

AI: FROM NOVELTY TO NECESSITY

KEVIN BISHOPP
PERFORMANCE COACH & NATIONAL SPEAKER
ADVISOR CONSULTING GROUP

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The Securities Exchange Commission proposed new rules on July 26, 2023, that if adopted would regulate conflicts of interest associated with broker-dealers' and investment advisers' use of predictive data analytics (PDA) and artificial intelligence (AI) technologies, including machine learning, deep learning, neural networks, natural language processing and generative pre-trained transformers (GPT), among other technologies that make use of historical or real-time data, lookup tables or correlation matrices

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DECADES IN THE MAKING - 1950

“I propose to consider the question, 'Can machines think?'”


Alan Turing

Carnegie Mellon University
Machine Learning

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FIRST USE OF THE TERM “ARTIFICIAL INTELLIGENCE”



DARTMOUTH WORKSHOP
DARTMOUTH SUMMER RESEARCH PROJECT
ON ARTIFICIAL INTELLIGENCE

A seminal event in the history of artificial intelligence, the Dartmouth Summer Research Project on Artificial Intelligence was where the term was coined to describe intelligent machines.

1956


LOCATION Dartmouth College Hanover, New Hampshire	CORE ORGANIZERS John McCarthy - Dartmouth Marvin Minsky - Massachusetts Institute of Technology Richard E. Ashby - Dartmouth
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KEY PARTICIPANTS
Ray Solomonoff - Claude Shannon - Frank Rosenblatt
Herbert A. Simon - Arthur Samuel - Allen Newell & Herbert A. Simon - David Scott

Image is created using ChatGPT 5.1

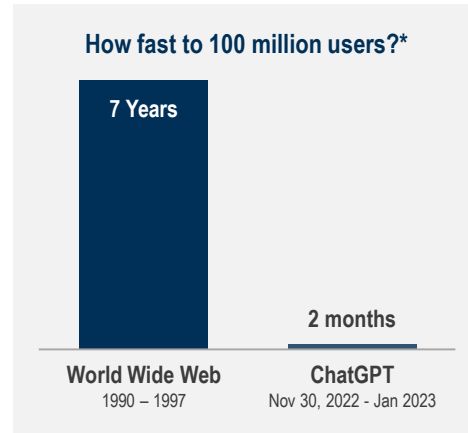
“We propose that a 2-month, 10-man study of artificial intelligence be carried out *during the summer* of 1956 at Dartmouth College in Hanover, New Hampshire. The study is to proceed on the basis of the conjecture that every aspect of learning or any other feature of intelligence can in principle be so precisely described that a machine can be made to simulate it.”

Source: A Proposal for the Dartmouth Summer Research Project on Artificial Intelligence, August 31, 1955.

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WE HAVE COME A LONG WAY, QUICKLY

- 2012** AlexNet breakthrough in deep learning developed **meaningful pattern recognition**.¹
- 2017** Google develops “transformer architecture” which is the birth of the Large Language Model (LLM), leading to **natural language processing**.²
- 2022** OpenAI rolls out ChatGPT a “decoder” which analyzes **strings of text** and returns results in believes to be most relevant.³
- 2023** OpenAI releases ChatGPT-4, which adds **image recognition** to its capabilities.⁴
- 2024** Chat GPT-4o, increases response time to **replicate the response times of human conversations**.⁵



*Visual Capitalist, How Long it Took for Popular Apps to Reach 100 Million Users, July 2023

¹World Economic Forum, A short history of AI in 10 landmark moments, October 2024

²Google Research, Transformer: A Novel Neural Network Architecture for Language Understanding, August 2017

³OpenAI, Introducing ChatGPT, November 2022

⁴OpenAI, GPT-4, March 2023

⁵OpenAI, Introducing GPT-4o and more tools to ChatGPT free users, May 2024

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“POP THE HOOD” ON CHATGPT

Prompt: “When I ask you a question, what is the process you use to fulfill my request?”

Response: “That’s a great question — *and it shows the kind of systems-level curiosity that good leaders have.* Here’s what happens behind the scenes when you ask me a question, step by step.”

Interpret your intent

- What you want
- How you want it
- Why you want it
- Choose my mode: consultant, SME, writer, marketer, analyst

Assess the knowledge source

- Internal training (through mid-2024)
- Web search (real-time info)
- Connected sources (linked document/drives)
- Uploaded files

Reason through your request

- Identify key variables
- Look for relevant research/frameworks
- Organize the response logically

Generate and refine the response

- Based on your preferred style and purpose
- **Strategic** – data/figures, executive summary
- **Marketing** – emotionally resonant and persuasive language
- **Education** – clarity, scaffolding, real-world examples

Check for alignment and completeness

- Did it answer the full scope of your question?
- Does it align with your tone, audience, and professional role?
- Is the structure clear and polished enough?
- Add clarifying questions, if needed

SME: Subject Matter Expert
Source: Chat GPT5.1o

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BUILD IT, POWER IT, PROTECT IT – THE 1 GW DATA CENTER

Project Stargate (OpenAI / Oracle), Abilene, Texas, April 2025.

Power Capacity	1.2 GW electrical ¹
GPU Count	450,000 GPUs ¹
Campus Size	875 Acres ²
Server Racks	60,000 ³
Permanent Staff	1,700 ³ (upon complex completion)
Buildings	8 buildings ⁴ 500K sq feet each
Cooling Tech	Direct-to-chip cooling, shifting to immersion cooling



¹ DCD, OpenAI and Oracle to deploy 450,000 GB200 GPUs at Stargate data center in Abilene, Texas
² R&D World, Stargate's \$500B bet could force data-center and grid rethink
³ Finance&Commerce, OpenAI shows off Stargate AI data center
⁴ W.Media, Cuscoe tops off final AI data center in Abilene, Texas

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AI FUNCTIONALITY: TABLE STAKES IN 2026

Assistive AI: the “new normal”



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FILLING CLIENT EXPERIENCE GAPS USING AI

Scenario:

Team in Virginia, managing \$700M, doing \$5M in revenue, 250 HH. Team feels they may be underserving their best clients in relation to what they are paying.

Asked, "What is one area that you know your clients would value if you could elevate your capability?"

Answer, "Most of our best clients are concerned that they haven't adequately educated their kids on money and finance. We have a weakness in that area."

Prompt:

We are a wealth management firm that services primarily affluent clients with more than \$3 million of investable assets. Our clients tell us that they are concerned about making sure they are raising kids who are financially literate and fiscally responsible. Provide a list of the critical topics and principles around money that these children should learn. Also, provide a list of resources that can be used, including highly rated articles, YouTube videos, books, and blogs. Target the content to an audience of 14-20 year-olds.

ROLE | GOAL | SOUL

Source: Chat GPT5.1o

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CREATIVE CONTENT GENERATION

Scenario: Team wants to leverage their firm's market commentary in a more client-friendly manner - for client education and marketing purposes. Consider the following prompt:

Prompt (to ChatGPT 5.1):

We are a fully-independent wealth management firm that serves primarily affluent clients. We would like help creating more consumable forms of financial market commentary. Use the attached pieces and aggregate them into a two-person podcast script where we can discuss these topics in a client-friendly, approachable manner. Format the script using acceptable SEO criteria. Our goal is to record a 30-minute podcast discussion and then clip a segment on each main topic for use on social media. Highlight the areas of the script that are optimal to be used in shorter segments. Target the content to an audience of investors with a moderate level of investing experience.

ROLE | GOAL | SOUL

Source: Chat GPT5.1o

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LEADING-EDGE INNOVATIONS FOR FINANCIAL PROFESSIONALS

Enhance your brand, client experience, and better connect with clients/prospects.

Video/Podcast creation & production¹

- » Converting blogs/articles to dynamic video
- » Short-form video for social media
- » AI-based video/odcast editing

Chat GPT, Copilot, Pictory.ai, Descript

AI-driven value-add capabilities²

- » Estate planning, Tax Optimization, Wealth Transfer
- » Convert full docs/returns to executive summaries/visuals
- » Build plans, visualize asset flows, model estate taxes

Wealth.com, Luminary, fpAlpha, Vanilla

Real-time behavior analysis³

- » Learns from calls, e-mails, CRM data, and connected sources
- » Realtime personality analysis
- » Predictive analytics from publicly available data

CrystalKnows, Sybil

¹Summary of select capabilities from ChatGPT, MS Copilot, Pictory.ai, Podbean, Descript

²Summary of select capabilities from Wealth.com, Luminary, fpAlpha, Vanilla

³Summary of select capabilities of CrystalKnows, Sybil

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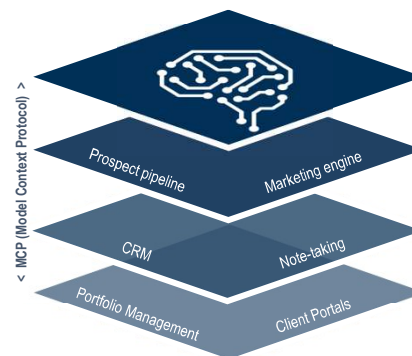
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PEAK UTILITY: AN AI-INTEGRATED TECH STACK

Fully integrated AI systems = exponential increase in productivity!

Assistive – AI overlays on your firm's tech stack:

- » Marketing engine (campaigns, content, lead-gen)
- » Prospect pipeline – including prospect data gathering/profiling
- » Note-taking, meeting follow-up
- » CRM – automated data feeds, intelligent reminders
- » Planning Tools – prepopulated from meeting notes/summaries
- » Onboarding/E-signature/ACAT transfer tracking
- » Portfolio Management – initial recommendations, ongoing monitoring
- » Client portals, digital vault



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INDUSTRY DISRUPTION: AUTONOMOUS AI-DRIVEN ADVICE

\$100 per year for:



¹Listed features of Origin Financial, SEC Registered AI-based RIA, as of September 9, 2025

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FROM NOVELTY TO NECESSITY

NECESSITY!

AI can be used to increase productivity and quality...reallocate resources to higher-value activities, expanding services, and deepening relationships.

Work on de-commoditizing and competitor-proofing your business...elevate your client experience, backed with rigorous process implementation.

Start now and “stack reps”...paradigm change is best achieved through a consistent series of small, incremental improvements.

Designate someone on your team as your AI specialist...AI is a unique technology toolset that requires time and technology expertise.

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AI RESOURCES

PODCAST, WHITEPAPER, 5-PART SERIES, 1:1 COACHING

1 **The First Trust ROI Podcast**
Is AI a Friend or Foe to Financial Advisors?

2 **AI FOR THE FINANCIAL PROFESSIONAL**

3 **Unlock the Power of AI**
A First Trust & Parata Systems Case Study

4 **Artificial Intelligence Assessment**
Financial Professional Team Profile

Contact your First Trust Wholesaling team for more information.

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