# *The Next Financial Crisis?*
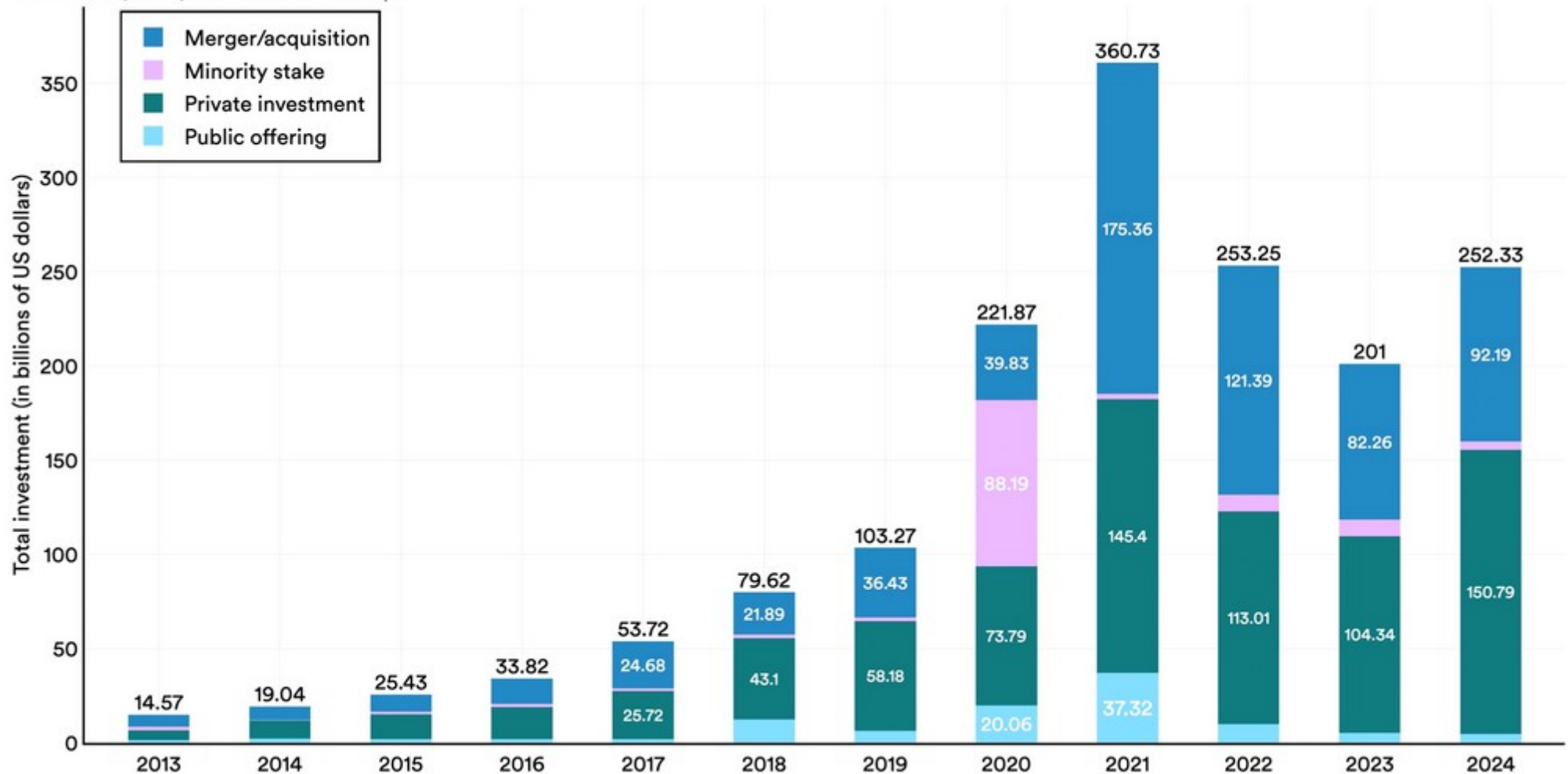## *A look at the AI investment bubble and Cryptocurrency risks*

*Dr David Rees November 2025*

# The AI Bubble

- The global AI market size was about $233–252 billion in 2024



**Global corporate investment in AI by investment activity, 2013–24**
Source: Quid, 2024 | Chart: 2025 AI Index report

- One UNCTAD report projects the AI market to surge from $189 billion in 2023 to about $4.8 trillion by 2033 – roughly a 25× increase in a decade
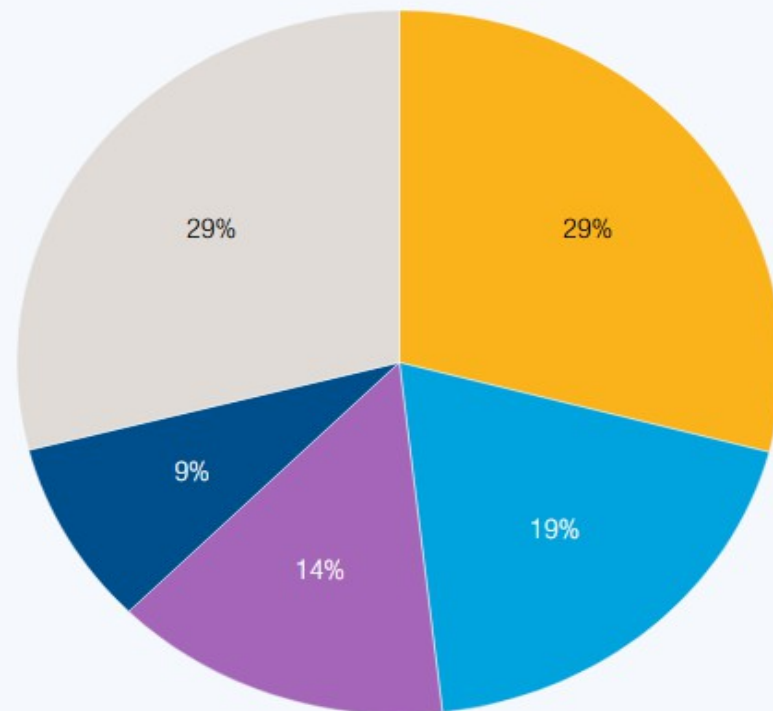


**AI takeover: Share of frontier tech market could quadruple by 2033**

Estimated frontier technology market size and share of selected technologies, 2023 and 2033

Legend: Artificial intelligence · Internet of things · Blockchain · Electric vehicles · Solar photovoltaic · Other

2023 — $2.5tn
- 7%
- 34%
- 7%
- 15%
- 36%
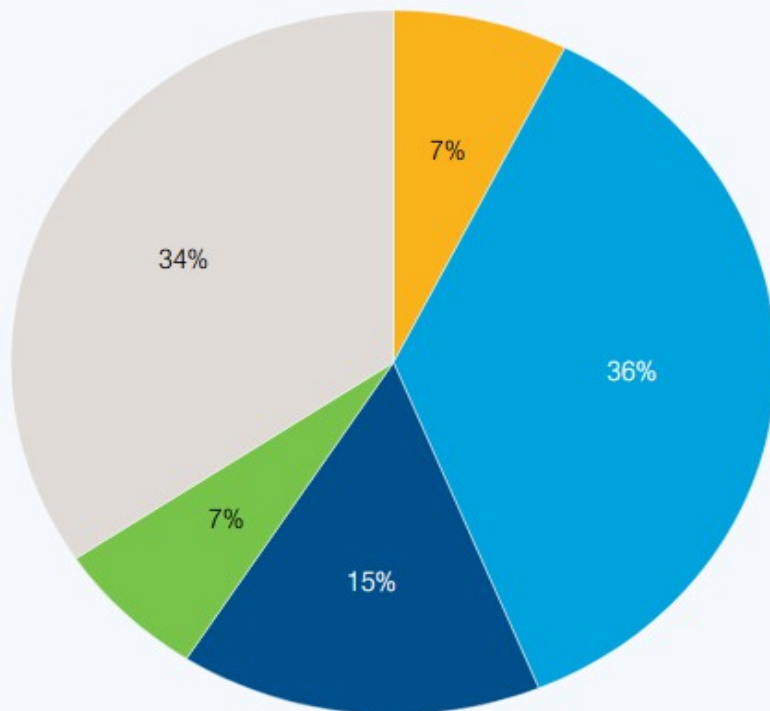
2033 — $16.4tn
- 29%
- 29%
- 9%
- 14%
- 19%

Source: UN Trade and Development (UNCTAD) based on various online market research reports.
Note: Market size data capture the revenue generated by the sales of products and services. The graphs show the top four of 17 frontier technologies by market share for each year. The remaining 13 are grouped under "other".

The European Central Bank (ECB) recently warned that valuations of major US tech/AI names (Nvidia, Alphabet, Microsoft, Meta, etc.) look "stretched" and driven by FOMO (Fear Of Missing Out). NB. FOLE – Fear Of Losing Everything

US equities    ( + Add to myFT )

# 'Fomo' is driving 'stretched' US tech valuations, ECB warns

Central bank says 'negative surprises', including worries over Fed independence, could trigger market correction

A synthesis for the European Systemic Risk Board notes recurring worries about AI for financial stability: herding (everyone using similar models), model opacity, cyber risk, and supplier concentration (a few big cloud/AI providers).



NVIDIA Corp (NVD  99 Ask ChatGPT

**$177.82**

+$177.43 (+45060.63%) Max
$175.26 -$2.56 (-1.44%) Pre-Market

| 1D | 5D | 1M | 6M | YTD | 1Y | 5Y | **MAX** |

That widget shows live prices for Nvidia (as a rough "↓ ardware/compute" proxy) and an AI/robotics ETF (BOTZ).

# Crypto Currencies

**Size & volatility**

Crypto-asset valuations hit a new all-time high in 2024, with total market cap around $3.7 trillion at the peak, per the ECB

boom–bust cycles over the last decade.

Bitcoin (BTC)

## $86,993.00

+$86,878.84 (+76105.37%) Max

| 1D | 5D | 1M | 6M | YTD | 1Y | 5Y | **MAX** |

# Stable Coins versus Regular Crypto

**Stablecoins**

Stablecoins are cryptocurrencies designed to keep a stable value, usually pegged to something like:

US Dollar (most common), Euro, Gold or other commodities

**Fiat-backed (most common)**

Backed 1:1 by real-world assets (banks or Treasuries).
Examples: USDT (Tether - video), USDC (Circle - video)

**Algorhythmic (riskier)**

Uses algorithms + market incentives instead of reserves.
Example: UST (Terra/Luna) (collapsed in 2022 - video)

# Stable Coins versus Regular Crypto

## Regular Cryptocurrency

These are non-stable crypto assets with floating prices driven by supply, demand, speculation, and sentiment.

**Examples:**

Bitcoin(BTC)

Ethereum (ETH)

Solana (SOL)

Dogecoin (DOGE)

# 🆚 Stablecoins vs. Other Crypto (Side-by-Side)

| Feature | Stablecoins | Regular Crypto |
|---|---|---|
| Price behavior | ~Stable at $1 | Highly volatile |
| Backed by assets? | Often yes (fiat or crypto) | Typically no |
| Main purpose | Payments, trading, saving | Investment, speculation, staking, decentralized apps |
| Risk level | Lower (depends on reserves!) | High |
| Examples | USDT, USDC, DAI | BTC, ETH, SOL, DOGE |
| Peg | Yes | No |
| Regulation | Increasingly regulated | Less regulated |

*China moving into Stable Coins. Video*

To be completed later