

# Exposing Human Stupidity - AI Boom

---

‡ [discover.hubpages.com/technology/unmasking-foolly-the-ai-boom-and-the-exposed-ignorance-of-investors](https://discover.hubpages.com/technology/unmasking-foolly-the-ai-boom-and-the-exposed-ignorance-of-investors)

Anuraj Singh

- [Anuraj Singh](#)
- May 22, 2023

## Introduction

---

The development of artificial intelligence (AI) has experienced an extraordinary surge in recent years. AI has drawn the attention of investors all around the world with its promises of revolutionary technology and profitable business possibilities. The AI boom has exposed the inherent stupidity and inexperience of many investors, which is a worrying fact that lurks underlying the appeal of this technological revolution. In this essay, we will examine the causes of this phenomena and the potential repercussions of ignoring important factors in the landscape of AI investment.

For instance there have been various cases of hyped-up AI firms claiming revolutionary improvements in natural language processing. Which led to investors investing millions of dollars in the company despite the lack of a sound business plan and a workable technology because of exaggerated claims and marketing hype. As the facts come to light, it becomes clear that the company's technology fell well short of what had been promised, resulting in severe financial losses for investors who had neglected to perform enough due diligence and had instead fallen for the hype around artificial intelligence. This illustration shows how poor investment decisions can be the consequence of ignorance and a lack of critical thinking. Case in point Theranos, a seemingly credible investment at the time which had been lying and faking results to show the media incorrect results which no one thought to fact check for years.

## The Hype and Illusion of Expertise

---

A market frenzy has resulted from the quick development of AI, with investors eager to join the trend. This zeal, though, frequently masks a dearth of actual knowledge and experience in the subject. Many investors are seduced by hyped-up claims and buzzwords without fully understanding the complexities and limitations of AI technologies. Due of their fictitious knowledge, they are more susceptible to false information and poor financial judgement.

## The Dangers of Overvaluation

---

The firms in this industry have been overvalued as a result of the AI boom. Significant investments are being made in both startups and existing businesses, frequently on the basis of speculative promises rather than concrete groundwork. A bubble may form as a result of this unjustified overconfidence and burst when reality settles in. Investors put themselves at tremendous financial risk by neglecting to undertake sufficient due diligence because they are driven by a fear of losing out.

## **The Lack of Regulatory Frameworks**

---

With its enormous promise, AI also poses ethical and legal difficulties. Investors are vulnerable to unanticipated legal and ethical difficulties since the AI business lacks complete and current laws. Failure to take these concerns into consideration can lead to expensive legal disputes, reputational harm, and even regulatory retribution. Investors run the danger of serious financial and legal repercussions if they don't understand the possible hazards linked with AI technology.

Investors are at tremendous risk since there are no comprehensive regulatory frameworks for artificial intelligence (AI) in the United States. The absence of clear laws exposes investors to legal, ethical, and financial risks as AI technology spread quickly across many industries. Let's use autonomous cars as an example to demonstrate this idea.

Autonomous cars are a ground-breaking use of AI that might boost efficiency and improve road safety. However, in the absence of strong rules, investors seeking to profit from this developing sector can ignore important factors. Liability, safety requirements, and data privacy can all be subject to uncertainty in the lack of defined rules.

Using a hypothetical American AI business that creates software for autonomous vehicles as an example. The possibility of upending the transport sector may entice investors to make substantial investments in the business. However, in the absence of thorough legislation governing autonomous cars, the company's technology could be insufficient in terms of data privacy, safety, or ethical considerations.

Investors have a difficult time evaluating the risks and possible liabilities involved with autonomous cars due to the lack of legal frameworks. Complex legal issues, such as defining who is responsible and liable for an accident involving an autonomous vehicle's AI system, the manufacturer, and the human driver, might arise.

In the lack of clear laws, lengthy legal disputes may arise, harming the financial prospects of both investors and businesses in the autonomous car sector.

In addition, the potential of inconsistent safety standards among various manufacturers of autonomous vehicles exists in the absence of defined laws. Consistent regulations might prevent interoperability and limit the adoption of autonomous cars, which would undermine investor faith in the market's potential for expansion.

It is critical for the United States to build thorough and modern regulatory frameworks for AI, particularly in the context of autonomous cars, in order to reduce these hazards. Investors will benefit from a more predictable and stable environment in which to make wise judgements if there are clear criteria covering safety requirements, data protection, liability frameworks, and ethical issues.

## **Navigating the AI Investment Landscape**

---

Investors must be proactive if they want to effectively traverse the AI investing environment and avoid being a victim of their own ignorance. This entails gaining a thorough grasp of AI technology, assessing claims and predictions critically, consulting an expert, and carrying out meticulous due diligence. Additionally, continuing education and keeping up with the rapidly changing AI field will enable investors to make wise choices.

A multidisciplinary approach and careful analysis are needed to navigate the AI investment environment. For instance, a potential investor looking at AI-driven healthcare firms must assess not just the technology's effectiveness but also its moral and legal standing. One such is a VC who financed a potential AI-driven medical diagnostics business. They did not, however, fully evaluate the legal and regulatory environment, which resulted to delays and fines for not abiding by data protection laws. This illustration emphasises the significance of comprehensive due diligence, which takes into account legal, ethical, and regulatory considerations in order to make wise judgements in the complex AI investment landscape.

## **The Importance of Diverse Skill Sets**

---

AI investment need a multidisciplinary strategy. Data scientists and technicians are not the only ones who can use it. A thorough understanding of the underlying technology is necessary for a successful investment plan in this area, as is a comprehension of the dynamics of the industry, moral issues, and long-term effects. The fact that investors ignore these critical factors demonstrates their innate ignorance in failing to understand the complexity of the AI ecosystem.

The creation of self-driving automobiles is one potent illustration illustrating the significance of varied skill sets in the context of AI. A multidisciplinary approach is necessary for a successful adoption of self-driving technology, even though technical proficiency in AI algorithms and machine learning is essential. It is crucial to have engineers that are familiar with robotics, mechanical design, sensor technologies, cybersecurity, and legal frameworks. Any of these areas that are neglected might result in crucial errors or gaps during the development process, which could jeopardise consumer safety and regulatory compliance. This illustration shows how a variety of skill sets help to fully comprehend and realise challenging AI initiatives like self-driving automobiles.

## **Conclusion**

---

The AI surge offers investors a wealth of options, but it also highlights their inexperience and foolishness. Blindly following the hype without having a clear knowledge of AI technology, ignoring important considerations, and skipping thorough due diligence might have serious repercussions. Investors must overcome their ignorance, adopt a multidisciplinary approach, and base their judgements on a thorough knowledge of the area if they want to succeed in the AI investing environment. They won't be able to manage the AI boom or expose the foolishness that jeopardises their financial success until then.

## **Free kindle book**

---

© 2023 Anuraj Singh