

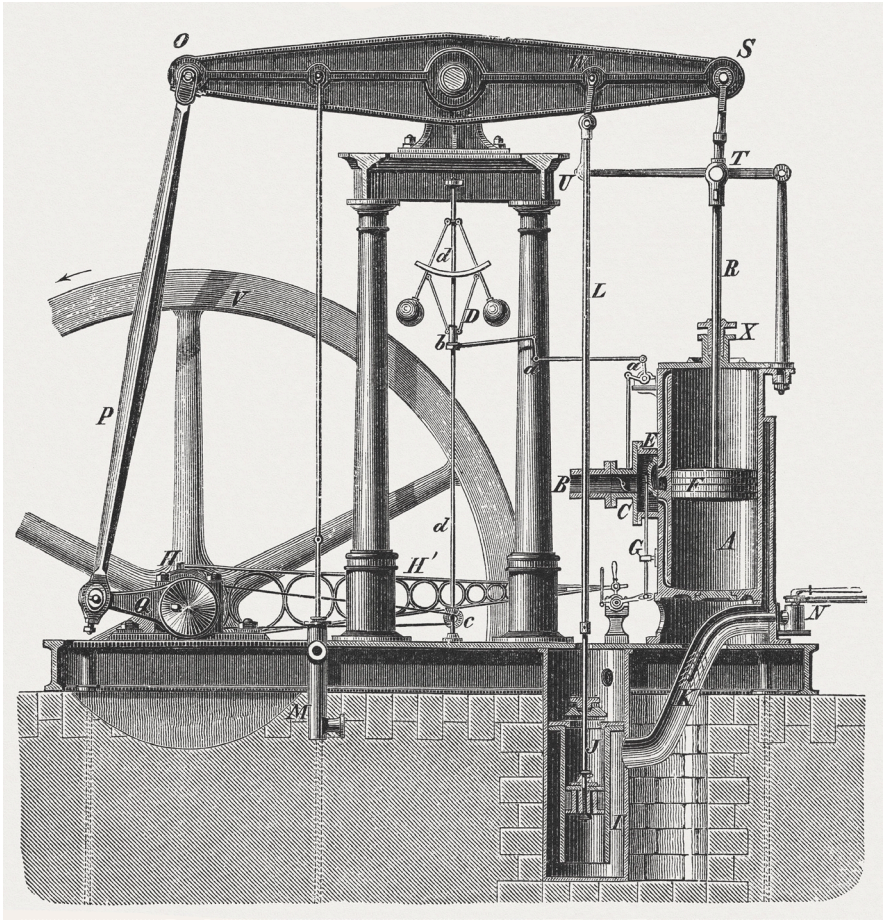
The global market for AI services

Jon Frost, Head of Innovation and the Digital Economy, Bank for International Settlements (BIS)*

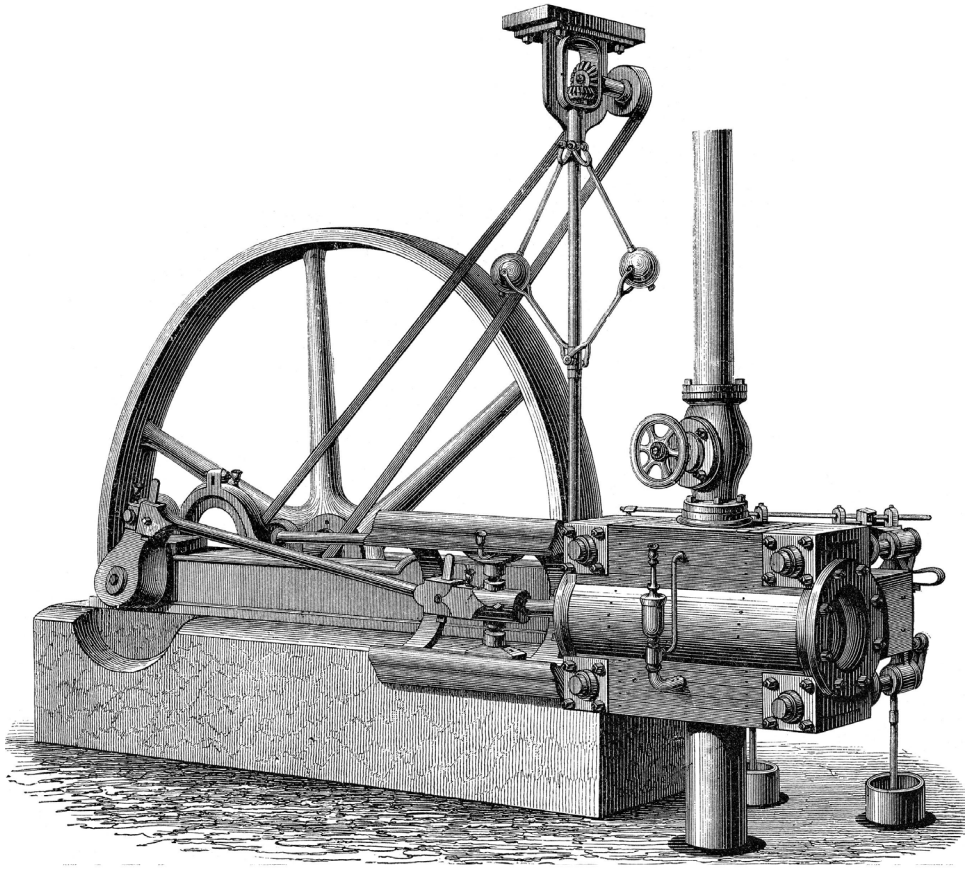
BoF / FSA seminar on the Impact of AI on Economy, Finance and Supervision, 11 November 2026

*The views are those of the authors and not necessarily the Bank for International Settlements (BIS).

Artificial intelligence (AI) as a general-purpose technology



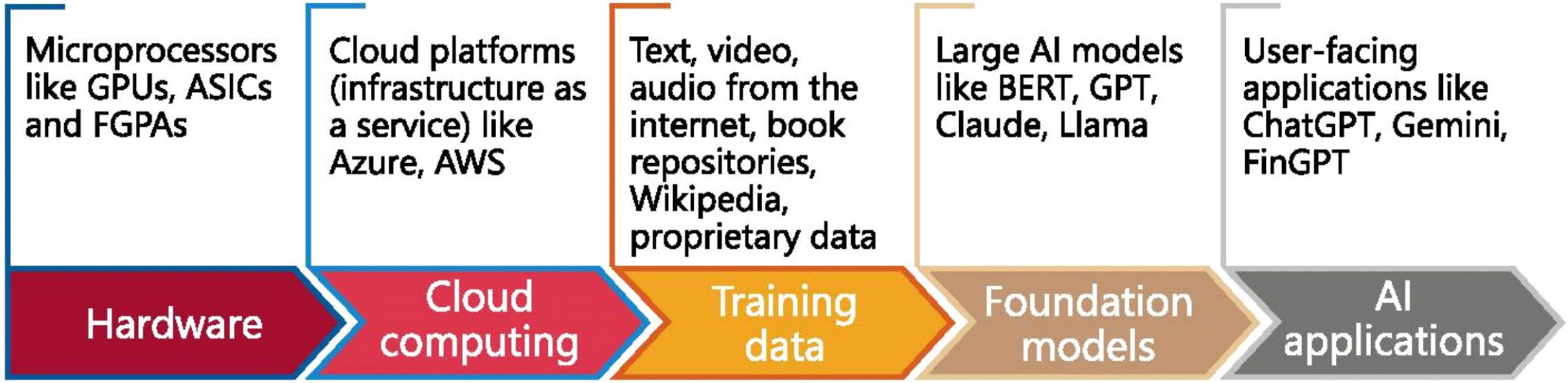
James Watt piston engine, 1775



Corliss steam engine, 1849

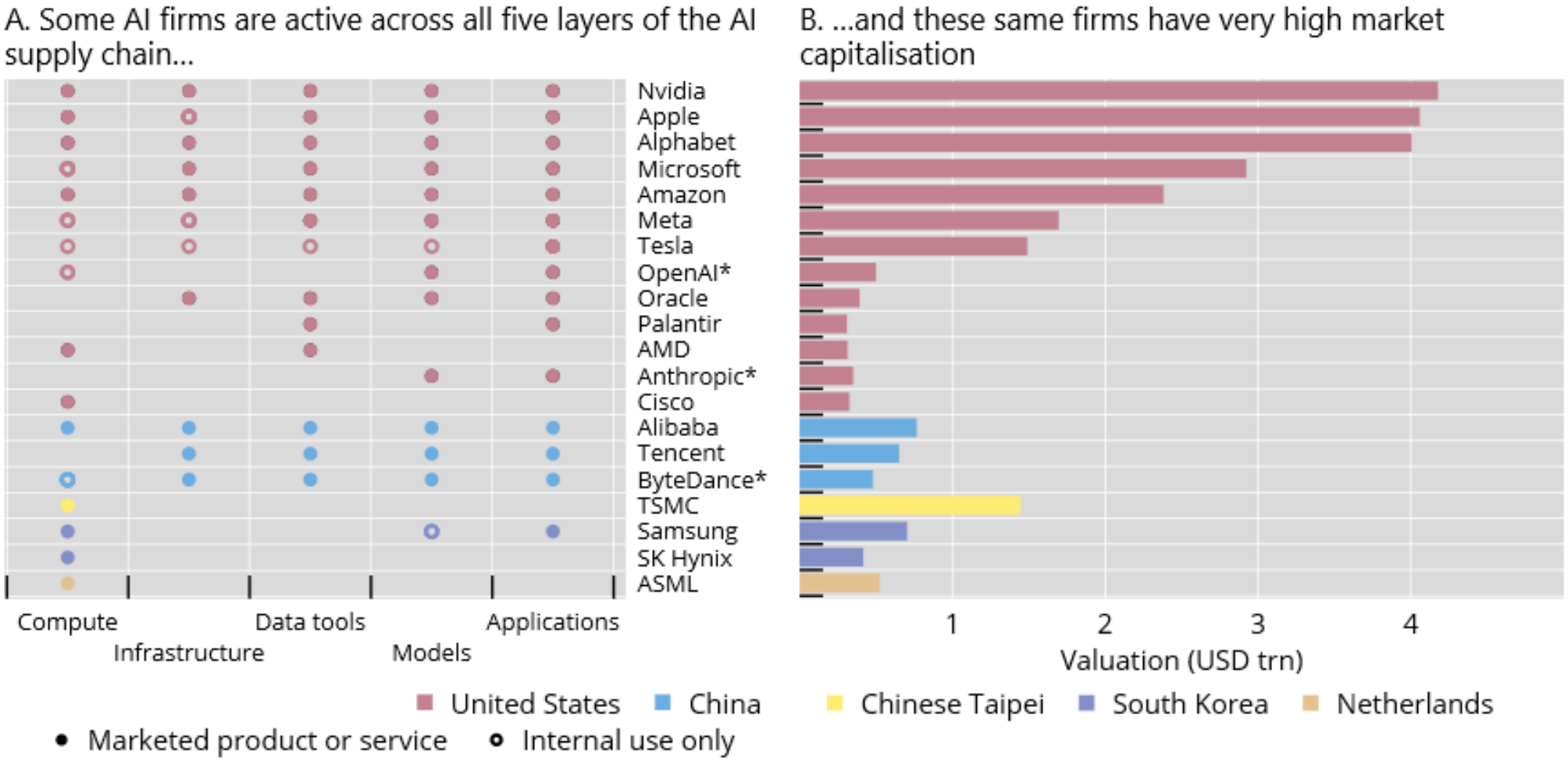
Image source: Popular Mechanics and Getty Images

AI is not one market, but a complex supply chain with at least five layers



Source: Gambacorta and Shreeti (2026)

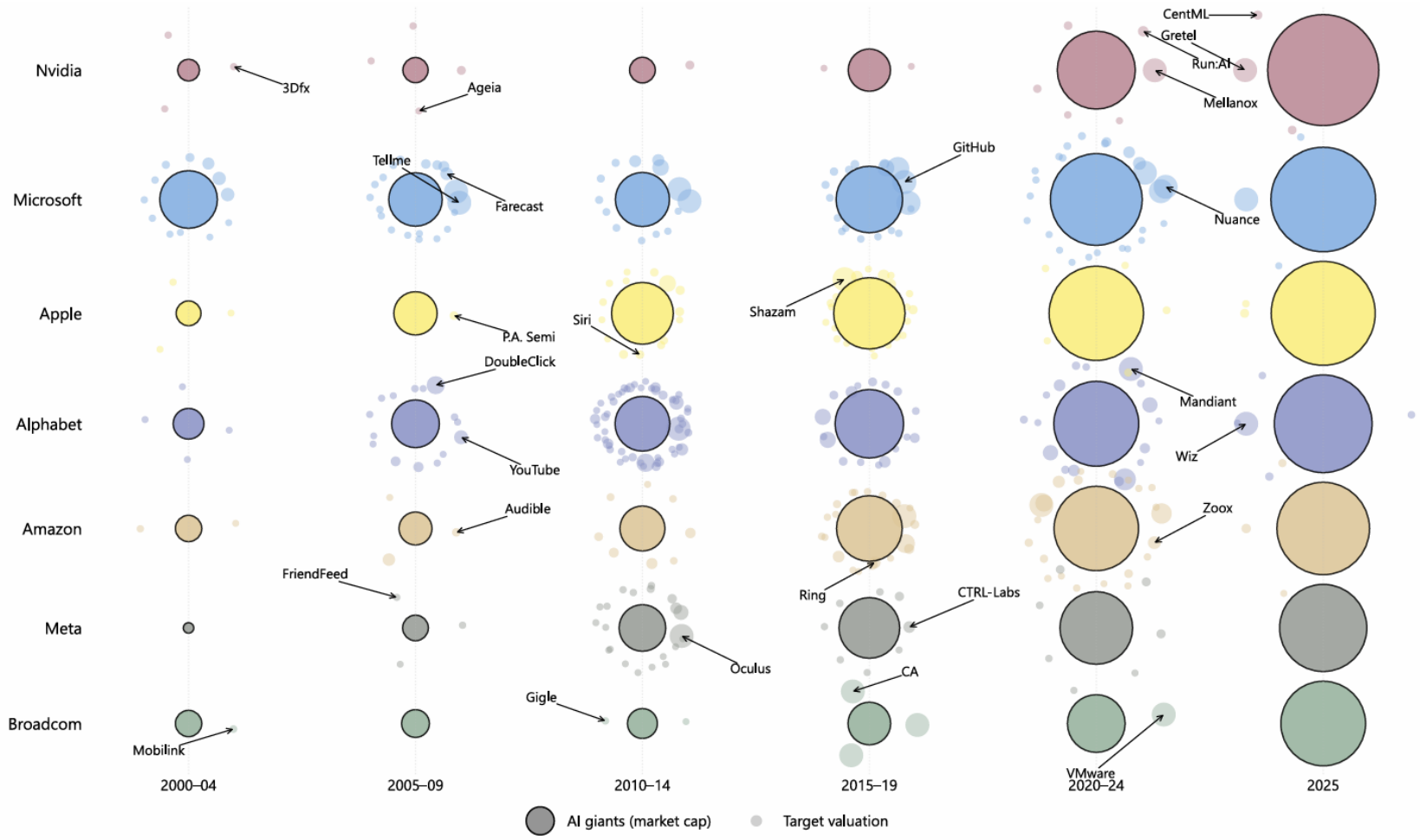
At the top of global AI markets, scope and scale go together



[1] Valuations are in USD and rounded. Jurisdiction in the legend refers to headquarters location. If a firm both sells and uses a capability internally, it is coded as marketed. Valuations are whole-firm and are not allocated across layers. * = privately held firm.

Source: Frost et al (2026a)

AI giants have grown both organically and through acquisitions

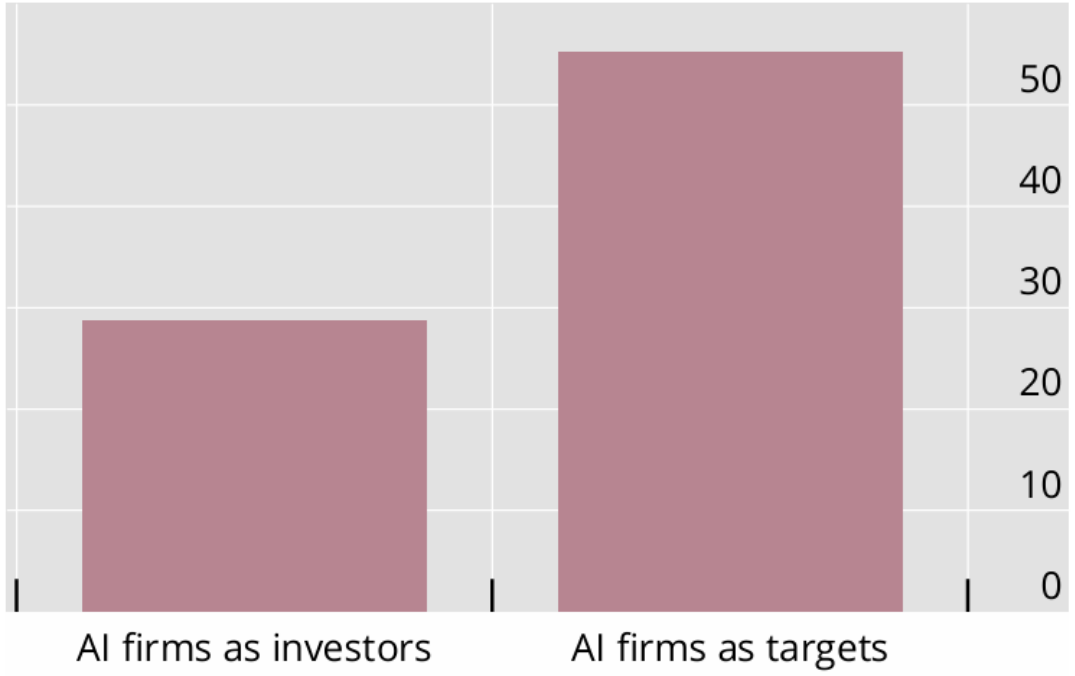


[1] Selected US-based AI firms in descending order by 2025 market cap. Circle size is proportional to the market cap of AI giants (planets) and value of targets (satellites) at the time of an M&A deal, in current US dollars. Data on deals for 2025 are provisional and incomplete. The cited data have not been reviewed by PitchBook analysts and may be inconsistent with PitchBook methodology.

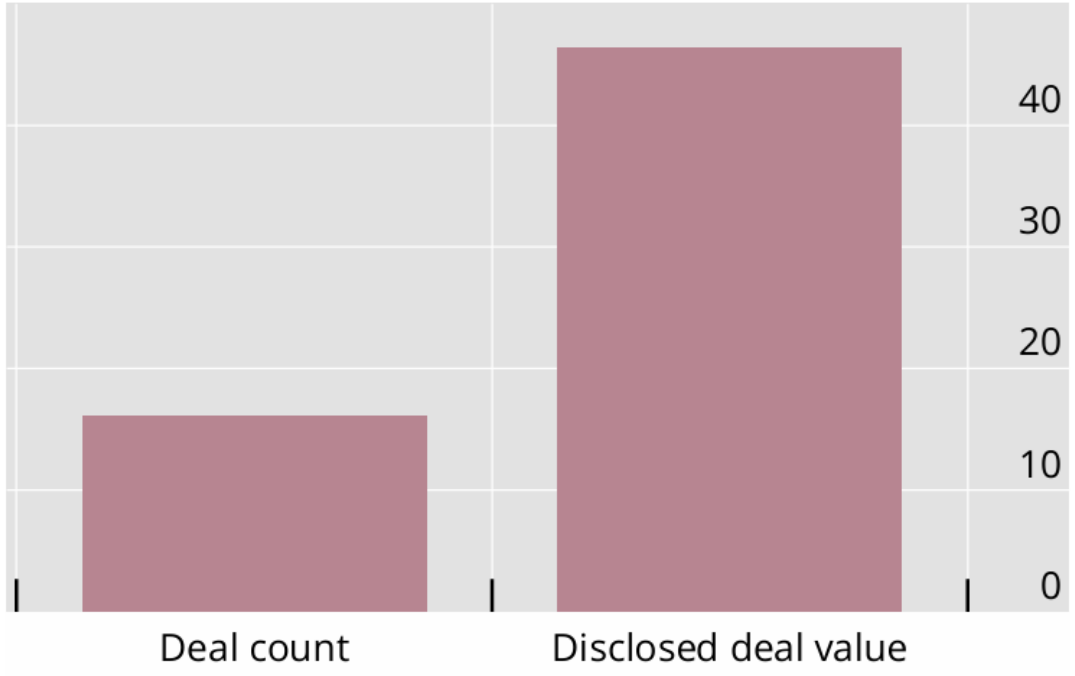
Source: Frost et al (2026b)

Investment relationships among AI firms

A. AI-to-AI share of deals (by value)[1]



B. Circular deals as a share of AI-to-AI deals[2]



[1] For AI firms as investors, the share of disclosed value of AI-to-AI deals relative to all deals in which AI firms invest. For AI firms as targets, the share of disclosed deal value of AI-to-AI deals relative to all deals in which AI firms receive investment. [2] Circular AI-to-AI deals as a share of all AI-to-AI deals, by deal count and disclosed deal value. An AI-to-AI deal is circular when at least one AI investor in the deal also has a commercial relationship with the AI target during 2021–25. Deals involving multiple AI investors enter the calculations once; if any one of them meets the circularity condition, the deal is classified as circular and its full disclosed value is included. Deal values represent the full financing deal or round rather than individual investors' contributions. The cited data have not been reviewed by PitchBook analysts and may be inconsistent with PitchBook methodology.

Source: Frost et al (2026b)

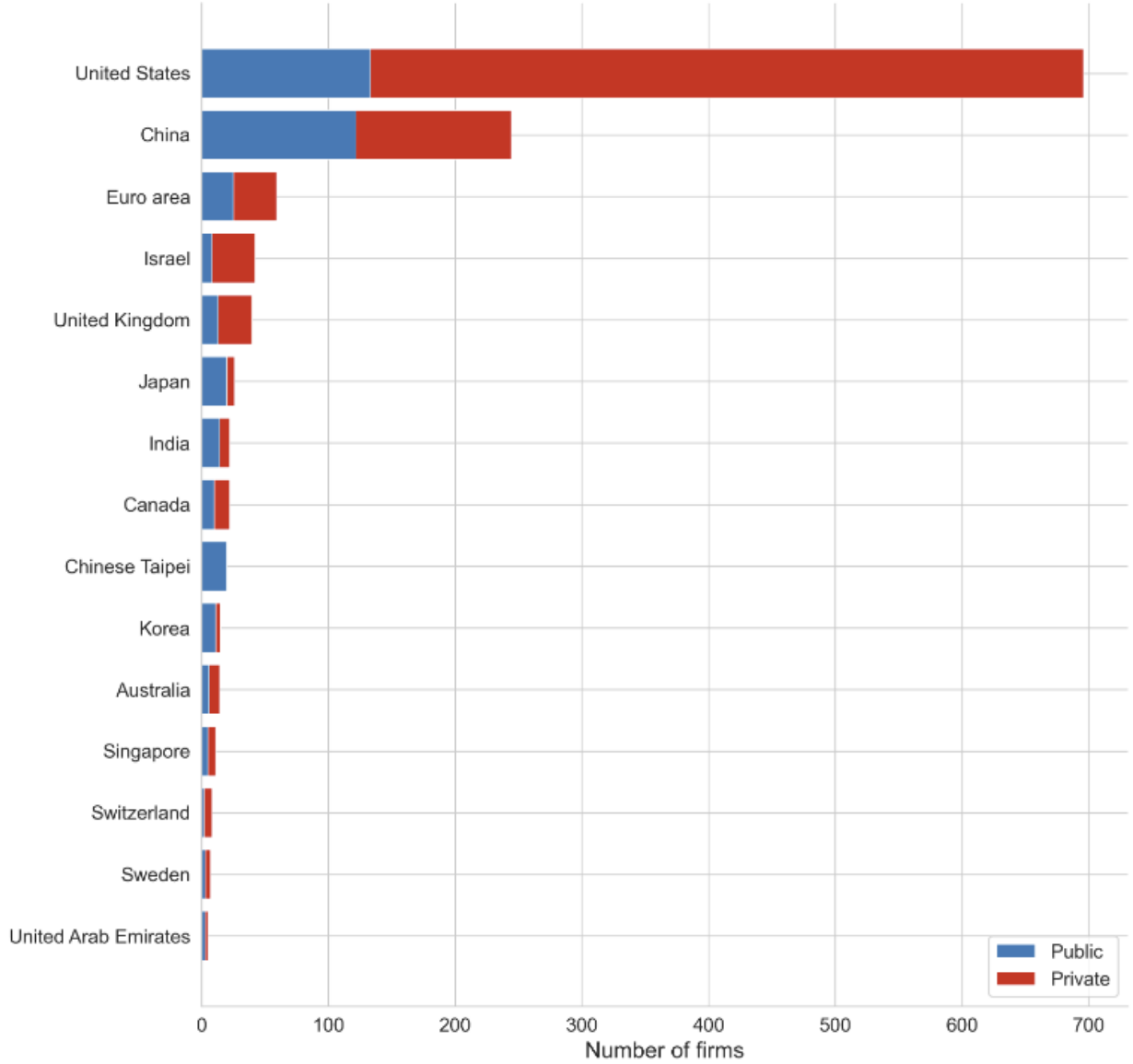
Circular relationships by supply chain layer



Most circular investments start upstream: 73% come from firms that supply compute or cloud infrastructure, where inputs are scarce and specialised.

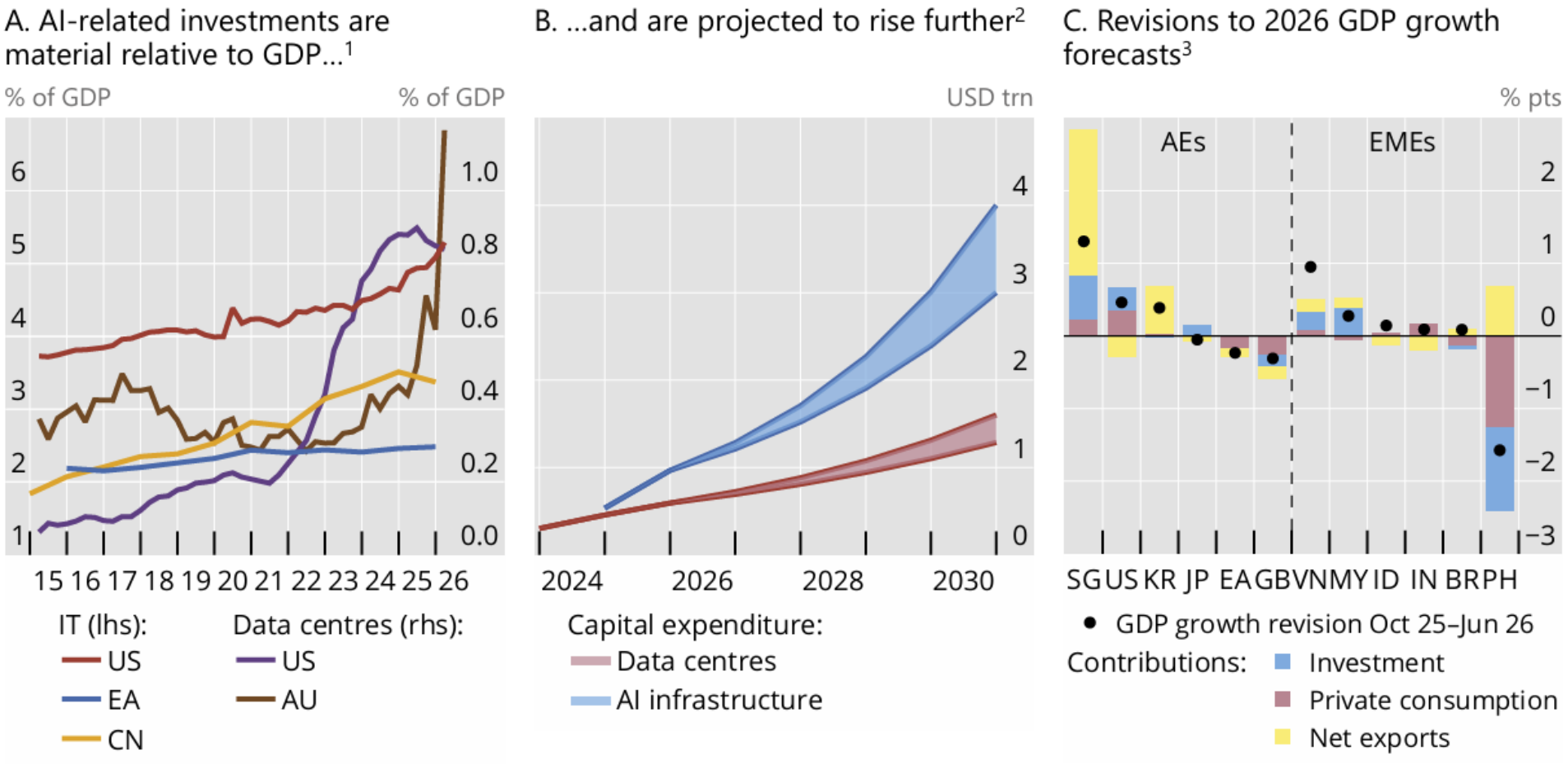
Source: Frost et al (2026b)

There is extreme geographic concentration for both public and private AI firms



Source: Rishabh and Shreeti (2026)

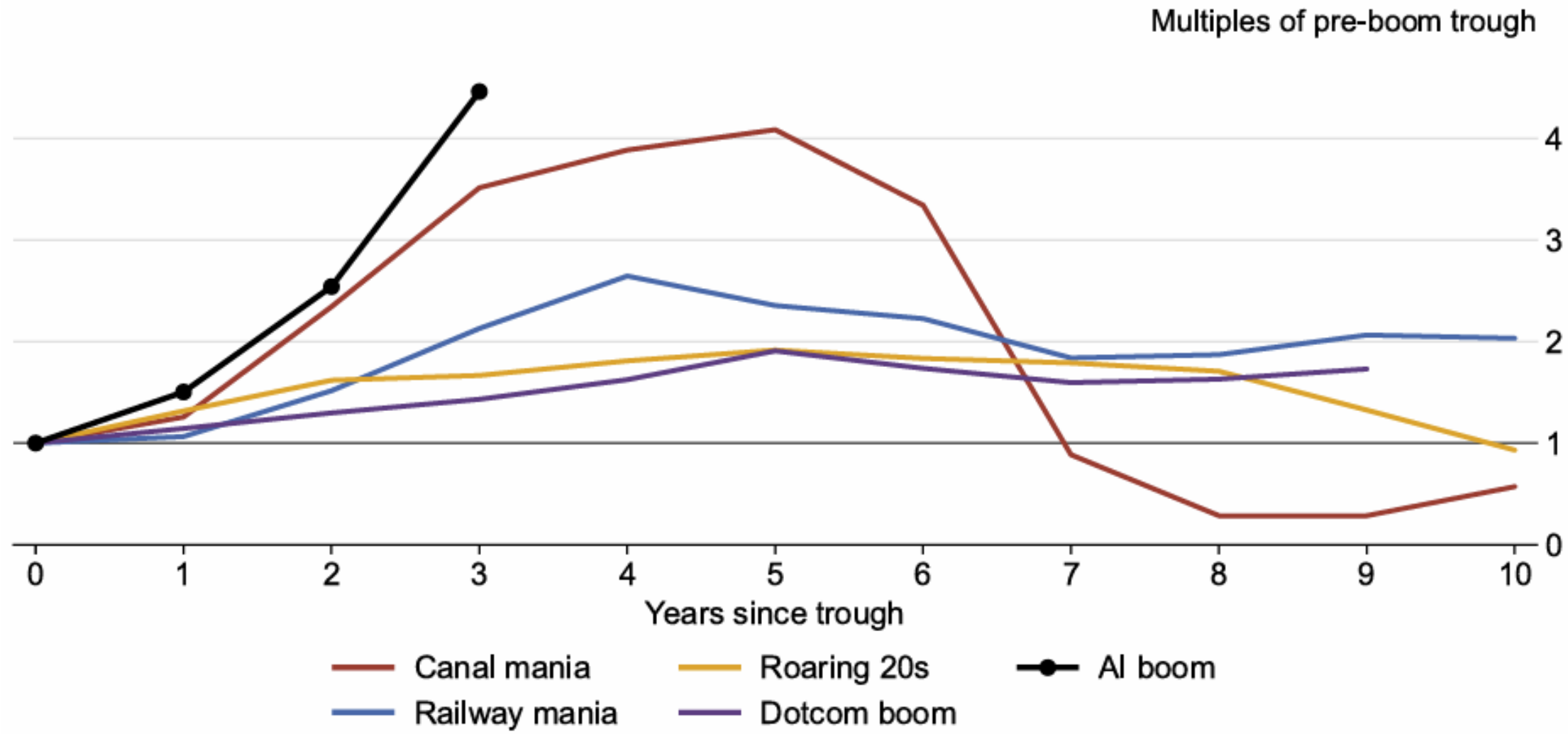
As AI firms grow rapidly, AI-related investments are macro-relevant



[1] For EA, estimates for 2025. See the online annex for details. [2] Projections are for global spending on AI infrastructure and data centres. See the online annex for details. [3] Revisions to 2026 GDP growth forecasts and the contributions of some GDP components. Forecasts are displayed by publication month; survey cutoff precedes this by several weeks.

Source: Aldasoro et al (2026)

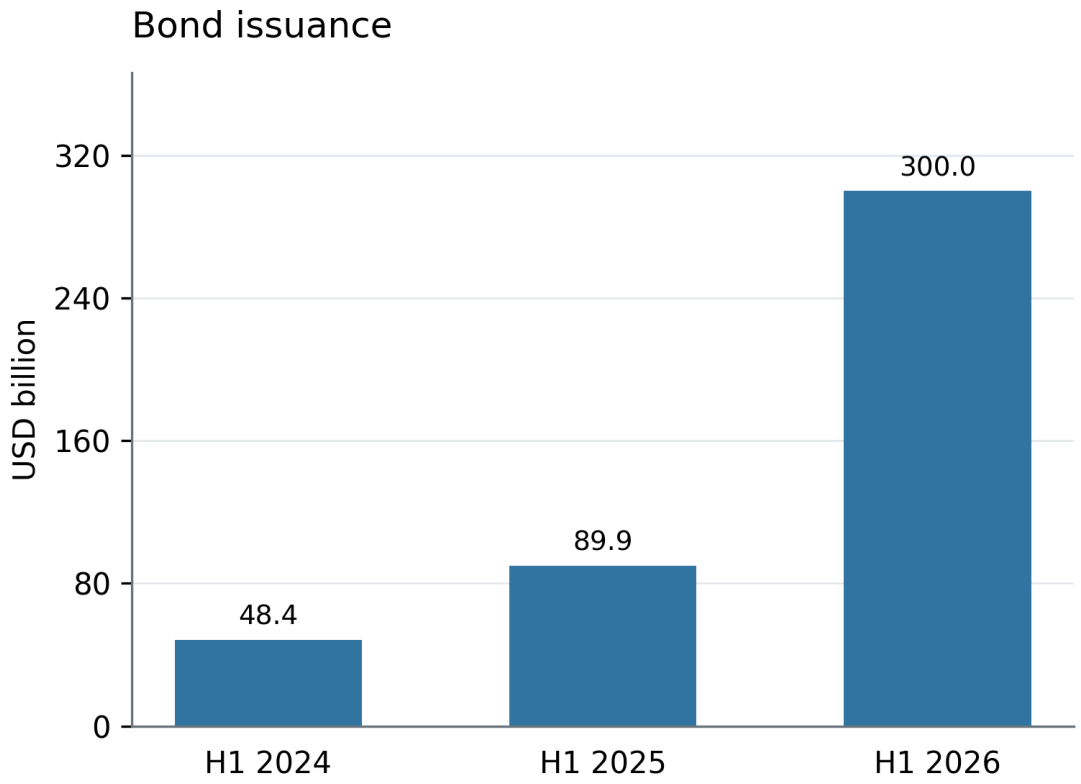
The scale of the AI boom is on track to outgrow historical investment booms

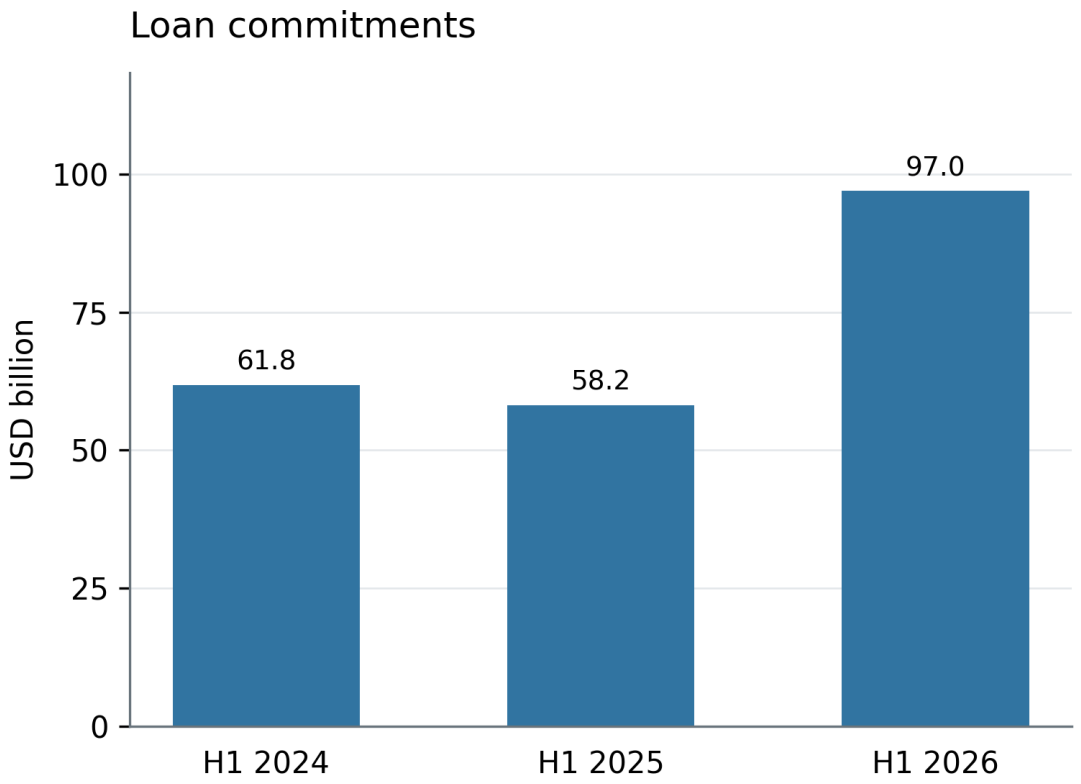


Investment during five innovation-led booms as multiples of each episode's pre-boom trough: canals (US, from 1835), railways (GB, from 1843), the 1920s (US, from 1921), dotcom (US, from 1995) and AI hyperscaler capex (from 2023, with 2026 from announced guidance) (2026).

Source: Rungcharoenkitkul (2026)

…and it is increasingly debt-financed





Source: Rishabh, from ongoing work with Cap and Doerr

Concentration in the AI market: why do we care?

Many potential concerns, but let me highlight three:

- AI investment boom is now a key driver of global growth. What if it grinds to a halt?
- Potential financial stability concerns of rapid, increasingly debt-financed build-out
- Concentration may not lead to the most socially optimal innovation outcomes

Considerations for central banks and supervisors?

- Need to assess real-time impact of AI market developments on macro and financial stability outcomes
- Need for indicators on AI diffusion in the economy and financial sector
- Many opportunities to fruitfully apply AI in research and in supervision (suptech)
- AI giants are generally large, foreign and not in (financial) regulatory perimeter
- International cooperation can help increase the effectiveness of regulatory action

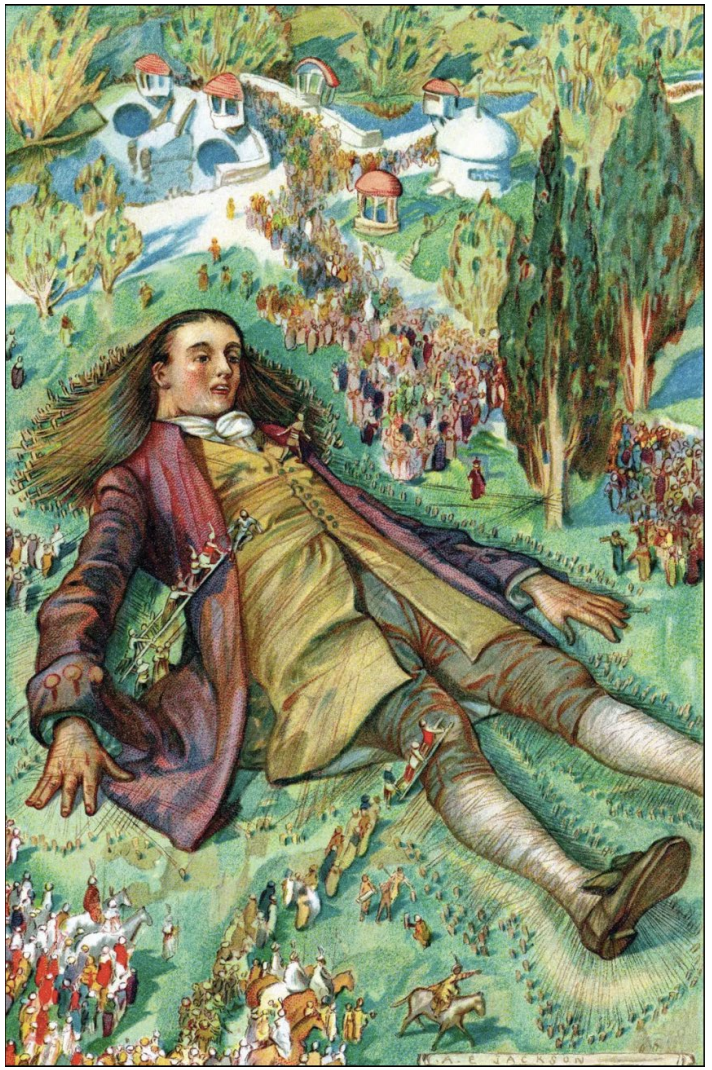


Image source: Britannica

References

Aldasoro, I, L Gambacorta, E Kharroubi and M Rottner (2026): "AI and the global economy: implications for central banks", BIS Bulletin no 130, July.

Frost, J, K Rishabh and V Shreeti (2026a): "Global giants in the AI supply chain", BIS Bulletin no 122, February.

Frost, J, R Kansal, K Rishabh, V Shreeti and L Zhang (2026b): "Circular relationships among AI firms", BIS Bulletin no 137, October.

Gambacorta, L and V Shreeti (2026): "The AI supply chain", *Review of Network Economics*, vol 24, no 4, 205–23.

Rishabh, K and V Shreeti: "The geography of AI firms", BIS Working Paper no 1343, April.

Rungcharoenkitkul, P (2026): "The AI investment race", BIS Working Paper no 1367, July.