2 Artificial Intelligence Stocks to Buy This Spring

Description

According to the consultancy firm Element AI, Canada has the third-largest artificial intelligence talent pool in the world. In early February, we looked at several companies that are utilizing artificial intelligence (AI), even in early development stages, to bolster future growth. Two of those stocks, **Shopify Inc.** (TSX:SHOP)(NYSE:SHOP) and **Kinaxis Inc.** (TSX:KXS), have posted double-digit gains so far in 2018.

In a recent report, it was revealed that the U.S.-based software and services company Palantir had been using the city of New Orleans to test its predictive policing technology. The company provided software that traced ties to gang members, analyzed social media activity, and even projected the likelihood of an individual committing violent crime. The program began in 2012, and its contract extension expired on February 21, 2018.

Over the past decade Palantir has patented a so-called crime forecasting system and even sold software to intelligence services in overseas governments. Needless to say, the revelation of its activity in New Orleans was controversial. It is representative of a larger debate of the ethical considerations surrounding AI and how public and private entities should proceed with its use going forward.

In 2017, the federal budget in Canada included $125 million for a pan-Canadian Artificial Intelligence Strategy. Global Affairs Canada is currently leading a collaboration with universities across the country to develop a broad look at AI development and its implications for human rights. Palantir's crime forecasting was the subject of criticism by some in the U.S. for succumbing to race-based discrimination.

Today, we will look at two Canadian companies that are developing AI in the financial services sector.

NexJ Systems Inc. (TSX:NXJ)

NexJ is a Toronto-based company that provides cloud-based software solutions to the financial services and insurances industries. NexJ stock has dropped 6.3% in 2018 as of close on March 20.

NexJ Customer Data Analytics & Intelligence (CDAi) is an analytics pre-processor has emerged as an

AI offering at the company that could lead to explosive growth going forward. CDAi allows companies to create a complete view of customer data and utilize it for a variety of different projects. The company has stated that CDAi will enable firms to "continually provide up-to-date data to machine learning to refine processes."

In 2017, NexJ reported year over year declines in revenue, earnings, and adjusted EBITDA. However, its CDAi offering alone is reason to monitor NexJ going forward.

Toronto-Dominion Bank (TSX:TD)(NYSE:TD)

TD Bank stock has climbed 3.6% in 2018 thus far. Canadian banks have mirrored firms around the world in exploring AI's ability to add real value in capital markets. Other banks have also started to deploy robo-advisor offerings to retail customers as passive investing in the form of ETFs and index funds becomes increasingly popular.

In January, TD Bank acquired the AI startup Layer 6 for an undisclosed amount. Layer 6, which was founded in Toronto, seeks to predict customer behaviour and needs. In October 2017, TD Bank announced an agreement with U.S.-based Kasisto to integrate its chatbot program into TD's mobile banking application. The AI research race is well underway between Canadian banks, and TD Bank has already established itself as a significant player.

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4. TSX:NXJ (NexJ Systems)
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