

Abstract:**Banking and Credit Market Competition with AI and Cryptocurrencies (Joint work with Tamas Vadasz, KU Leuven)**

We study the impact of AI and cryptocurrencies on consumer surplus in banking, on the price of credit, and on the price of checking accounts. We solve a competition model of banking and credit which includes client naivety, heterogeneous client risk, and imperfect risk screening. These features, together, can explain the international pattern of banking costs. In countries where free accounts are prevalent (eg US/UK) both better AI and more crypto use lower consumer surplus, while reducing the amount of naivety improves consumer surplus. Where free-banking is not prevalent (e.g. France/Germany), only one of these three results holds.