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Des Moines Sunday Register

AI ARRIVES

ARE THE ROBOTS COMING FOR YOUR JOB?



Experts say new tech could displace workers in the metro's economy-leading finance sector

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Is AI ready to clock in?

The Des Moines metro depends on finance jobs. Experts say AI could take those jobs away

Kevin Baskins
Des Moines Register | USA TODAY NETWORK

Technology can have a way of steamrolling workers. • History is replete with occupations that vanished as newer, more efficient ways of getting the work done emerged. • Scribes, stagecoach drivers, telephone switchboard operators, horse and buggy manufacturers, harness makers – technology and innovation eventually rendered them all obsolete. Economists call it "creative destruction." • The rise of artificial intelligence has economists speculating that bankers and financiers could be the next occupations relegated to the dustbin of history. • A Citigroup study found that AI has the potential to replace more than 50% of the industry's jobs. • That could be a dire development for Des Moines, which is in the upper echelons of American cities with the largest share of their employment tied to banking and finance. • With companies such as Wells Fargo, Principal Financial, Nationwide, EMC, Athene and Wellmark Blue Cross Blue Shield among its largest employers, the Des Moines metro has more than 53,000 jobs in financial and insurance activities, according to the U.S. Bureau of Labor Statistics.

Thousands more, such as office machine repair technicians, provide support for the industry.

Banking and finance is by far the largest sector of the region's GDP, accounting for 29% of the total market value of all final goods and services produced in the area.

The rise of AI forces the question of whether the Des Moines metro, where employment growth in banking and finance already has been declining, is careening toward a white-collar version of what happened to manufacturing cities such as Cleveland and Detroit in the 1970s and '80s.

And if you're one of the finance workers potentially at risk from AI, the question may become: Should you be considering another line of work?

Big bank CEOs say AI-driven job losses are inevitable

Some of the nation's top bankers have acknowledged AI's likely impact on jobs.

Both Jamie Dimon, CEO of JP Morgan Chase, the largest bank in the U.S., and Charlie Scharf, CEO of Wells Fargo, the largest finance industry employer in the Des Moines metro, have recently predicted AI will eliminate some employment.

"The opportunities that exist in AI are very significant, and anyone who sits here today and says that they don't think they'll have less headcount because of AI either doesn't know what they're talking about or is just not being totally honest about it," Scharf said in November.

Dimon, speaking to CNBC in December, was more blunt, saying AI will eliminate jobs," though he predicted other jobs will emerge at some point to take their place.

Eric Lohmeier, president of NCP, a Des Moines financial firm, said even if the proliferation of AI in the finance industry doesn't bring layoffs, it will slow employment growth.


Lohmeier

Lohmeier told the Des Moines Register that as the volume of his company's business has grown, he's been able to hold steady on headcount, where in the past he likely would have hired more financial analysts.

"What we're finding is those three or four people (employed as analysts) are actually getting more efficient through the use of AI," Lohmeier said. "I will tell you it's definitely slowed our desire to go out and onboard somebody out of the gate, where maybe three or six months ago we would have probably been doing that. ... That's a real-time thing that's happening."

Federal Reserve Chair Jerome Powell said the trend is something policymakers are watching closely.

"You see a significant number of companies either announcing

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Data centers in West Des Moines are seen from the air Jan. 28. Among the burgeoning facilities in the city is one that housed Microsoft's Azure supercomputer, which Open AI used to pioneer its system. PHOTOS BY ZACH BOYDEN-HOLMES/THE REGISTER

Jobs

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that they are not going to be doing much hiring, or actually doing layoffs, and much of the time, they're talking about AI," Powell said Oct. 29.

Is AI a job destroyer – or a source of opportunity (or both)?

But for all the gloomy prognostications, there also are those who see opportunities on the other side of what likely will be uncomfortable changes. AI, they say, will bring increasing employment in the fields of data analysis; data, cloud and AI platform engineering; and compliance and AI governance.

In January, a World Economic Forum report estimated that new technology, alongside other economic and demographic trends, will displace 92 million workers by 2030 but will create 170 million jobs.

Max Learning, ManpowerGroup's head of data science and AI solutions, said in past technological revolutions, "Any efficiency that displaces workers was temporary. If we wind up with a permanent state of displaced, disenfranchised workers with AI, it'll be the first time in human history that has happened."

Some even see AI as a kind of rescuer for finance, an industry with an aging workforce that is shedding employees through natural attrition like retirement.

The U.S. Bureau of Labor Statistics forecasts that the finance and insurance industry stands to lose 400,000 workers to those and related factors through the end of 2026, according to James Lewis, executive director of the Vaughan Institute at the University of Iowa.



Lewis

Lewis said AI could be essential in filling a workforce gap created by baby boomer-generation retirements.

"If we had all of these students that all wanted to jump on board in the insurance industry, we still don't have enough talent. We need AI to actually fill the talent gap in our industry," he said.

A challenge for cities: AI doesn't pay taxes

Of course, even if AI helps companies compensate for personnel gaps, a decline in workforce remains a challenge for local governments: AI doesn't pay taxes.

It's an emerging issue as metro Des Moines cities have seen the once-growing local financial industry trend toward job losses, particularly at Wells Fargo. Once the largest employer in central Iowa, it's now fallen behind West Des Moines-headquartered Hy-Vee.

If those losses accelerate, how will governments cope?

"Just a few years ago... if you're in the insurance industry, you used to have to have a warm body that filled out all the claims information that got automated to apps on phones," said Ryan Moffatt, community and economic development director for West Des Moines.

The city, where Wells Fargo and annuity and retirement services giant Athene have the bulk of their Iowa workers, is developing a new economic development strategic plan, said Moffatt – one that anticipates eventualities such as the need for worker retraining programs and finding strategic uses for excess office space.

> **"If we had all of these students that all wanted to jump on board in the insurance industry, we still don't have enough talent. We need AI to actually fill the talent gap in our industry."**
>
> **James Lewis** executive director of the Vaughan Institute at the University of Iowa

Moffatt said West Des Moines also has been able to add to its tax base through the development of data centers – the city has five finished facilities with another planned. It is partnering with Des Moines Area Community College and Microsoft on a pilot project to develop data center technicians.



Moffatt

One of those data centers, according to Microsoft, houses the Azure supercomputer that OpenAI used to devise ChatGPT, the interactive system that powers Microsoft AI applications, including 365 Copilot.

While individual data centers aren't big employers, they are proliferating as AI demands ever-more computing power, and Iowa with its large share of cheap wind energy has proven to be an attractive location.

Some experts believe AI will create enough new roles to offset job losses, but that could depend on how policymakers and employers react now. Walmart CEO Doug McMillion, speaking at a Harvard Business Review event, said AI will create as many jobs as it replaces if workers are effectively trained, according to Axios.

Darrell West, a Brookings Institution senior fellow at the Center for Technology Innovation, said preparation is essential.

"This is a systemwide transformation that's going to affect large numbers of people," West said. "In the past, when we've had big economic changes, there have been programs to help people make the transition and to get them the skills that they're going to need in order to qualify for new jobs."

Even though the technology may be in its infancy, it is quickly evolving and it is important for companies to get in front of the oncoming wave, said Chris Willis, chief design officer and futurist for Domo, an AI firm based in Utah.

"I think the worst strategy people can have is to wait for AI to happen to you," Willis said.

The potential job loss from AI in the insurance and finance sector is difficult to predict, Creighton University Economist Ernie Goss told the Register.

"Certainly, you're talking about there will be job losses, but there'll be job gains overall. I mean, we heard this about the Internet, you know, it was going to take jobs away. Well, it did, but it added jobs too," Goss said.



Willis

He noted that AI will always provide an answer to a query, but it's not always the right answer and will still need a human element to make that determination.

Willis agreed, saying the hard part of using AI is how to keep human judgment in the process, particularly in highly regulated industries like insurance and finance.

"When the government comes knocking to ask you why did you make this decision, why did you handle this claim this way, saying 'AI made me do it' is not the answer that's going to work," he said.

Trust and accountability 'just something that AI can't replicate'

If AI is the wave of the future, the University of Iowa, Iowa State University and Drake University have launched full-scale efforts to prepare students for that new world.

Lewis took students working with insurance-related AI to London in January to meet with executives at Lloyds of London and Willis Towers Watson, two of the largest insurance firms in the world.

While there, the students presented AI solutions to executives at Willis Towers Watson, Lewis said. He said insurance has been evolving since its invention in London following the Great Fire of 1666 by a crowd that hung out in what was then Lloyd's Coffee House.

"It's always evolved," he said, predicting AI will play an important role in helping the industry find solutions to its talent shortage. "But you have to have people understand how to deploy it and how to do it ethically, strategically."

Kayla Finley is one of the students who was on that London trip. She said she sees AI as not only the road to a rewarding career but also a ticket home after graduation.

A junior at the University of Iowa, Finley is studying finance, economics and risk management as it relates to insurance, an academic background that should allow the 2023 Johnston High School graduate to find a job locally.

Finley said she views AI as a tool that will make employees more efficient, freeing them for more important work.

"I don't necessarily see AI taking over a ton of roles. I see it taking over, more so, tasks. So I think that a college student my age needs to learn how to leverage your skills against AI because AI can do a lot," she said. "But at the end of the day, humans have judgment and trust and accountability, and that's just something that AI can't replicate."

She expressed confidence that humans like her will still be overseeing AI's findings and making the decisions.



Finley

But will there be enough of them to fill the industry's needs?

Using computer programmers as an example, Abram Anders, associate director of the Student Innovation Center at Iowa State University, said reducing entry-level jobs will work on a short-term basis but create a longer-term concern.

Abrams said that with the assistance of AI, upper and mid-level programmers become much more productive, reducing the need for new workers, but a question arises about who will replace them when there are no junior workers learning the necessary skills?

"You will never fully do away with the need for a person, a human as manager of the AI, and most humans need a lot of skill and expertise in order to do that effectively and they can only gain that through having had a career," Abrams said.

He said research shows that AI will make some skills more valuable and some less valuable.

"So things AI can do really well, we need less of that, and things AI struggles with, we need more of that. And a lot of it's about interpersonal skills and understanding situations and making good judgments about strategic choices that are not just data-driven but are, you know, human and situation-driven as well," he said.



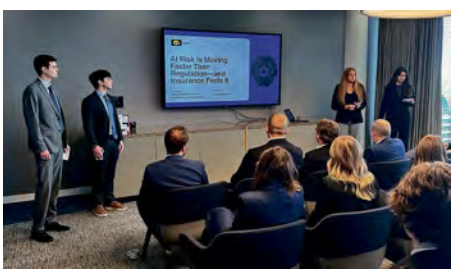
Anders

Those interviewed by the Register say it's too soon to say how AI will ultimately affect the workplace and to what extent.

"Some of the studies that I've seen have shown that we really won't know the impacts of AI on employment for, you know, maybe another five years or so," said Moffatt, the West Des Moines economic development director.

USA TODAY contributed.

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University of Iowa students Michael Wise, senior, Davenport, Daniel Bartuch, junior,Chicago, Kyla Finley, junior, Johnston, and Stephanie Trirrito, senior, Chicago recently presented AI applications to executives of Willis Towers Watson in London. PHOTO PROVIDED BY JAMES LEWIS/UNIVERSITY OF IOWA