Will AI change the world for good, or just change it?

EY Baltics AI Perception Survey Latvia

March 2024

EY

Building a better working world

Contents

EY's study on the use of artificial intelligence and attitudes towards it has been conducted in all Baltic countries in cooperation with the sociological research company Norstat. The research was conducted in October 2023, surveying at least a thousand residents in each country.

Foreword

To what extent will artificial intelligence (AI) change people's lives? The opinions of experts and business people differ - there are those who believe that AI will replace all occupations relatively soon, and there are those who think that the impact of AI technologies will be limited. I think that AI can be similar to other truly revolutionary life-changing trends - first they become "fashion" and everyone talks about them, then they go out of fashion, but in the long run they completely change a certain area of life.

It was, for example, with the Internet, e-commerce and digitization. We overestimate strong trends in the short term, but underestimate them in the long term.

In the context of AI development, we at EY wanted to find out what Latvian and Baltic residents think about it and what conclusions can we draw from it? Our research conducted together with the public opinion research company Norstat revealed an uneven picture with some contradictions, challenges, but also opportunities.

Nauris Klava
EY Consulting
Partner in Latvia

4256.04   4256.04

1552.04   1552.04

3245.04   3245.04

1 | AI and the new digital skills gap

1/5 of people in Lithuania have already had experience with artificial intelligence technology.

61% of Latvians have not yet used any AI solutions.
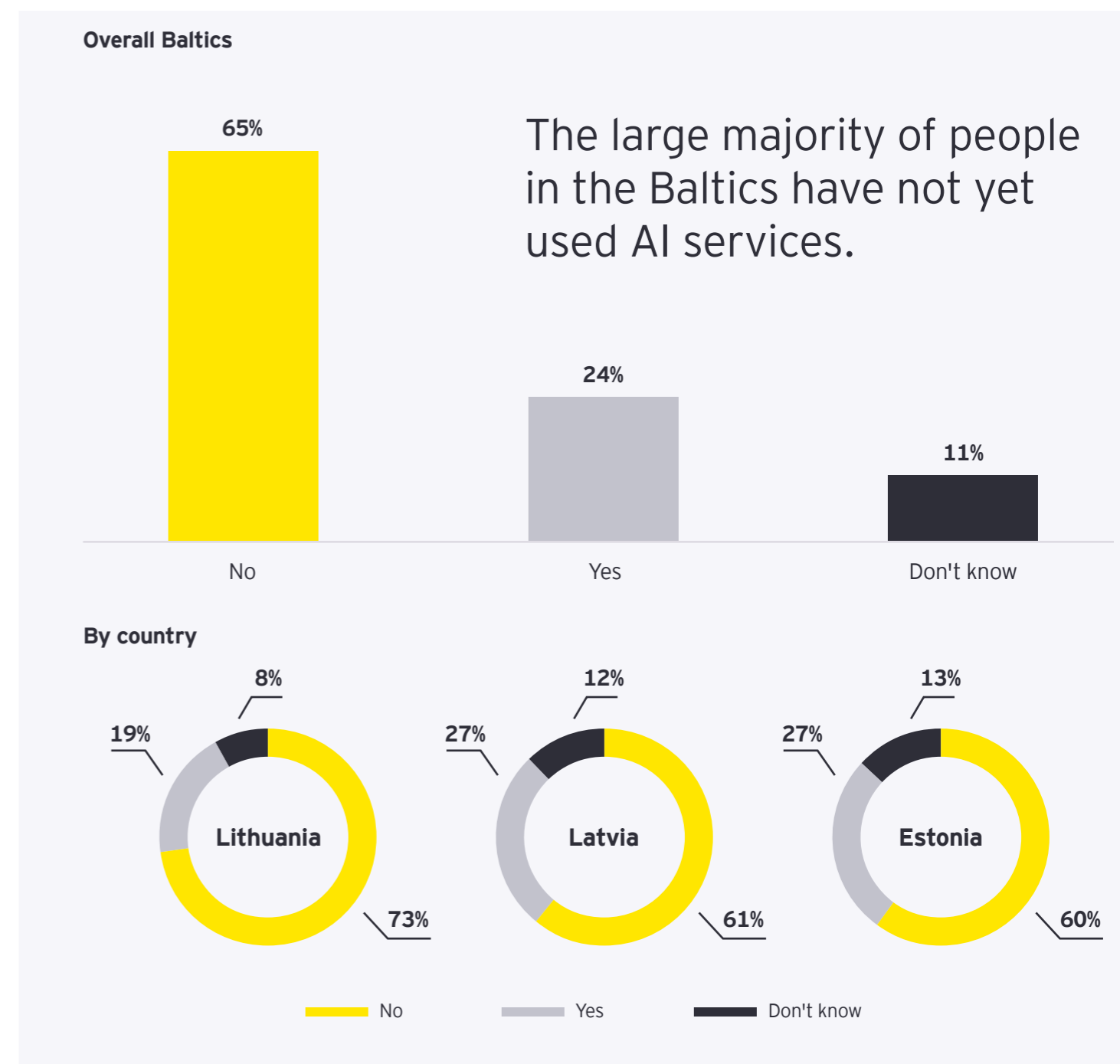
13% of Estonians are not sure if they have already used AI services.

General AI usage in the Baltics

EY's study on the attitude towards artificial intelligence (hereinafter - AI or artificial intelligence) technologies and their use, conducted in the Baltic States in cooperation with the public opinion research company Norstat, reveals that a total of 27% of Latvian residents have already used some AI technology, such as ChatGPT, Bard, Claude or other solutions.

In Estonia, this indicator is the same as in Latvia (27%), but in Lithuania, slightly fewer people, or 19%, have already used AI technology (Figure 1). In addition, AI usage patterns point to a new digital skills gap in society, as younger and more affluent people are heavily using AI.

Figure 1: Have you used any services or solutions that use artificial intelligence?

Overall Baltics

No — 65%
Yes — 24%
Don't know — 11%

The large majority of people in the Baltics have not yet used AI services.

By country

Lithuania
19%
8%
73%

Latvia
27%
12%
61%

Estonia
27%
13%
60%

No | Yes | Don't know

Latvia: AI usage and age

The study shows significant differences in the use of AI across demographics. Namely, even more than half or 58% of younger people aged 18-29 in Latvia have already used AI technologies, while in the age group 30-39 there are significantly fewer such people - 38%, but in the age group 40-49 - 26%. Older people have used AI even less, for example, only 13% of such people are 50-59 years old, and only 11% are over 60 years old. (Figure 2.1)

Figure 2.1: Have you used any services or solutions that use artificial intelligence? (by age)

Age 18-29

- 58% Yes
- 37% No
- 5% Don't know

Age 60-74

- 11% Yes
- 75% No
- 14% Don't know
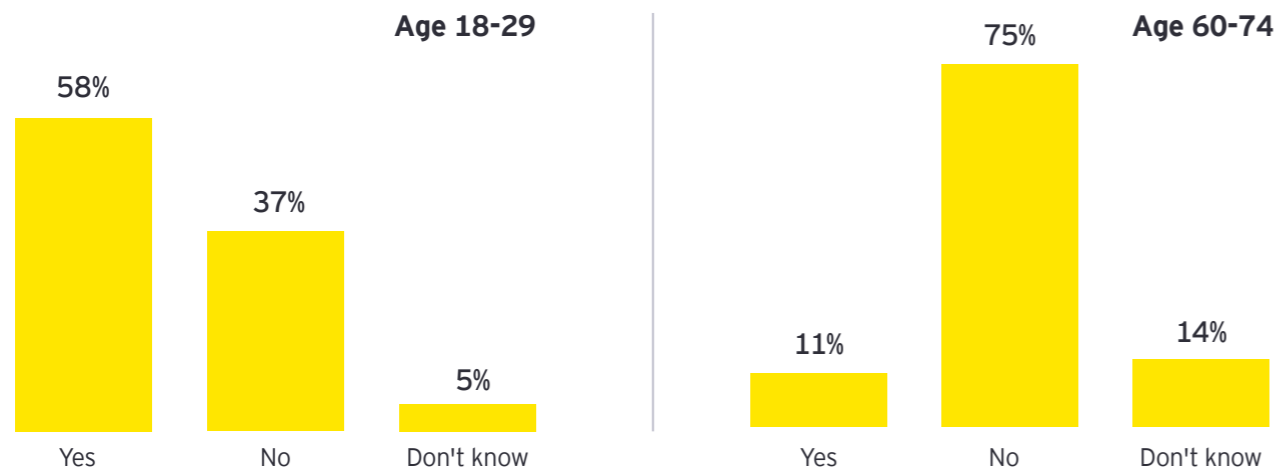
Less than a third of Latvians have used AI-based technologies, like Chat-GPT, Claude, Bard etc.

BUT

**More than half** of Latvians in the age group of 18 - 29 have already used something based on AI.

Latvia: AI usage and income level

Similarly, the use of AI is closely related to people's economic status, namely, 49% of the population with a monthly income above 1,501 euros have already used AI technologies, while people with an income of up to 550 euros per month have used AI solutions in only 16% of cases. (Figure 2.2)

The highest income cohort has the highest support:

More than 2/3 of all.

Figure 2.2: Have you used any services or solutions that use artificial intelligence? (by income)

Income 1500+ EUR

- 49% Yes
- 43% No
- 8% Don't know

Income 351-550 EUR

- 16% Yes
- 78% No
- 6% Don't know
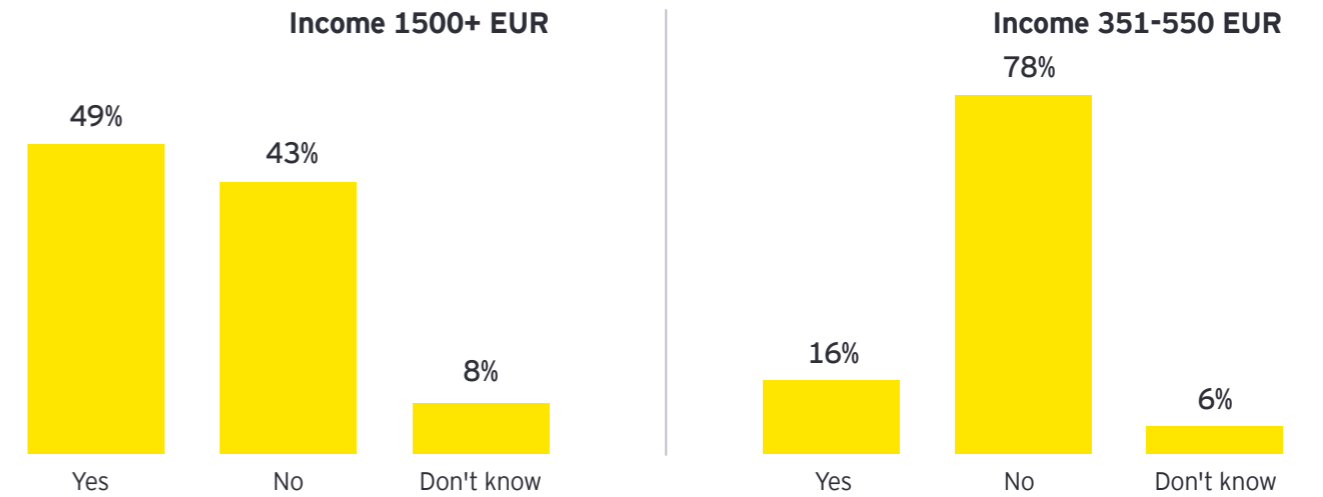
The situation in other Baltic states is similar. Namely, in Estonia, AI technologies have already been used by 56% of people aged 18-29 (in Lithuania - 40%), but only 34% in the age group from 30-39 (in Lithuania - 22%), 20% in the age group from 40-49 (in Lithuania – 22%) and only 8% at the age of over 60 (in Lithuania - 8%). In terms of income, the picture is also similar to that in Latvia - in Estonia, residents with a monthly income above 1,501 euros have used AI technologies in 32% of cases (in Lithuania - 34%), while residents with an income of up to 550 euros have already used AI in 31% of cases (in Lithuania only 5%).

> We see that the younger or wealthier people are, the more they have already used AI technologies.

This is to be expected, as AI solutions are currently more common in professional circles, but this trend risks creating a new digital divide in society – and this time it will be determined by the understanding of AI technology. This is important, because AI solutions will soon be the basis of many and various processes, similar to how it was with the spread of the Internet about 30 years ago, when e-commerce and digitization began to develop rapidly.

Nauris Klava,
EY Consulting Partner in Latvia

2 | AI: Improvement of life and level of trust

50% of Latvians expect AI to improve their lives, while 33% think the opposite.

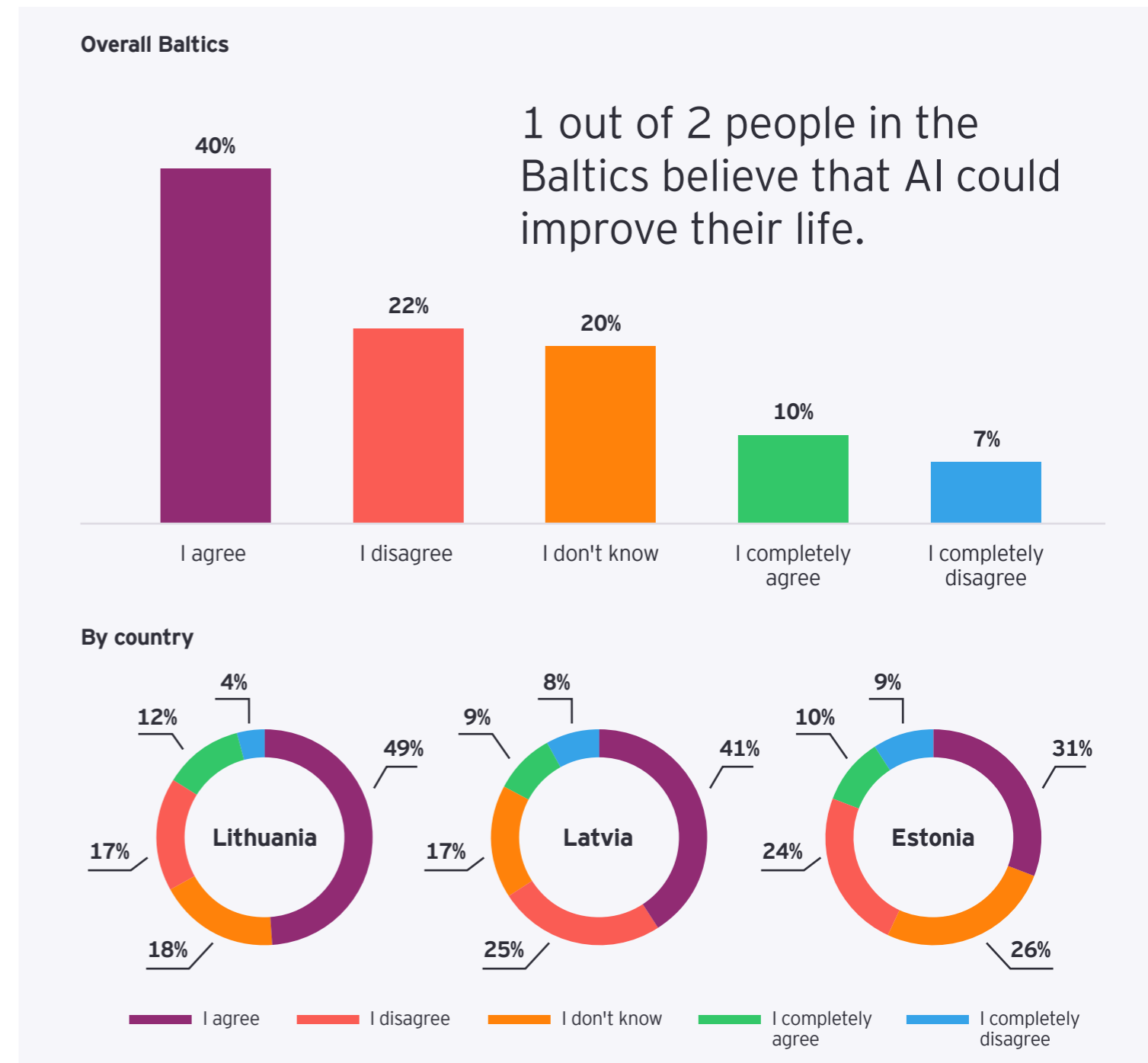**68%** of those between ages of 18 and 29 expect that AI can improve their lives.

33% of those aged above 60 expect positive change from AI.

High potential, but risk of AI skills divide

The opinion of Latvian residents largely reflects the prevailing trend in the Baltic states. Namely, 40% of Estonians also expect improvements in life from AI technology. However, a large part of Estonians also have the opposite opinion - 34% do not expect improvements in life from AI technologies.

Optimism about the positive impact of AI solutions on people's lives is the most pronounced in Lithuania - here 61% have positive expectations for AI and only 21% do not expect improvements in life (Figure 3).

Figure 3: Do you agree that artificial intelligence services and solutions will make your life better?

Overall Baltics

1 out of 2 people in the Baltics believe that AI could improve their life.

- I agree — 40%
- I disagree — 22%
- I don't know — 20%
- I completely agree — 10%
- I completely disagree — 7%

By country

Lithuania: I agree 49%, I disagree 17%, I don't know 18%, I completely agree 12%, I completely disagree 4%

Latvia: I agree 41%, I disagree 17%, I don't know 25%, I completely agree 9%, I completely disagree 8%

Estonia: I agree 31%, I disagree 24%, I don't know 26%, I completely agree 10%, I completely disagree 9%

Legend: I agree | I disagree | I don't know | I completely agree | I completely disagree

The situation is similar with regard to the expected growth of productivity under the influence of AI (Figure 4) - 53% expect it in Estonia (28% disagree), and 51% in Lithuania (27% disagree).

Figure 4: Do you agree that artificial intelligence could improve productivity in your workplace?

Overall Baltics

56% of people in the Baltics believe that AI could improve workplace productivity.

- 45% I agree
- 20% I disagree
- 18% I don't know
- 11% I completely agree
- 7% I completely disagree

By country

Lithuania
- 41% I agree
- 23% I disagree
- 21% I don't know
- 10% I completely agree
- 5% I completely disagree

Latvia
- 51% I agree
- 18% I disagree
- 12% I don't know
- 12% I completely agree
- 7% I completely disagree

Estonia
- 43% I agree
- 20% I disagree
- 20% I don't know
- 10% I completely agree
- 7% I completely disagree

Legend:
- I agree
- I disagree
- I don't know
- I completely agree
- I completely disagree

Trust in AI solutions is relatively low, at least for now

Only every third resident of Latvia (33%) would trust a service or product if it is based on an AI solution. Almost half (48%) of Latvian residents would not trust an AI solution.

1:3 vs 1:2

is the ratio of people who would trust – and would not trust an AI-based technology in Latvia.

On the other hand, trust in AI solutions is lowest in Estonia - only 30% (in Latvia - 33%). In addition, 49% of Estonians would not trust AI solutions (48% in Latvia). In Lithuania, this ratio is very evenly divided, 36% to 38%, and 26% of Lithuanians do not know whether AI technologies can be trusted. It is interesting that trust in AI technology is closely related to the age of the population, that is, we see that younger people trust AI solutions significantly more.

> Trusting AI will take transparency and perhaps usage – people will need to be exposed to the technology and have direct experience to grow confident of how it works. Familiarity will most likely improve the trust level, but clarity about ethical guidelines is also key.
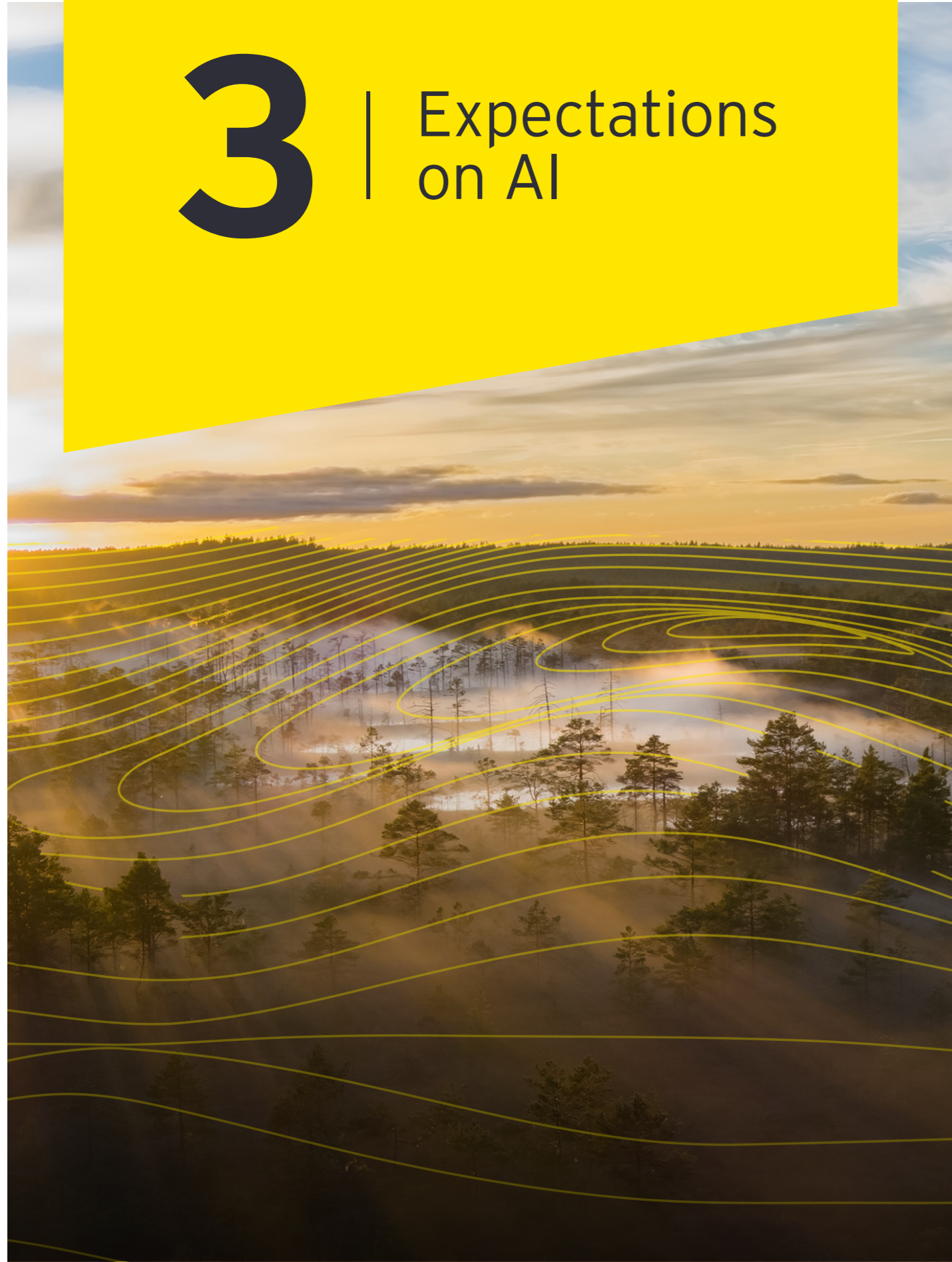
Nauris Klava,
EY Consulting Partner in Latvia

For example, in Latvia, 48% of people aged 18-29 would trust AI technology, but only 29% of people aged 50-59. This same trend can also be observed in other Baltic countries and this should be taken into account, for example, by financial or public service providers, which are increasingly starting to use AI technologies in the development and implementation of their services.

66%
of students expect positive impact of AI.

> Young people will accept AI technologies more easily than older people. This trend is very similar to how digital services developed ten or twenty years ago.

Nauris Klava,
**EY Consulting Partner in Latvia**

3 | Expectations on AI

> " AI still needs to filter into the workplace. There has been plenty of publicity about how AI will replace jobs but there is little practical experience of what does it mean for business and productivity. There may just be a realization of the incredible positive value that AI can bring in the working world. Once people use it, there will be many more ideas of how to grow one's skills and ability to earn more by harnessing the power of AI.

Nauris Klava,
EY Consulting Partner in Latvia

People expect AI to change the job skills required for workers in the future

The EY study also shows that the majority of the population of Latvia and other Baltic countries already expect that AI technologies will change the necessary work skills. 60% of the population in Latvia think so, and only 25% do not expect such changes. In Estonia, 64% of the population expect such changes, and only 18% believe that AI will not change the required work skills. In Lithuania, this ratio is 57% versus 29%.
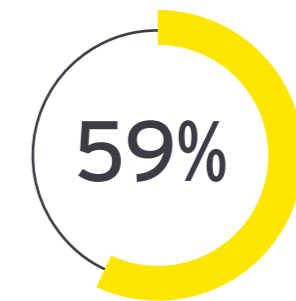
59%

think already now, that AI will change the skills needed in the workplace.
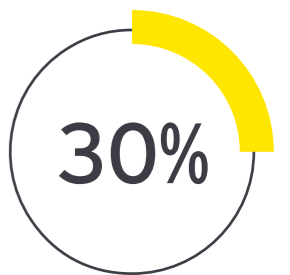
30%

expect no change.

The population of Latvia positively assesses the possibilities of AI to improve various practical areas of life, but are concerned , that AI will negatively affect people's creativity - 51% of research participants believe this (22% have the opposite opinion), while 40% think that this set of technologies will worsen people's daily communication (24% think it will improve). It should also be noted that 40% of people in Latvia worry that AI will worsen freedom of speech and only 12% think that freedom of speech will benefit from AI technologies.

35% vs 36%

is the proportion of Latvians who believe that AI will improve education vs. those who believe the opposite.

Interesting that people with higher education level have more pronounced opinion for and against AI in education and are split almost evenly.

The EY study shows that in the opinion of Latvian citizens, AI technologies will have the best impact on manufacturing sectors, where 58% of citizens see the potential for improvements under the influence of AI and only 16% think that the development of manufacturing sectors will suffer from AI. On the other hand, 56% of Latvian residents believe that AI will improve the operation of the transport system, and only 12% have the opposite opinion.

Shopping and Entertainment are also expected to improve.

"

Latvian people are very practical when it comes to artificial intelligence - our society clearly sees the functional potential of AI, especially where it has been publicly discussed, for example in business, healthcare, the transport sector and public administration. However, we can see that the citizens are still very careful about the impact of AI on the dimension of human contact and creativity - people are apparently afraid of the interference of "robotization" in people's social space, emotions and values.

Nauris Klava,
EY Consulting Partner in Latvia

Creativity

↓ 1 in 2 Latvians think that Human Creativity will be affected negatively.

State services

↑ Half of all Latvians expect AI to improve state and municipal services.

Some other top industries with great expectations for AI in Latvia

Producing industries show strong expectations with **58%** awaiting AI-based improvements and only **16%** think the opposite.

44% believe **Financial services** will be positively affected. 19% are of the opposite optinion.

56% think AI will improve **Transportation.**

Healthcare

47% are those who see **positive** potential of AI in health care. **Just 21% expect negative impact.**

"

We expect that for many industries we are currently seeing relatively low expectations that will grow over time – once people are more familiar with the potential of AI. And yet, even now there is a clear majority in the society, that see the positive promise of AI across various spheres of life.

Nauris Klava,
EY Consulting Partner in Latvia

Freedom of speech

40% believe it will be negatively impacted.

Just **12%** think AI will improve it.
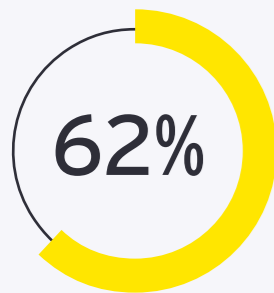
40% expect
daily human
interaction to worsen.

Personal income

The Baltics seems to outdo Europe as far as some key technology-related factors are concerned. Part of it is owing to the thriving startup ecosystem and the digital edge that the Baltic countries have. For instance, 92% investors think that the Baltics fare as well or better than Europe with regard to the availability of workforce with technology skills.

Ninety percent of the investors think that the Baltics perform as good as or better than Europe vis-à-vis the network of startups and research institutions.

Eighty percent of the investors surveyed in the Baltics think that the support by government and regulatory authorities to drive the digital agenda is on par with or better than the European average.

People do not yet see a material effect in their own lives.

62%

of Latvians do not yet expect that AI would affect their income level.

Just **6%** of people older than 60 expect any improvement in their income due to AI.

Among people up to the age of 39 the number is at least somewhat higher: **25%**

> "
> It should also be emphasized that people do not yet see what impact AI will have on their own financial well-being, that is, only 15% of Latvian residents think that AI technologies will have a positive impact on their income and the majority - 62% - that AI will not have n impact on income at all.
>
> **Nauris Klava,**
> **EY Consulting Partner in Latvia**

A similar sentiment can be observed in other Baltic countries, for example in Estonia, 56% of the population believe that AI will worsen people's creativity (in Lithuania - 59%) and 53% think that AI technologies will worsen people's daily communication (in Lithuania - 57%), while 42% think, that AI will have a negative impact on freedom of expression (in Lithuania – 49%). On the other hand, in various areas of practical life, in Estonia and Lithuania too, a significant preponderance of positive evaluations of the impact of AI over negative attitudes can be seen.
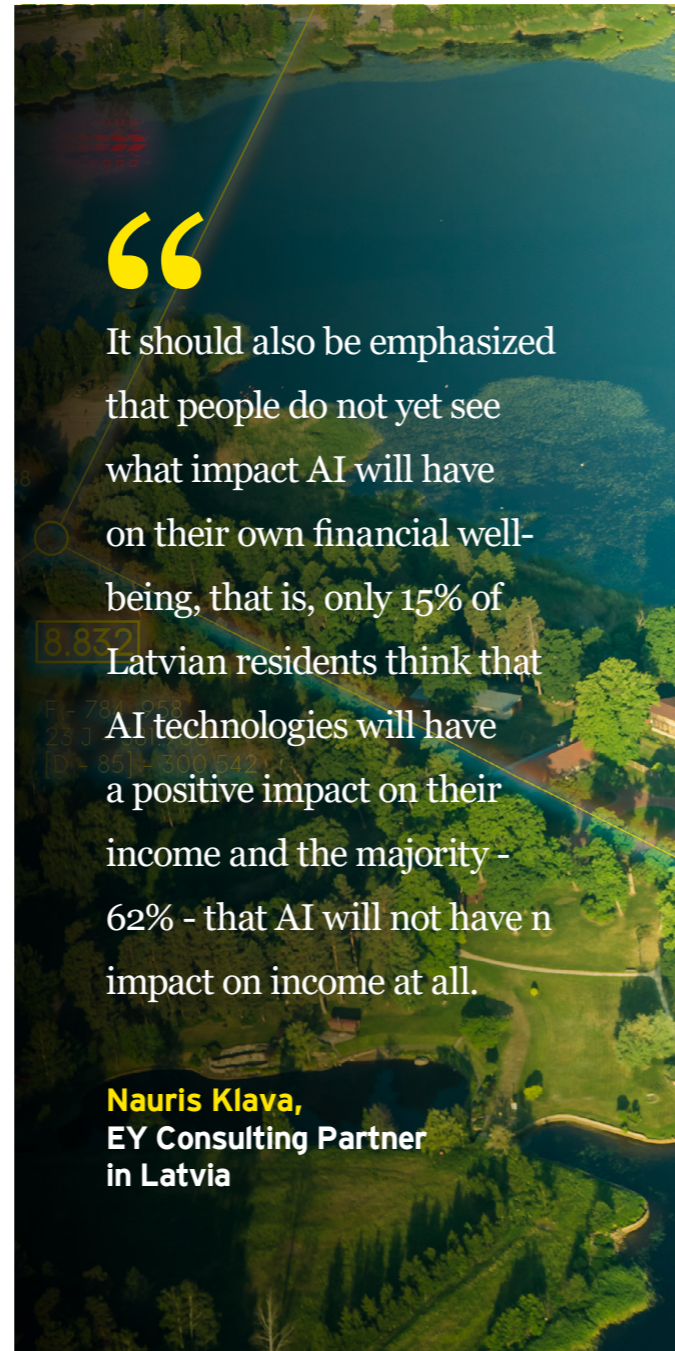
Overview

The risk of falling into a "two-speed artificial intelligence society"

Nauris Klava,
EY Consulting
Partner in Latvia

Our research shows significant differences in the use of AI across demographics. Namely, even more than half or 58% of younger people aged 18-29 in Latvia have already used AI technologies, while in the age group of 30-39 there are significantly fewer such people - 38%, while in the age group of 40-49 - 26%. Older people have used AI even less, for example, only 13% of such people are 50-59 years old, and only 11% are over 60 years old. Likewise, the use of AI is closely related to people's economic status, that is, 49% of the population with a monthly income above 1,501 euros have already used AI technologies, while people with an income of up to 550 euros per month have used AI solutions in only 18% of cases.

We see that the younger or wealthier people are, the more they have already used AI technologies. This is to be expected, as AI solutions are currently more common in professional circles, but this trend risks creating a new digital divide in society — and this time it will be determined by the understanding of AI technology. This is important because AI solutions will soon be at the core of many and varied processes. We may be facing a new "two-speed" society, where those who can use AI technologies will become increasingly smarter and more productive, while those who cannot will fall behind in the new trend of social stratification. The same can be said for companies. This is a critical factor for policy makers. There is no "Ministry of Digital Affairs" in Latvia, and most issues of digital transformation are under the jurisdiction of the Ministry of Environment and Regional Development (VARAM), which directs the implementation of the information society. However, is such a wide-ranging ministry as VARAM able to cope with the new challenges of AI stratification? This is probably a question for the government and the convocation of the Saeima.

At the same time, we also see that only every third resident of Latvia (33%) would trust a service or product if it is based on an AI solution. Almost half (48%) of Latvian residents would not trust an AI solution. Interestingly, trust

in AI technology is also closely related to the age of the population, that is, we see that younger people trust AI solutions significantly more. For example, in Latvia, 48% of people aged 18-29 would trust AI technology, but only 29% of people aged 50-59. This should be taken into account, for example, by financial or government service providers, which are increasingly starting to use AI technologies in the development and implementation of their services. Namely, young people will accept them more easily than older people. This trend is very similar to how digital services developed ten or twenty years ago, and this factor also suggests the possibility of a "two-speed AI society".

However, a lot of practical potential in economics, public administration and productivity in general.

The EY study also shows fundamentally positive trends, that is, 50% of Latvians expect AI to improve their lives, while 33% think the opposite, and 63% of Latvians think that AI technologies will improve productivity in the work environment (25% have the opposite opinion).

Our study shows that in the opinion of Latvian citizens, AI technologies will have the best impact on manufacturing industries, where 58% of citizens see the potential for improvements under the influence of AI and only 16% think that the development of manufacturing industries will suffer from AI. On the other hand, 56% of Latvian residents believe that AI will improve the operation of the transport system, and only 12% have the opposite opinion. Another 49% expect improvements from AI technologies in state and local government services (20%, on the other hand, think that they will deteriorate under the influence of AI), while 48% think that AI will have a positive impact on everyday security (20% of people think the opposite). In addition, 47% of Latvian residents expect that AI will improve medicine and health care (21% have the opposite opinion). Latvian people are divided on whether AI will improve education - 35% of the population are positive, while 36% are negative.

We see that the people of Latvia are very practical in relation to AI - our society clearly sees the functional potential of AI, especially where it has been publicly discussed, for example in business, healthcare, the transport sector and pub-

lic administration. This is important because it presents a good breeding ground for the growth of AI productivity.

Productivity is actually the main thing we can get from AI - with this set of technologies Latvian people and companies can overcome the differences from developed Western countries faster and we can compensate for the "smallness" of Latvia's internal market - with AI it will not be so important that we do not have many "cheap labor force" or there is little internal market demand. AI will equalize the capabilities of countries, as long as we can learn and apply this technology in time.

There are still many unanswered questions about the "human" factor

At the same time, we can see from the research that people, at least for the time being, are very careful about the impact of AI on the dimension of human interaction and creativity - people are apparently afraid of the interference of "robotization" in people's social space, emotions and values. Latvian people are worried that AI will negatively affect people's creativity - this is the opinion of

51% of the study participants (22% have the opposite opinion), while 40% think that this set of technologies will worsen people's daily communication (24% think it will improve). It should also be noted that 40% of people in Latvia worry that AI will worsen freedom of speech and only 12% think that freedom of speech will benefit from AI technologies.

There is no simple solution to these questions, and Latvian society has caught a sensitive chord with AI - there are many discussions about the ethical issues of artificial intelligence and the impact of AI on what we currently consider "human" in foreign countries, including among researchers, political leaders and technology companies. Regarding the ethics of AI, we are probably only at the beginning of the road and only time will tell how the opportunities to make money from AI and increase productivity will be reconciled with the preservation and development of human space. We have to be attentive here, and Latvia also needs a discussion at the local level, as well as active involvement in the creation of international legislative acts. ■

Methodology

The EY Baltics AI Survey was conducted based on a structured methodology to ensure a comprehensive understanding of the impact of AI across Estonia, Latvia, and Lithuania.

At least 1000 respondents from each country were surveyed in cooperation with Norstat, a leading sociological research company. The data collection process took place over approximately one week in October 2023.

The selection of the survey respondents was carefully done to include a diverse range of age, gender, education level, income bracket, and country of residence. This mix of respondent profiles allowed for a broad perspective on AI's impact across the different sections of the population in the Baltic States.

The survey comprised five key sections that aimed to assess the perception of AI's influence on various aspects of life and work. These included the perceived improvement of life and productivity due to AI, the change in work skills, the impact on daily life elements, the effect on government services and economic factors, and finally, the level of trust in and usage of AI technology.

This robust approach was designed to offer comprehensive insights into AI's impact in these regions, providing valuable data for businesses, government agencies, and organizations.

EY contacts

Linas Dicpetris
Leader | Consulting
EY Baltics
linas.dicpetris@lt.ey.com

Siim Aben
Partner | Consulting
EY Estonia
siim.aben@lt.ey.com

Nauris Klava
Partner | Consulting
EY Latvia
nauris.klava@lt.ey.com

Arturas Piliponis
Partner | Consulting
EY Lithuania
arturas.piliponis@lt.ey.com

EY's study on the use of artificial intelligence and attitudes towards it has been conducted in all Baltic countries in cooperation with the sociological research company Norstat. The research was conducted in October 2023, surveying at least a thousand residents in each country.