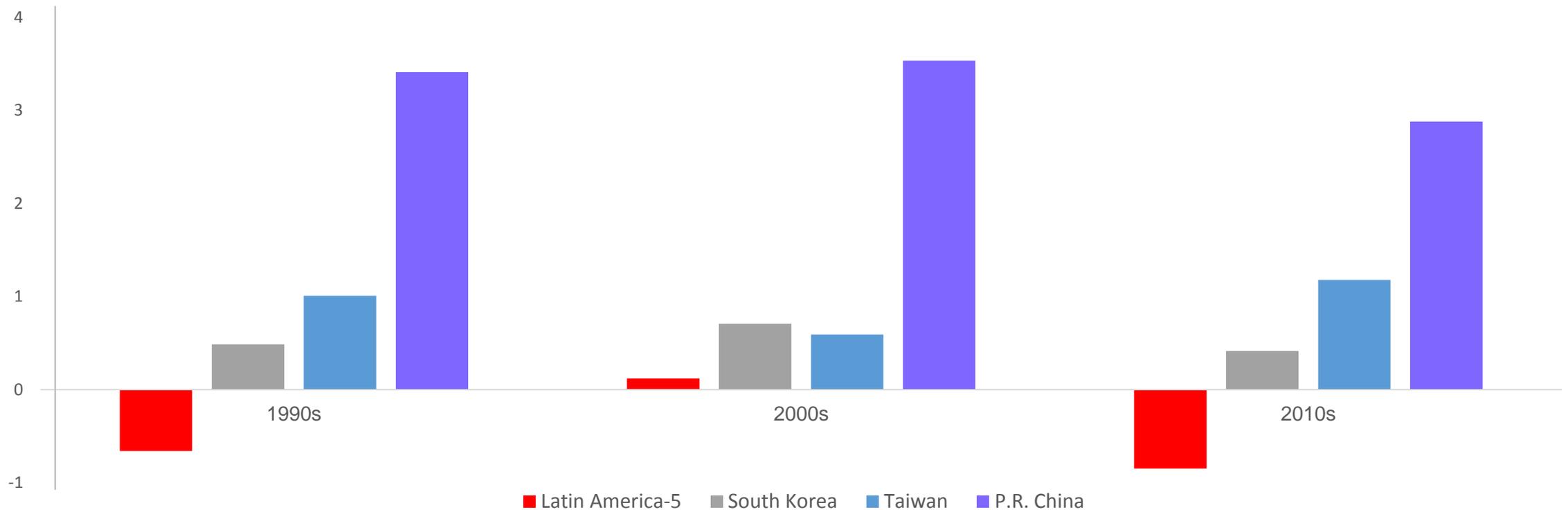


NB: Latin America-5 is the unweighted average of Argentina, Brazil, Chile, Colombia, and Peru

LATIN AMERICA'S ECONOMIC SLOWDOWN PUTS A SPOTLIGHT ON THIS REGION'S PERSISTENT PRODUCTIVITY PROBLEMS

Latin America lags behind dynamic Asian economies

Total Factor Productivity (TFP) annual growth (%), average per decade



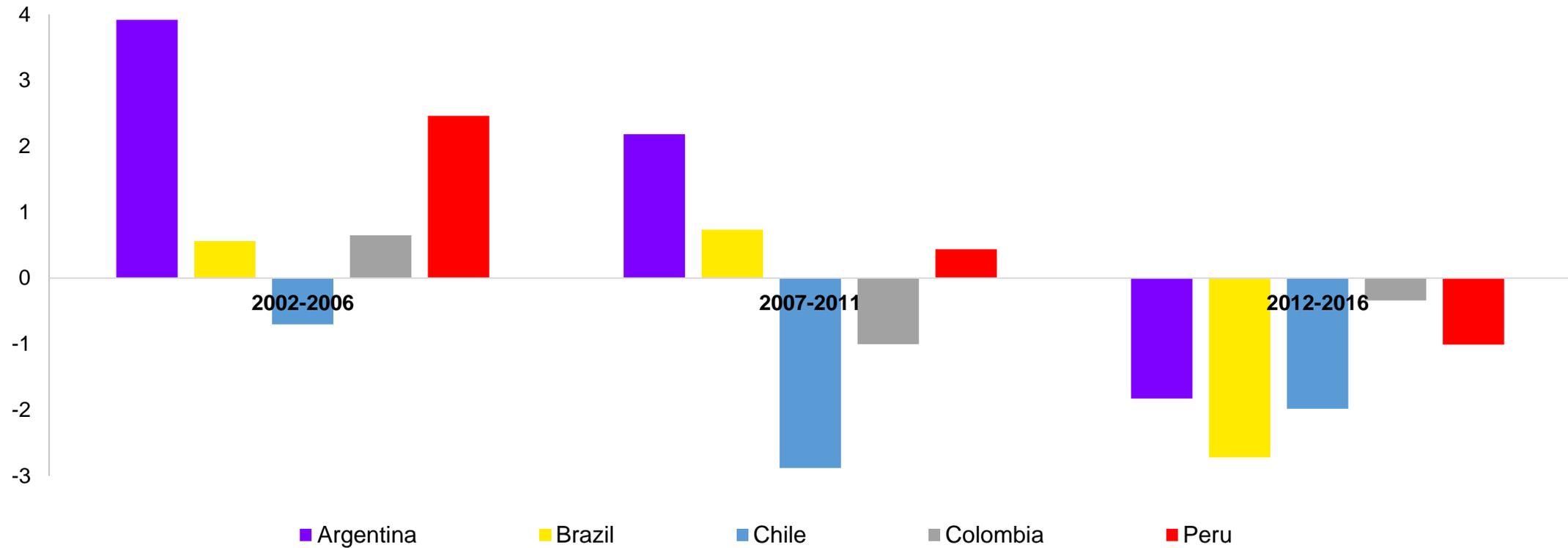
NB: TFP is A key measure of how well an economy uses its existing capital and people.

Source: Accenture, based on The Conference Board, Total Economy Database

THE PRODUCTIVITY GROWTH IS TRENDING SHARPLY DOWNWARD ESPECIALLY OVER THE LAST DECADE

The region's economies are becoming less productive over the last decade

TFP's average annual change for the period (%)



Source: Accenture, based on data from The Conference Board's Total Economy Database

...AND THE TRADITIONAL FACTORS OF PRODUCTION ARE UNDER HUGE PRESSURE

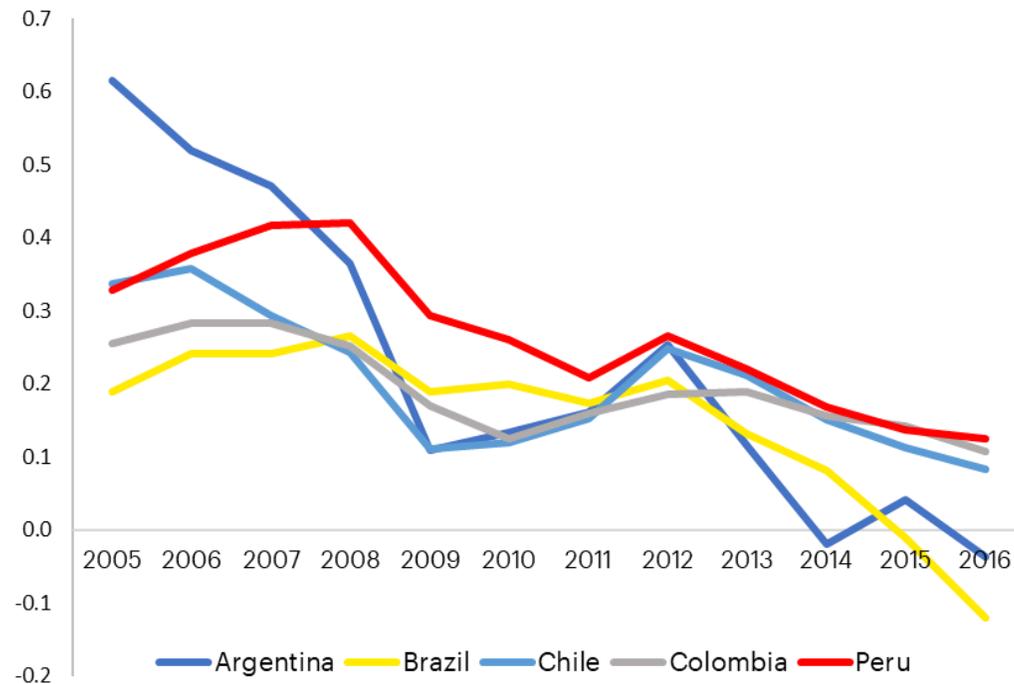


Capital

Capital efficiency:

The marginal capital efficiency rate has dropped significantly in the last decade.

Marginal capital efficiency rate, 3-year moving average



Source: Accenture, based on World Bank data
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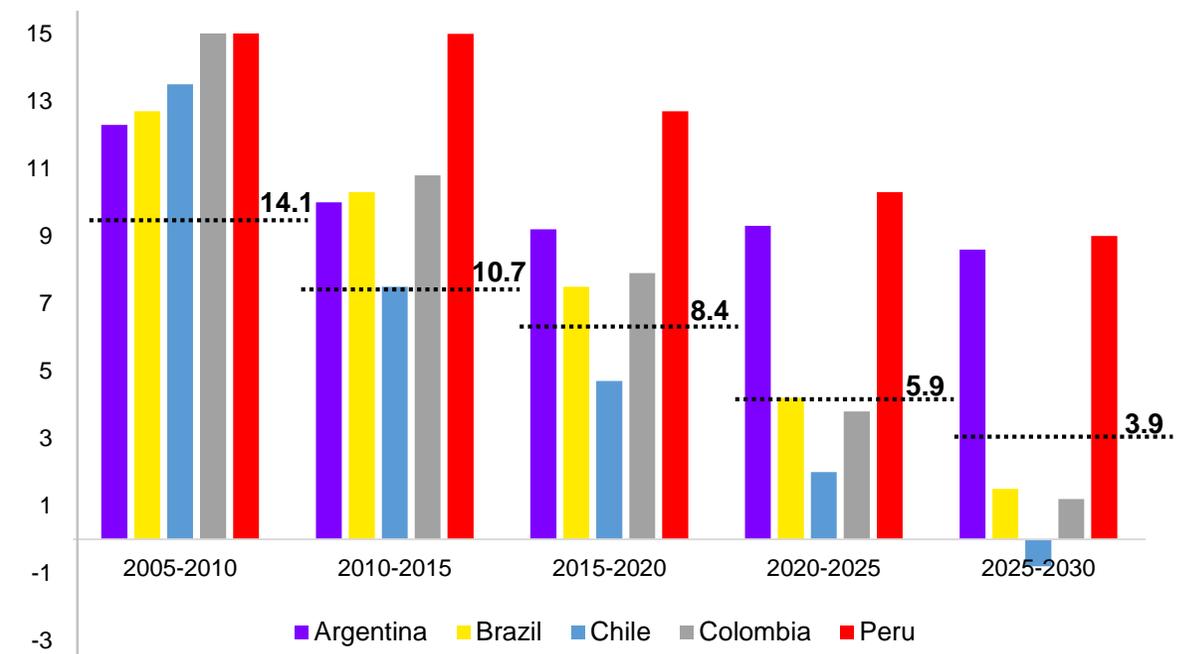


Labor

Labour:

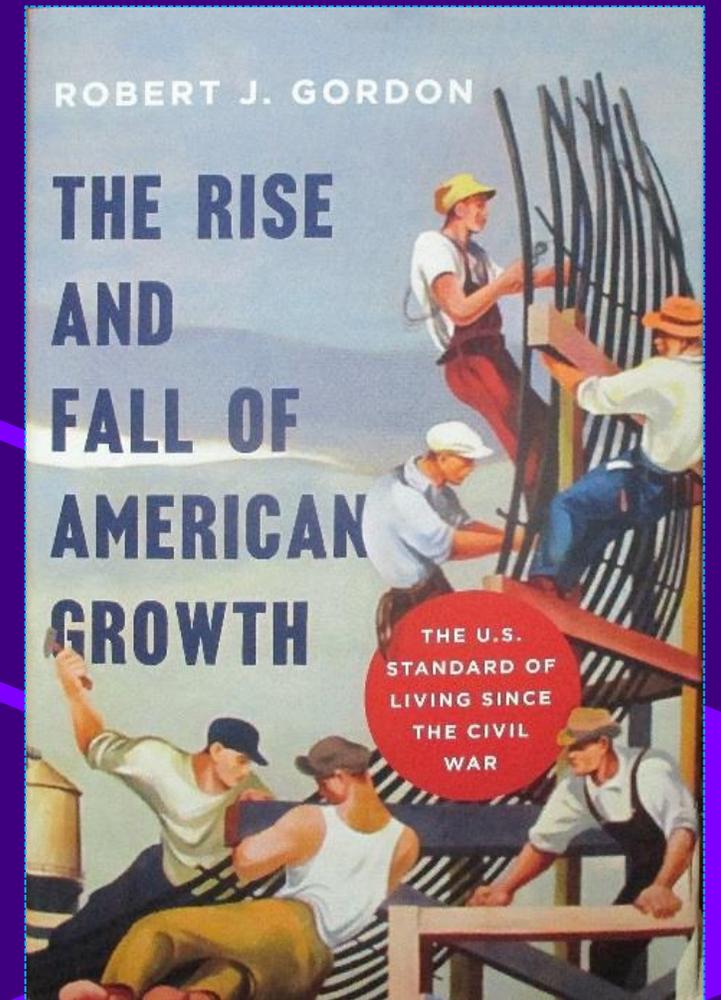
As populations age and birth rates slow, fewer people are available to pick up the slack in the workforce.

Working age population average growth per 1,000 residents (%)



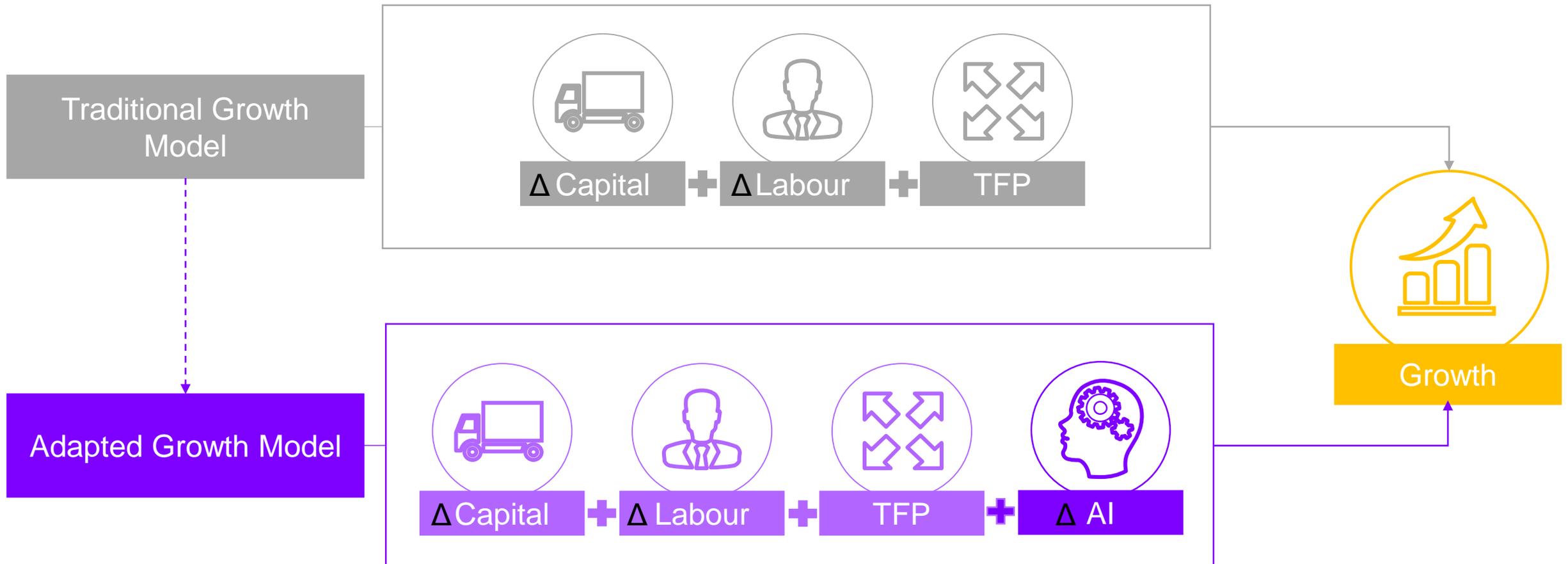
NB: Data points across the dashed lines indicate the average for the five countries.
Source: UN Economic Commission for Latin America and the Caribbean (ECLAC) data and forecasts
Working age defined as 15-59

**SO WHERE WILL LATIN
AMERICA'S FUTURE
GROWTH COME FROM?**



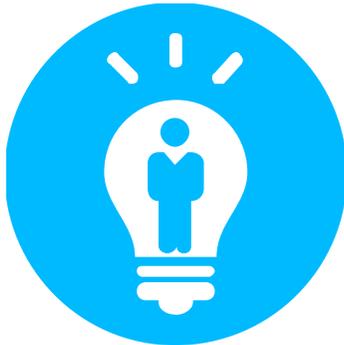
AI COULD BE THE GAME-CHANGER FOR LATIN AMERICA'S ECONOMIC GROWTH

AI as a factor of production has the potential to overcome the physical limitations of capital and labour and open up new sources of value and growth



AI CAN DRIVE GROWTH IN AT LEAST THREE IMPORTANT WAYS

Intelligent Automation



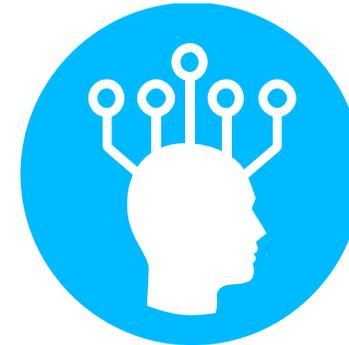
Create a new virtual workforce

Labor and Capital Augmentation



Complement and enhance the skills and ability of existing workforces and physical capital

Innovation Diffusion

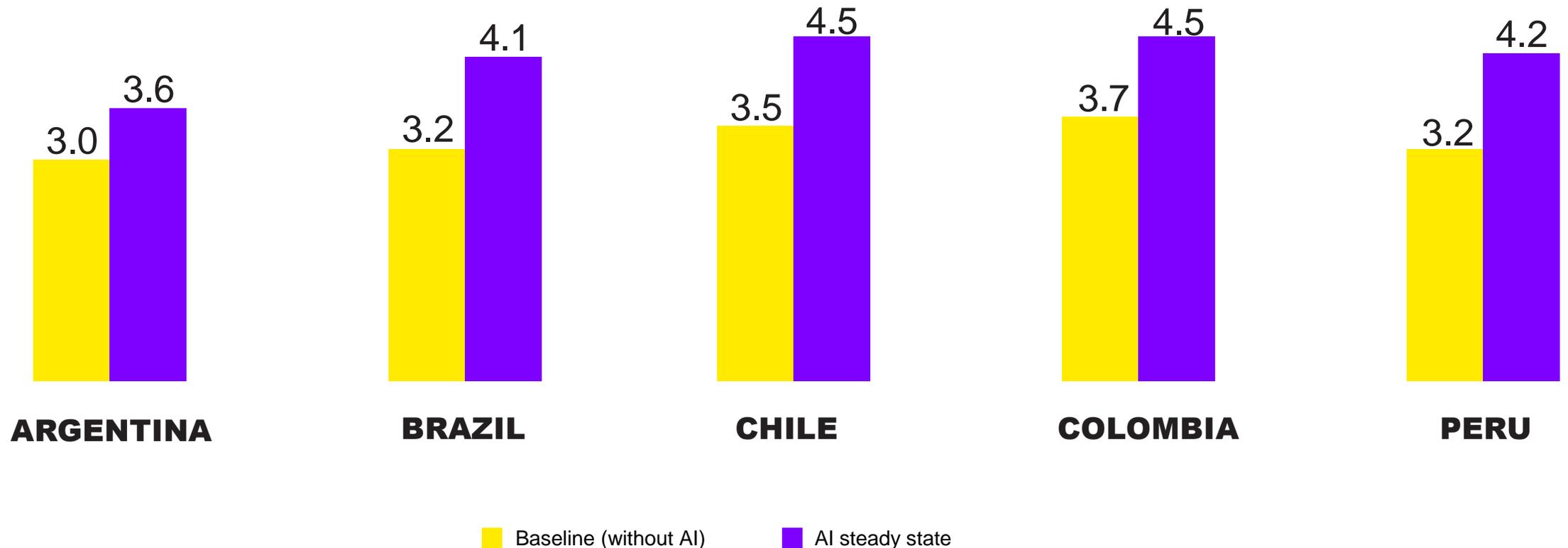


Drive innovation in the economy

AI PROMISES TO DRIVE FASTER ECONOMIC GROWTH

AI has the potential to increase growth rates in the region by up to 1 percentage point in terms of gross value added (a close approximation of GDP).

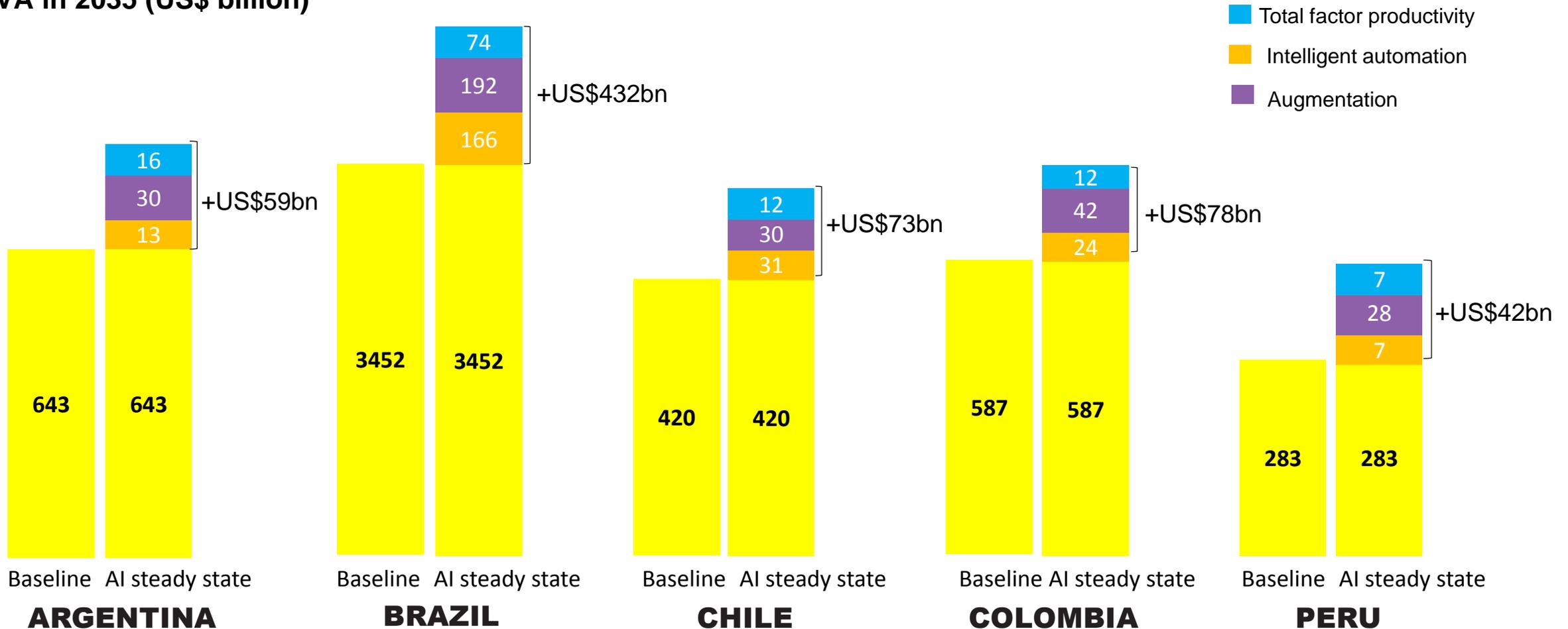
Real gross value added (GVA) (% growth)



Source: Accenture and Frontier Economics

AI CAN LEAD TO SIGNIFICANT GROWTH OPPORTUNITIES FOR THE ECONOMIES

GVA in 2035 (US\$ billion)



AI COULD BE THE PIVOTAL TECHNOLOGY IN ADDRESSING THE GRAND CHALLENGES

Seizing the social dividend of AI



CLIMATE CHANGE

- Extreme weather event prediction
- Improving power plant efficiency and reducing emissions



BOOMING URBANIZATION

- Traffic management
- Optimizing essential urban design
- Tracking infrastructure deterioration



CRIME & VIOLENCE

- Bomb detection and deactivation
- Crime detection and prevention



HIGH YOUTH UNEMPLOYMENT

- Inclusive education
- Personalized training programs



HEALTHCARE SERVICES

- Health management and disease diagnosis
- Online medical consultation and health service

CLEARING THE PATH TO AN AI FUTURE

