

Greed Eats Brains – Again. How the AI ABS Craze Repeats the Mistakes of 2008

When innovation meets financial amnesia, risk becomes systemic.

The new gold rush: AI infrastructure

Once again, Wall Street is chasing a gold rush — this time called *artificial intelligence*. The Big Six tech giants are racing to expand their data centers, and the cost of that expansion is enormous.

But instead of carrying this debt on their balance sheets, they've discovered an elegant workaround: **off-balance financing through Asset-Backed Securities (ABS)**.

Essentially, they are **securitizing the rental income** from their hyperscale data centers and selling it to investors — wrapping future cash flows into bonds that promise stability, yield, and innovation all at once.

From consumer credit to corporate opacity

The irony? ABS were never designed for this. When they were introduced in the 1980s, they were a smart tool to refinance *diversified* consumer loans — mortgages, car loans, credit cards. Thousands of small, statistically predictable exposures, spread across households and geographies.

Now, the model has flipped. Today's AI ABS structures are **concentrated bets**: one sector, one tenant, one hype cycle. The underlying assets are massive data centers with **unproven long-term economics** — dependent on a single client's ability to keep paying astronomical rents in a volatile, energy-intensive industry.

This is not diversification. It's financial tunnel vision.

Déjà vu: 2008 in the cloud

We've seen this movie before — it was called *2008*. Back then, the problem wasn't that the math was wrong. It was that the assumptions were wrong.

Complex structures gave investors the illusion of safety — until the illusion collapsed. The same pattern is emerging now:

- Opaque risk modeling
- Overreliance on credit ratings
- Herd mentality ("Everyone's doing it — it must be safe.")

The only difference? This time, the assets are in the cloud — not in people's homes.

The return of the 'Greed Eats Brains' mindset

Everyone wants a piece of the AI boom. Pension funds, sovereign wealth funds, insurance companies — all chasing yield in a world of shrinking spreads. But let's be honest: this isn't innovation. It's **financial engineering in hype clothing**.

Once again, *Greed is eating brains*. We're forgetting why prudent structuring mattered in the first place — because the next systemic shock always looks innovative before it breaks.

Conclusion: When clouds turn into storms

AI is transformative. But financing its infrastructure through complex, concentrated debt instruments is not a revolution — it's a relapse.

If investors don't start asking the uncomfortable questions now, history will repeat itself — not because we didn't know better, but because we didn't want to.

Because sometimes, the smartest move in finance isn't chasing the future. It's remembering the past.

What's your view?

Are today's AI-backed securities the next subprime bubble — or just the price of innovation?

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