The ROI of Gen AI
in Financial Services

A global survey of enterprise adoption and value

Google Cloud

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About this report

This report is based on a survey of 340 senior leaders of global enterprises ($10M+ revenue) in the financial services industry, conducted by Google Cloud and National Research Group. It provides a comprehensive benchmark of the impact of gen AI on business and financial performance.

Unless otherwise noted, all statistics in this report are derived from the survey and are focused on respondents in the financial services industry.

Introduction

A year ago financial services firms around the world were hearing about how gen AI was going to disrupt their businesses overnight. While change is happening fast by historical standards, it has taken longer to move from proof of concept (POC) to production. Financial services has always been a data-rich, insight-poor industry, but gen AI has the potential to maximize this data. Doing this will lead to greater personalization, fraud prevention, risk mitigation, servicing, and other data-intensive functions.

Today, firms are starting to see these initial use cases in production and driving value with 63% of financial services organizations reporting that they have production use cases and are seeing real ROI.

We wanted to dig into this further and learn how financial institutions are moving beyond experimentation with gen AI to unlock real-world benefits. What we heard is that improving customer experience, boosting productivity, and enhancing security, particularly the ability to identify threats and reduce time to resolution, are the focus areas.

Realizing gen AI to its fullest will require a strategic approach, to ensure seamless integration into how people work and navigate the complex regulatory landscape. Moving forward, the message is clear: the time to innovate with gen AI is now.

"

Gen AI is delivering real ROI in financial institutions today. The most successful deployments don't just happen; they are built on a strong data foundation and with a clear purpose and a vision for how this technology can impact your business."

Zac Maufe

Managing Director, Regulated Industries, Google Cloud

Gen AI is here

Not only is the financial services industry adopting gen AI, but as our survey shows, it's having a strong impact on business outcomes. However, the pace of adoption varies, with a distinct pattern emerging in the industry.

While 63% of financial services respondents[1] have already moved gen AI use cases into production, 35% are still evaluating or testing gen AI use cases.

Given that we are only a full year into the AI boom, the adoption rate is pretty impressive. However, the considerable adoption rate may be attributed to a focus on internal use cases that pose lower risks than external, customer-facing ones.

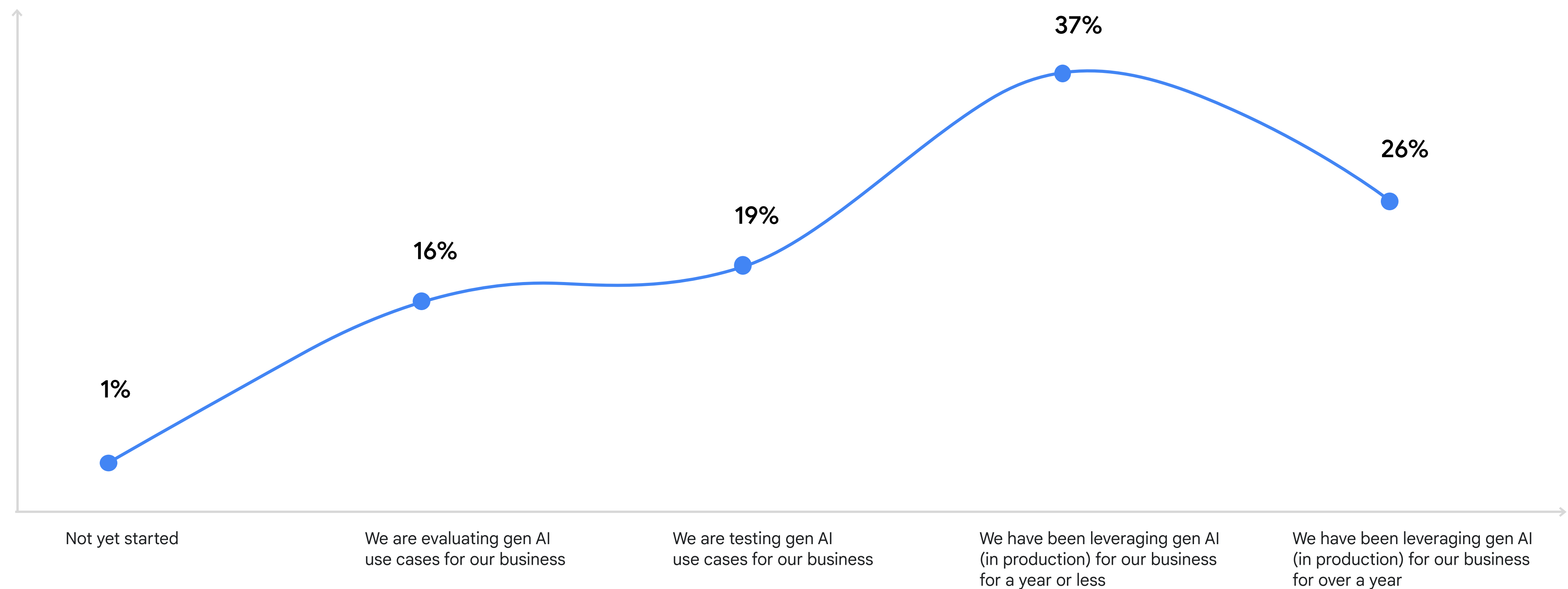[1] Total market - financial services (global): n=340

The bespoke nature of the AI review process and the intersection of AI and regulatory uncertainty may be reasons why external use cases are slower to production. This could also be exacerbated by data quality issues from disconnected enterprise data sources which may hinder the training and performance of gen AI models.

We expect to see this mixed pattern in the financial services industry in the near future.

Benefit from the data readiness **incentive**.

In the final chapter, we'll share 10 governance tips for successful gen AI implementation.

Gen AI adoption among financial services organizations[1]

1% — Not yet started

16% — We are evaluating gen AI use cases for our business

19% — We are testing gen AI use cases for our business

37% — We have been leveraging gen AI (in production) for our business for a year or less

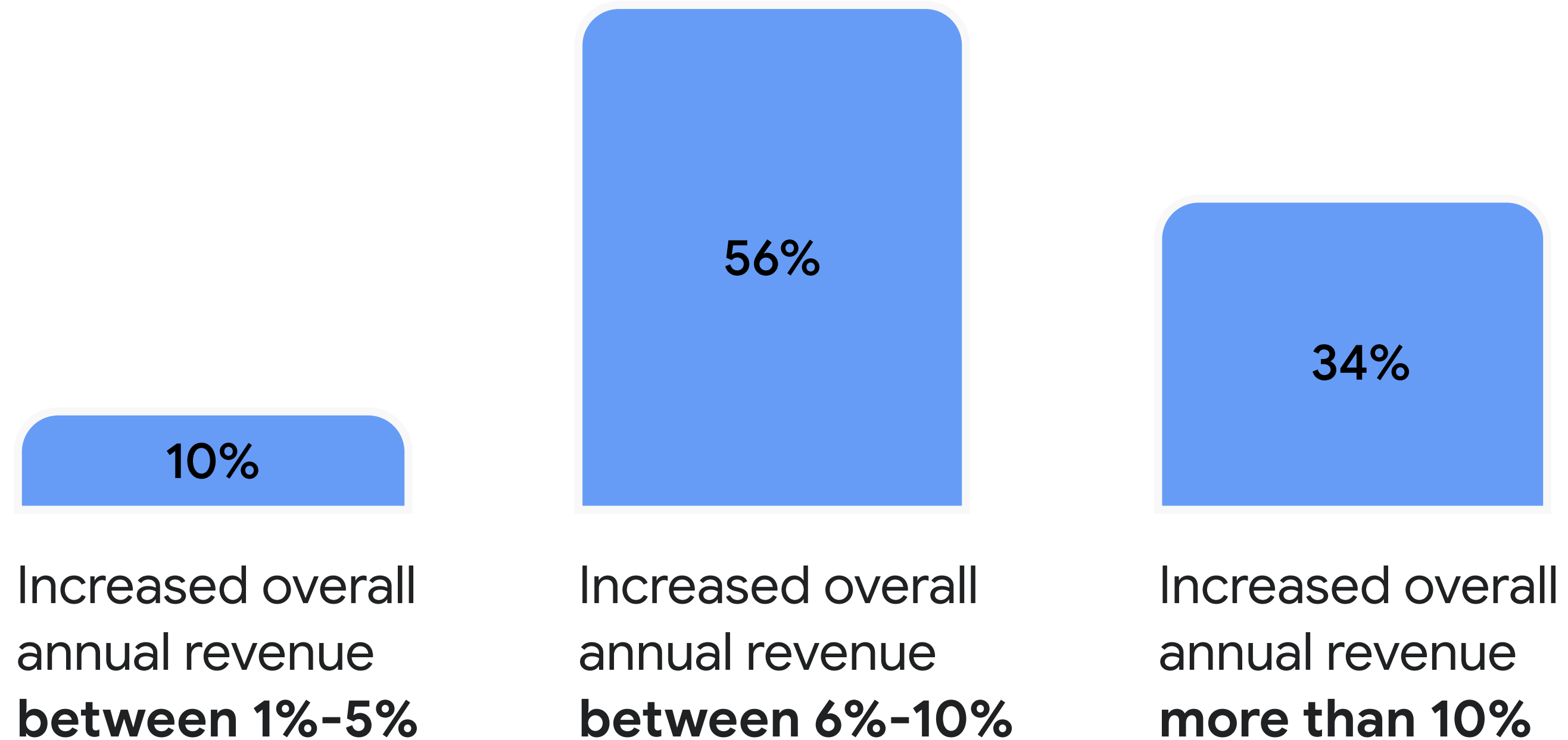26% — We have been leveraging gen AI (in production) for our business for over a year

[1] Total market - financial services (global): n=340

Early adopters of gen AI in financial institutions are already reaping significant rewards. For those who have moved gen AI use cases into production, the numbers speak for themselves: 90% of those running gen AI in production and experiencing revenue growth due to gen AI initiatives are reporting revenue gains of 6% or more.[2]

Revenue growth attributed to gen AI[2]

Among financial services organizations currently using gen AI in production and reporting increased revenue

56%

34%

10%

Increased overall annual revenue **between 1%-5%**

Increased overall annual revenue **between 6%-10%**

Increased overall annual revenue **more than 10%**

"It's no surprise that organizations are seeing these revenue gains. In the long term, I expect even greater returns as the industry explores use cases that really change business models."

Christoph Rabenseifner

Managing Director, Technology, Data & Innovation, Deutsche Bank

Realizing gen AI's benefits
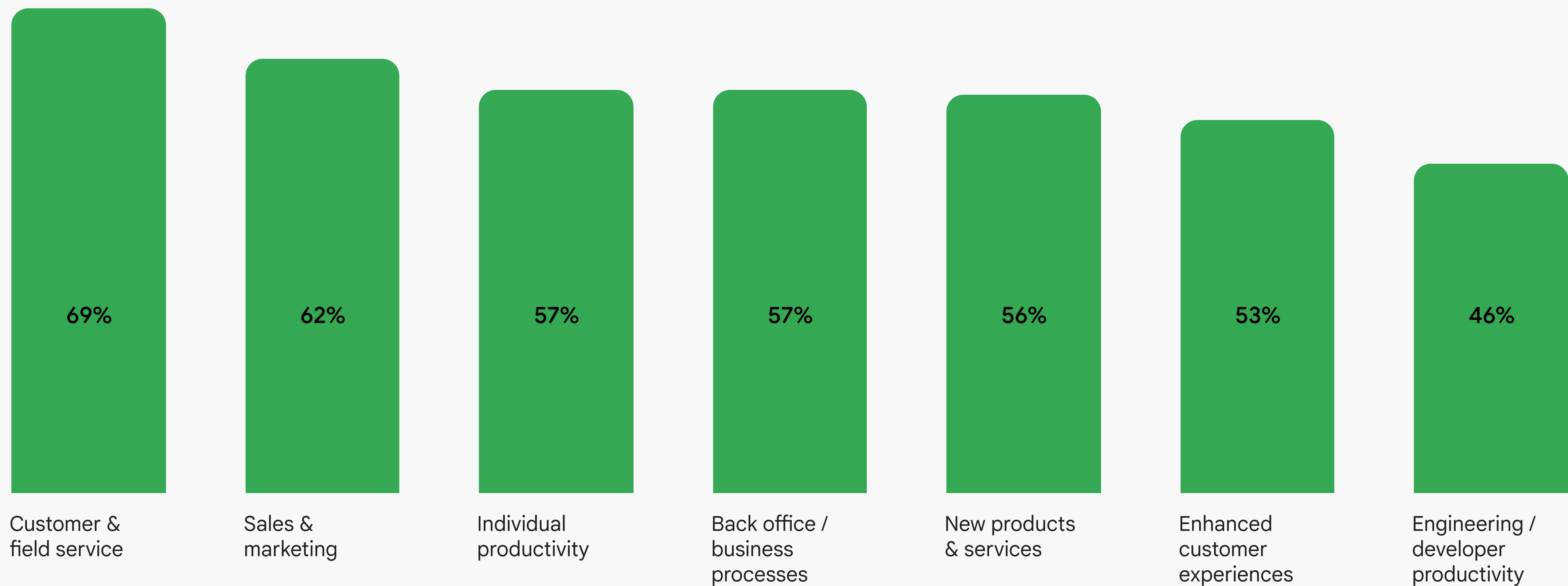
01 **Chapter** 02 03 04 05

To understand the impact of gen AI on financial services, it's crucial to understand where this technology is being applied today. Our survey reveals a diverse range of use cases already running in production, particularly those benefiting from gen AI's ability to understand, summarize, converse, and analyze sentiment.

For example, gen AI is transforming customer service in retail banks and brokerages. By making external chatbots more efficient at handling simple questions, gen AI allows customer service representatives to focus on providing deeper support and insights, often drawn from complex knowledge bases. This is just the beginning. We believe that gen AI will fundamentally reshape other processes in the future.

Next, we expect to see a huge value unlock when the use cases move into revenue generating areas, creating entirely new product lines and revenue streams.

Financial services organizations have gen AI use cases in production across a range of functions[3]

69% — Customer & field service

62% — Sales & marketing

57% — Individual productivity

57% — Back office / business processes

56% — New products & services

53% — Enhanced customer experiences

46% — Engineering / developer productivity

[3] Financial services organizations currently leveraging gen AI in production: n=213

Time to market

01

Responding to rapidly evolving regulations, market trends, and competitive pressures requires fast development cycles to adapt their products, services, and operations. While financial firms often prefer taking a more cautious approach to adopting technology, the data shows that the majority are able to get their gen AI use cases off the ground quickly.

78%

of financial services organizations[4] can move a gen AI use case from idea to production within six months.

[4] Total market - financial services organizations that have at least one use case in production: n=334

Average time to market[4]

4%
Less than a month

20%
6 months or more

25%
1 to less than 3 months

49%
3 to less than 6 months
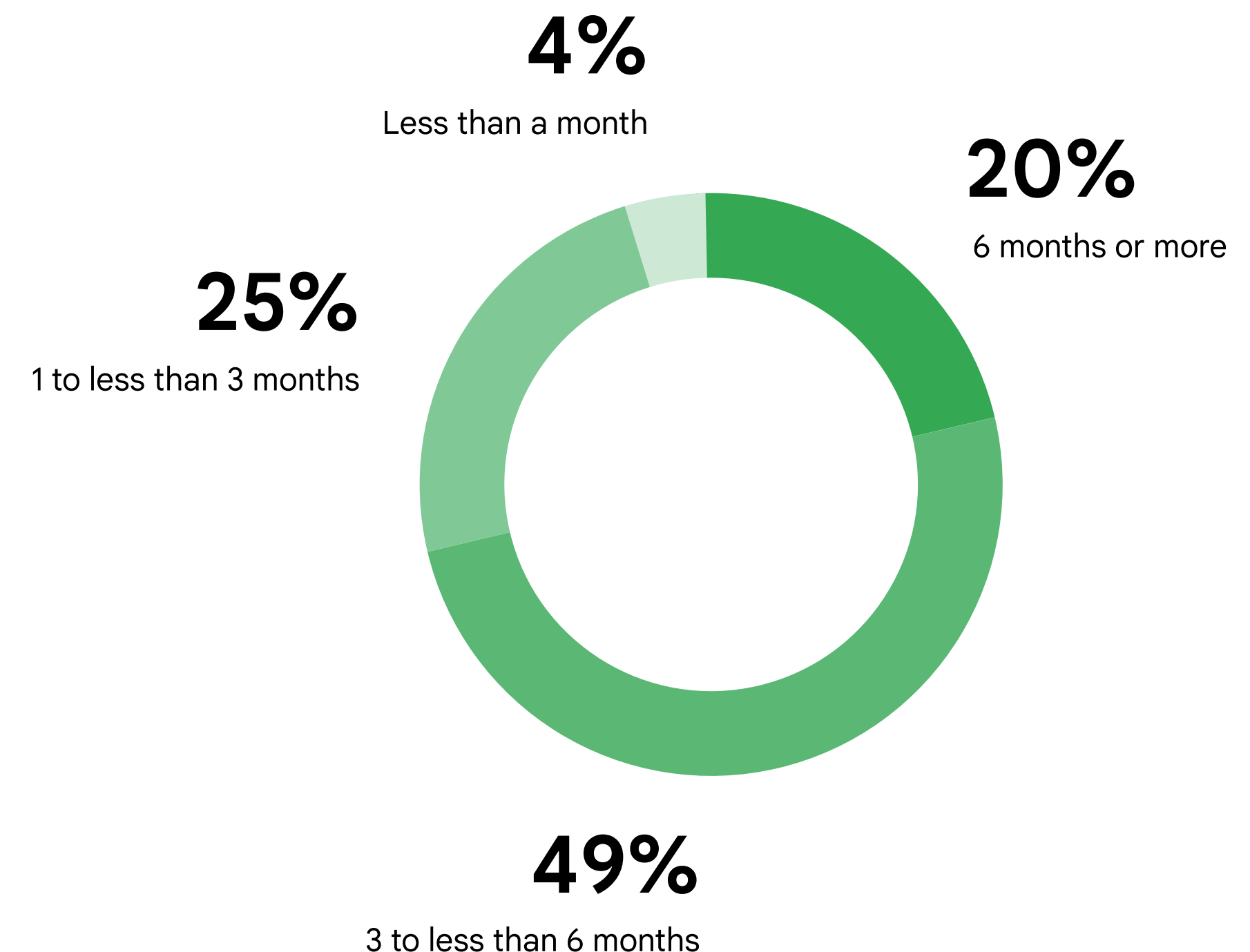
02 # ROI

Across all the use cases that financial services organizations have prioritized with gen AI, ROI is proving to be swift. Interestingly, the percentages of financial institutions seeing ROI currently are higher for most use cases than the global averages across all industries.
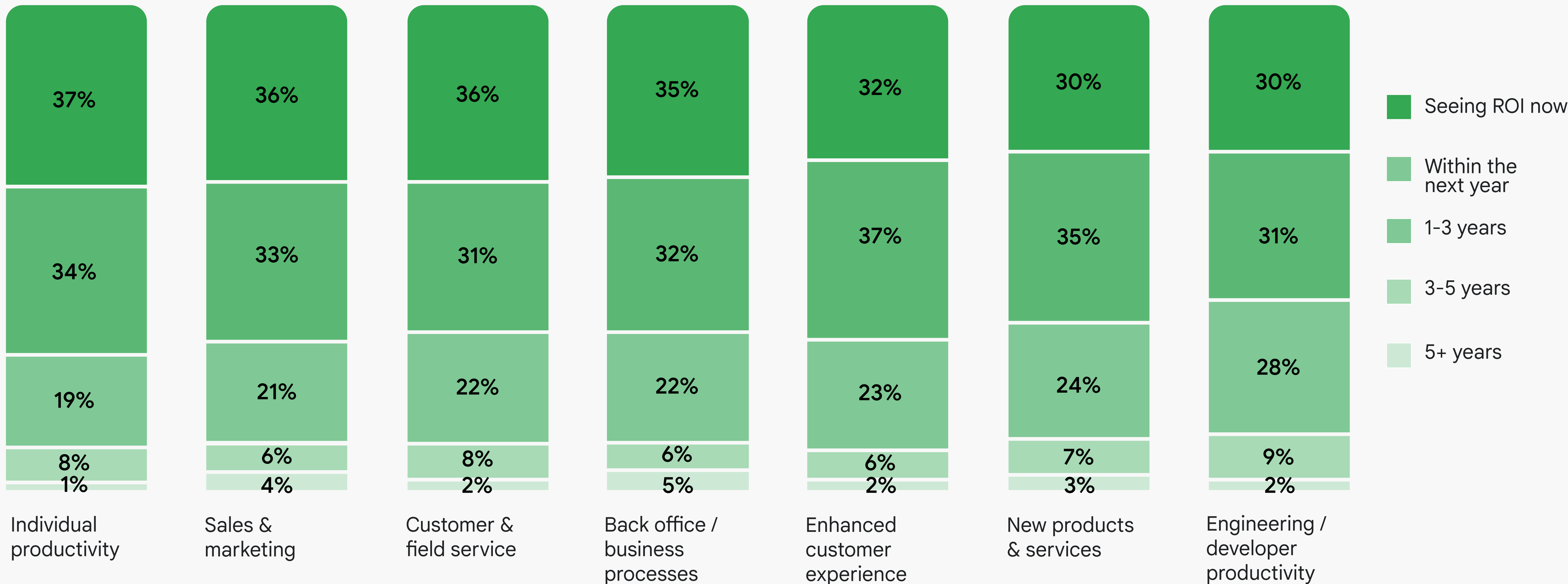
So how are financial institutions driving ROI so quickly? We see several potential reasons. First, most of the reported use cases are limited to internal non-Personal Identifiable Information (non-PII) data, so they can be brought to market faster. Those use cases do not need to go through the scrutiny required for customer-facing use cases and can create ROI faster. Second, financial institutions may have more defined KPIs and a culture of measuring and reporting on financial results that's stricter than other industries. For example, call centers have well documented KPIs (i.e. call handle time, call deflection rates, agent calls per hour, etc.) that can quickly show gen AI's impact.

77%

of organizations currently using gen AI in production are seeing ROI now on at least one use case.[5]

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[5] Financial services organizations currently leveraging gen AI in production: n=213

ROI timeline for gen AI use cases[6]

Legend:
- Seeing ROI now
- Within the next year
- 1-3 years
- 3-5 years
- 5+ years

	Individual productivity	Sales & marketing	Customer & field service	Back office / business processes	Enhanced customer experience	New products & services	Engineering / developer productivity
Seeing ROI now	37%	36%	36%	35%	32%	30%	30%
Within the next year	34%	33%	31%	32%	37%	35%	31%
1-3 years	19%	21%	22%	22%	23%	24%	28%
3-5 years	8%	6%	8%	6%	6%	7%	9%
5+ years	1%	4%	2%	5%	2%	3%	2%

[6] Financial services organizations currently leveraging gen AI in production that are currently using or planning to use gen AI on use cases: Individual productivity: n=201, Sales & marketing: n=201, Customer & field service: n=206, Back office / Business processes: n=195, Enhanced customer experiences: n=202, New products & services: n=203, Engineering / Developer productivity: n=191
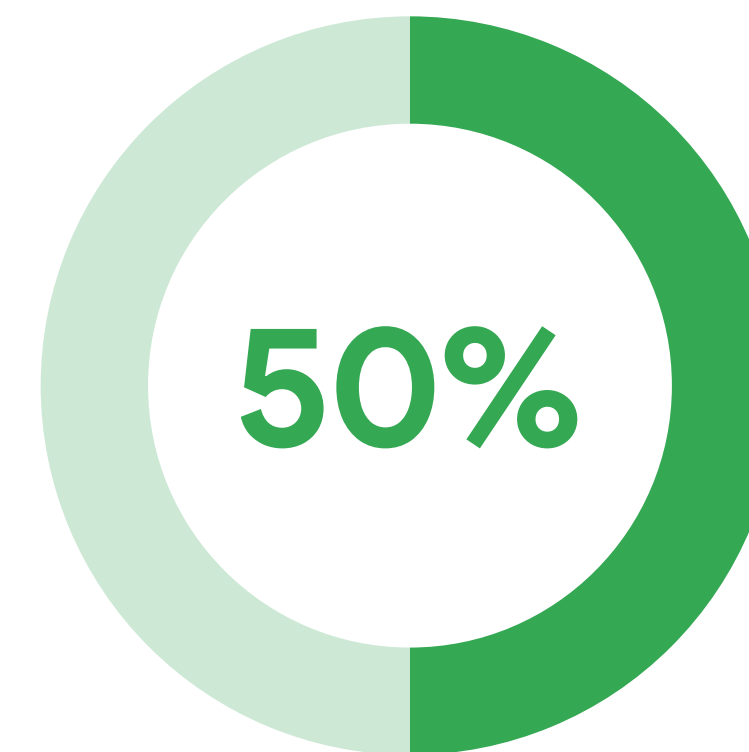
Productivity

03

Financial institutions report significant improvements when asked about the ability of gen AI to increase business and IT productivity to drive innovation and transformation. This suggests that employees, recognizing gen AI tools as useful "work BFFs," are driving strong demand and rapid adoption.

For example, gen AI can help developers convert complex financial models to code. Or help financial researchers analyze multimodal data and create meaningful summaries. One such application is to simply query a news segment with a prompt such as "what did the video say about the S&P 500 futures intraday," then the desired answer will be generated.

Gen AI impact on productivity[7]

Among financial services organizations currently using gen AI in production and reporting productivity improvements

50% indicate employee productivity has at least doubled
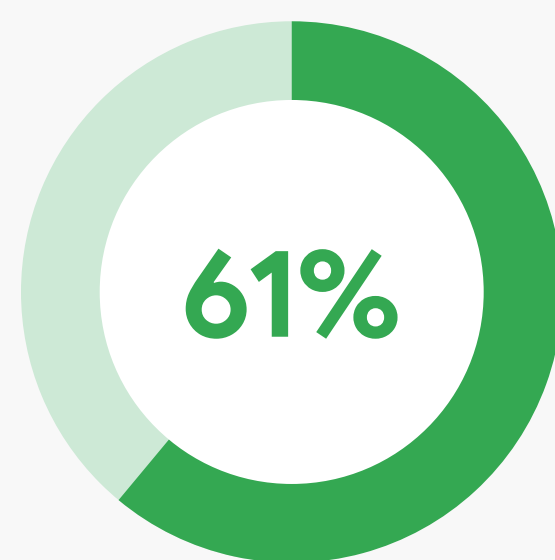
[7] Financial services organizations currently leveraging gen AI in production and reporting productivity improvements: n=152

04 Security

The evolving threat landscape is becoming more complex, with bad actors using gen AI to create new attack vectors, conduct fraud, and exploit vulnerabilities in banking and payment systems. In response, many financial services organizations are turning to gen AI to strengthen their security defenses. Data shows this had led to improvements in threat identification, time to resolution, and the number of security tickets among these companies.

Gen AI impact on security[8]

Among financial services organizations currently using gen AI in production

61% indicate improved security

[8] Financial services organizations currently leveraging gen AI in production: n=213

"

Fraud and anomaly detection require you to crunch a massive amount of data in real time to establish a relationship between data points that may not be obviously connected. We know that the bad actors are also learning to use gen AI, so we continue to find ways to apply it to safeguard us and our customers."

Luis Uguina

**Chief Digital Officer, Macquarie Bank**

Customer experience

05

Financial services organizations see gen AI enhancing customer experience. Banks have long used chatbots for personalized information and faster request handling.

However, these interactions require tight controls and monitoring. For example, US banks must comply with the Consumer Financial Protection Bureau (CFPB) customer complaint capture and management rules. This requires robust processes for accurate tagging and routing. In Europe, banks must minimize generative hallucinations to prevent chatbots from giving unintended financial advice. If these complexities are addressed, gen AI can significantly improve customer experience in financial services.

Gen AI impact on user experience[9]

Among financial services organizations currently using gen AI in production
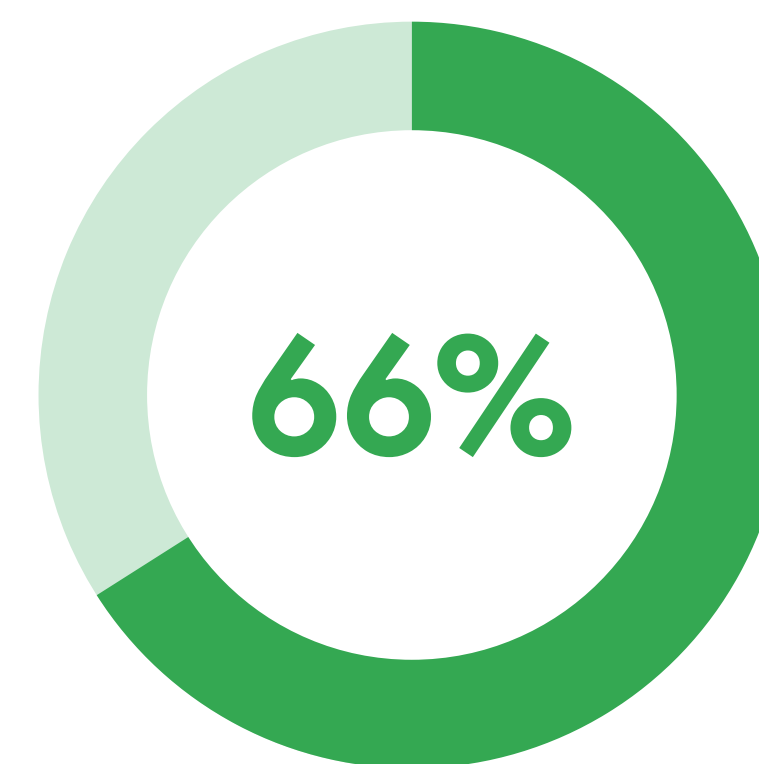
66%   indicate improved user experience

[9] Financial services organizations currently leveraging gen AI in production: n=213

C-level support helps unlock more value

With the backing of the C-suite, financial institutions are more likely to have organizational alignment between gen AI and business goals. It can help realize success with gen AI initiatives. In fact, organizations with a strong gen AI connection to business goals are more likely to see a ROI now on at least one use case (76%[10]), compared to the overall average of 64%.

[10] Financial services organizations with strong gen AI connection to business goals: n=188; Total market - financial services (global): n=340

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Financial services orgs with a strong connection between gen AI and business goals report ROI now on at least one use case[11]

[11] Total market - financial services (global): n=340; Financial services organizations with strong gen AI connection to business goals: n=188
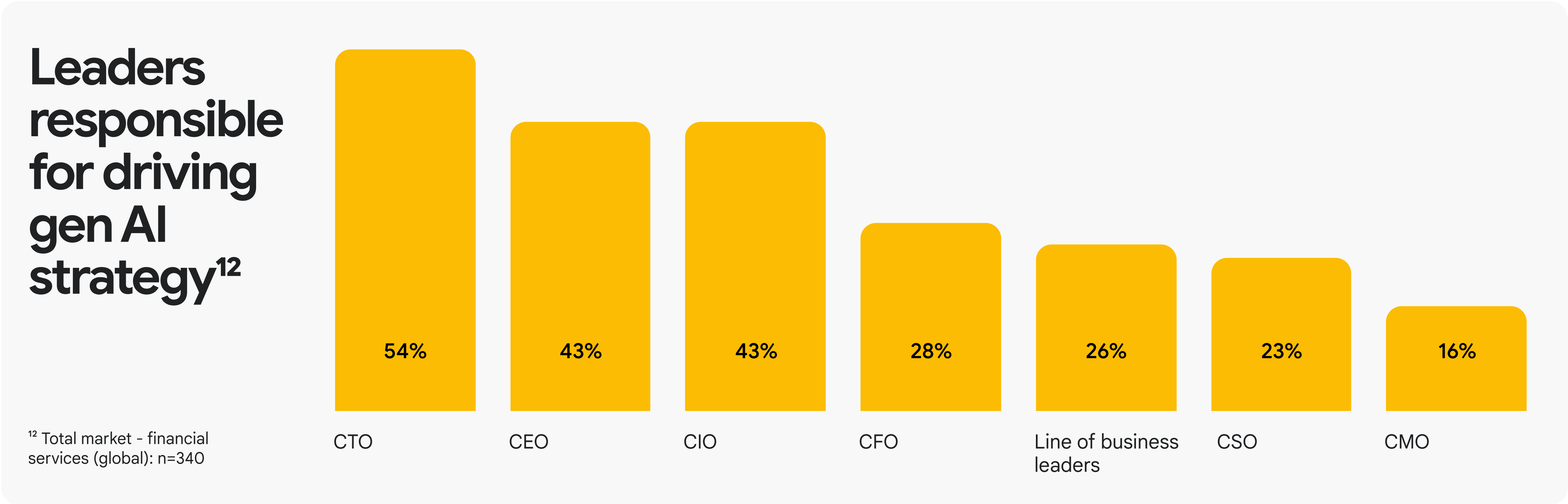
▲▼
Arrows indicate a significantly higher or lower score compared to Total Respondents at a 95% confidence interval.
* A strong connection between gen AI and business goals is defined as evaluating their organization's alignment between 4-5 at QALIGNMENT. Question text can be found in the speaker's notes.

Seeing ROI now (any use case)

64%

76% ▲

Not seeing ROI now for any use case

36%

24% ▼

Total financial services orgs (global)

Orgs with strong gen AI connection to business goals
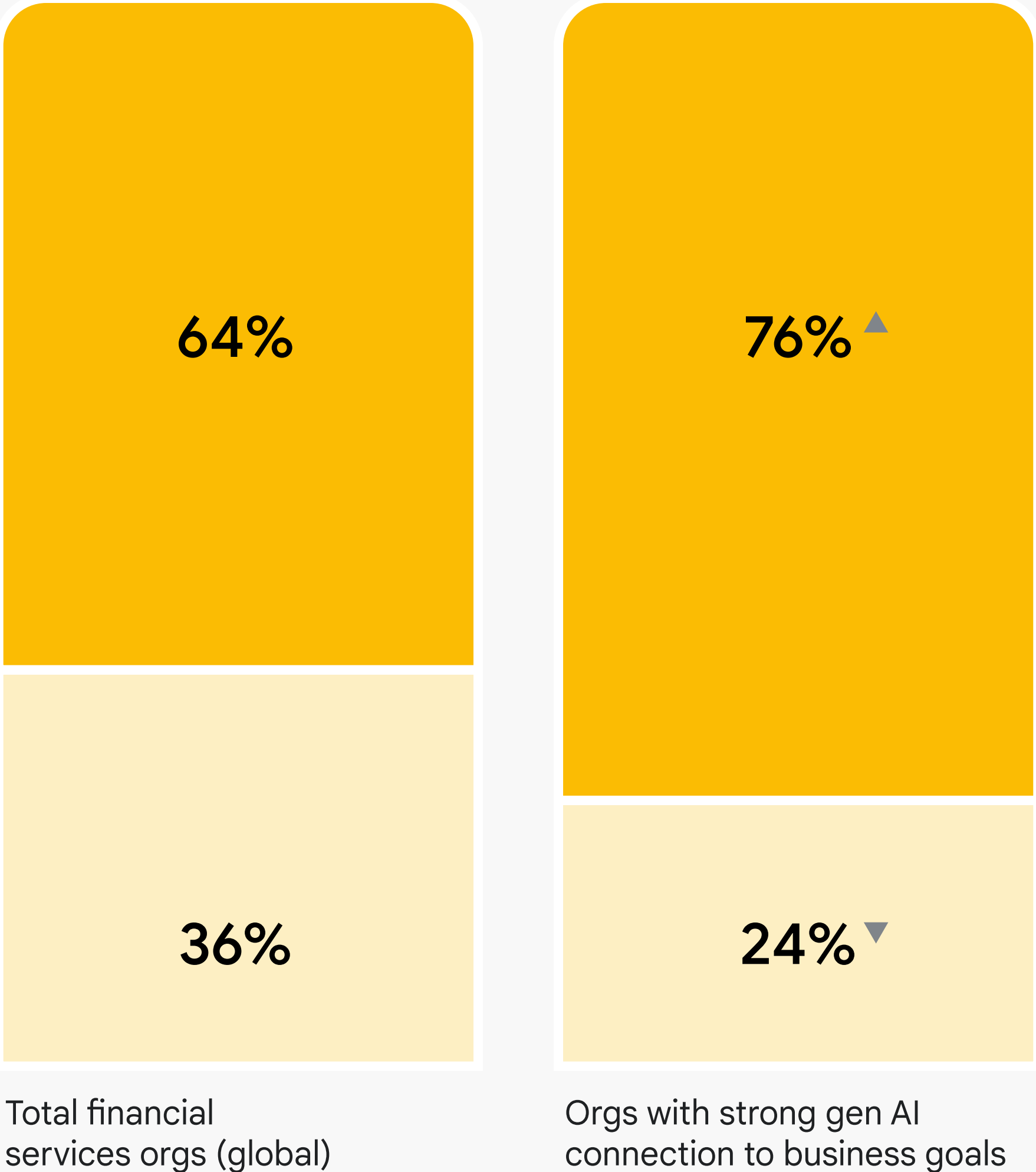
To achieve this alignment, financial institutions are increasingly taking a collaborative approach. In fact, 63% of financial services organizations[12] say responsibility for driving gen AI strategy is shared—and the roles are evolving. Traditionally, CTOs and CIOs lead technology and innovation workstreams, often in collaboration with the lines of business leaders. Today, CEOs and CFOs are also actively involved in driving gen AI strategy—highlighting the need for closer collaboration across the C-suite to ensure strategic goals are reflected in gen AI initiatives.

Leaders responsible for driving gen AI strategy[12]

[12] Total market - financial services (global): n=340

CTO	CEO	CIO	CFO	Line of business leaders	CSO	CMO
54%	43%	43%	28%	26%	23%	16%

You must have C-level support to get started, and we are in a good state in our firm. We have a board member responsible for technology, data and innovation, which is not common in banking, and our CEO is taking that conviction call to invest in technology even if we aren't sure yet how big the ROI will be."

Christoph Rabenseifner

**Managing Director, Technology,
Data and Innovation, Deutsche Bank**

"When we start a new project, every team member needs to understand and analyze the work we're doing before we make a decision."

Luis Uguina

Chief Digital Officer, Macquarie Bank

Reinvesting in innovation

With 60% of financial services organizations intending to allocate at least half of their future AI budget toward gen AI, it's undeniable that the technology is here to stay.

Future AI budget allocated to gen AI[13]

Among financial services organizations (global)

[13] Financial services organizations with defined funding plans for gen AI: n=332
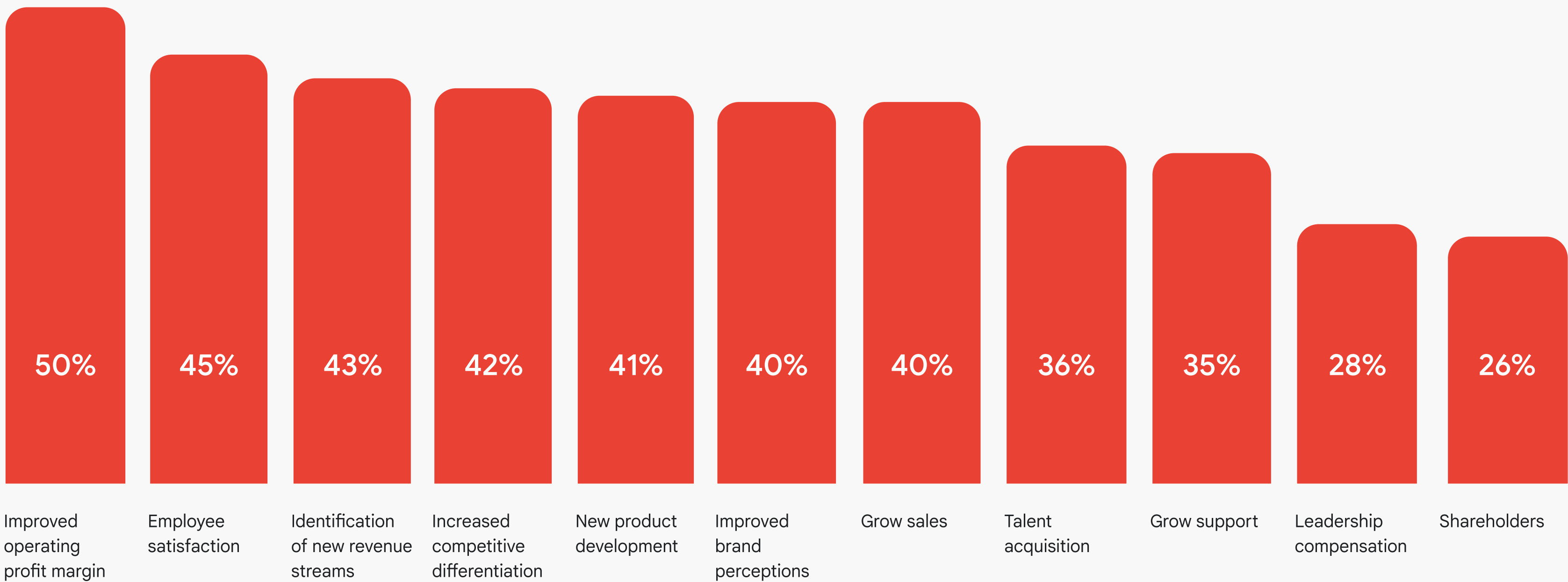
75% +	15%
50%	45%
<25%	38%

Financial institutions that realize gains from gen AI have their sights set on reinvesting across a wide range of priorities. In fact, 50% of respondents plan to use the gains to improve operating profit margin, 45% to boost employee satisfaction, and 43% to identify new revenue streams. The question is, can this virtuous cycle of innovation sustain itself? The potential is there, but it's crucial to ensure these early successes translate into long-term growth.
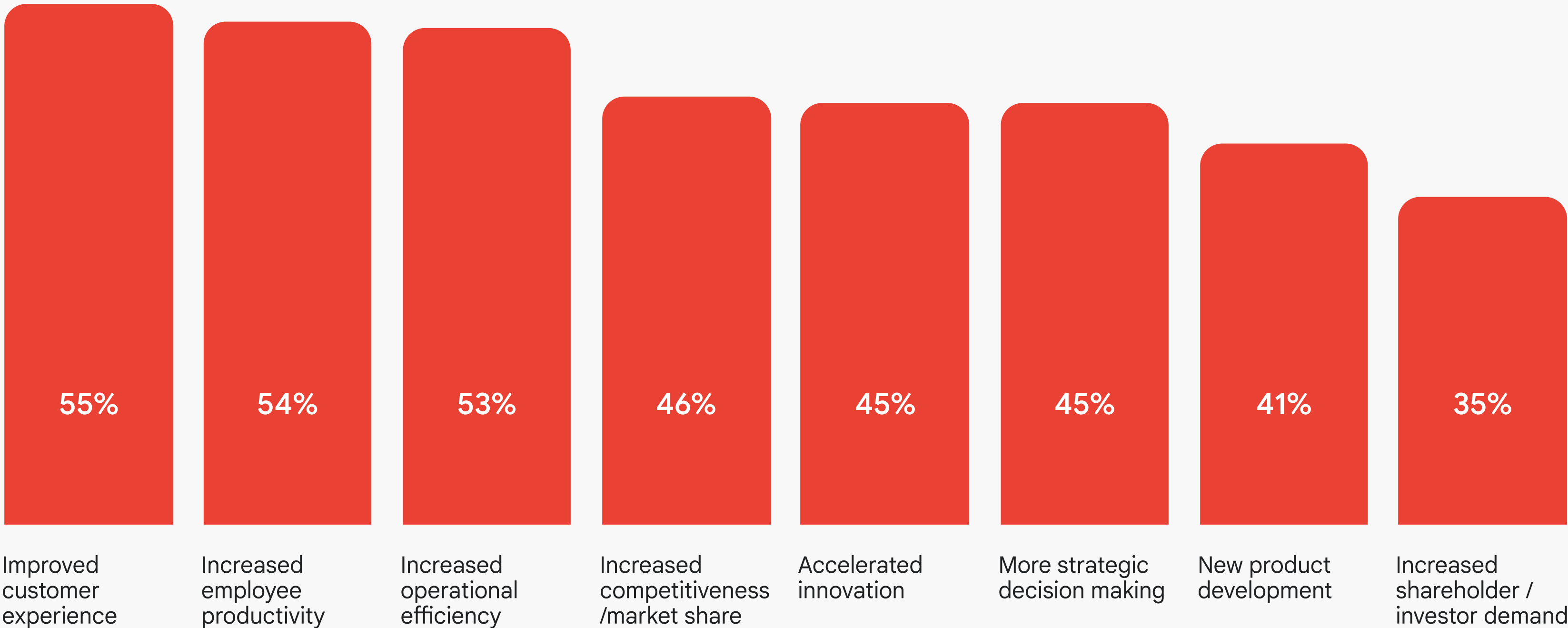
Ways organizations want to use gains from gen AI[14]

[14] Total market - financial services (global): n=340

50%	45%	43%	42%	41%	40%	40%	36%	35%	28%	26%
Improved operating profit margin	Employee satisfaction	Identification of new revenue streams	Increased competitive differentiation	New product development	Improved brand perceptions	Grow sales	Talent acquisition	Grow support	Leadership compensation	Shareholders

Over the next two to three years, financial services organizations plan to use gen AI to address a range of objectives, with customer experience (55%) and employee productivity (54%) at the top of the list. As these organizations embark on the journey, seemingly competing priorities may end up supporting each other. For example, more transformational initiatives like accelerated innovation and new product development—which are also in their sights—could help elevate the customer experience.

Planned business objectives to pursue with gen AI in the next 2-3 years[15]

[15] Total market - financial services (global): n=340

55%	54%	53%	46%	45%	45%	41%	35%
Improved customer experience	Increased employee productivity	Increased operational efficiency	Increased competitiveness /market share	Accelerated innovation	More strategic decision making	New product development	Increased shareholder / investor demand

10 governance tips for successful gen AI implementation

Whether you're in the early stages of evaluation and testing, or you're already rolling use cases into production, you need to assess and mitigate risks associated with the use of gen AI tools. Financial agencies in most countries have not issued rules or guidance specific to gen AI, but rather, have sought to apply existing model risk management guidance and principles to the technology.[16]

[16] Applying model risk management guidance to artificial intelligence/ machine learning-based risk models, Google Cloud, June 2023
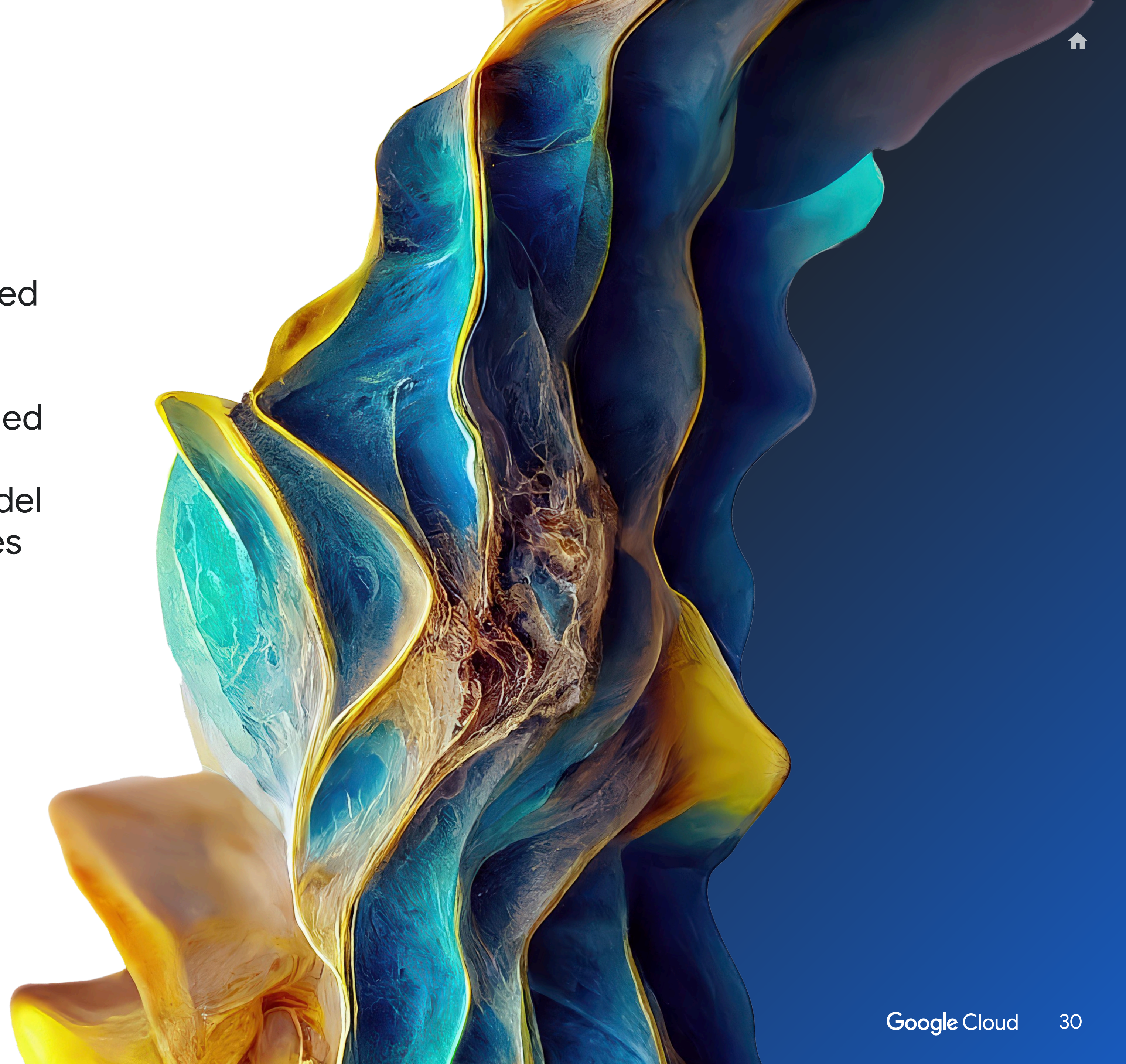
To help organizations navigate these challenges, we've outlined 10 best practices to streamline and operationalize AI implementation at scale.

01

Identify key stakeholders from various disciplines to provide their subject matter expertise to evaluating AI initiatives.

02

Define your organization's guiding **AI principles**.

03

Use a framework such as **Google's Secure AI Framework** (SAIF) for a secure and consistent approach to AI implementations.

04

Document and implement **relevant policies and procedures** for AI design, development, deployment and operations.

05

Articulate the AI use cases relative to the organization's strategy and risk appetite.

06

Plug into your organization's **data governance program**.

07

Partner closely with your Compliance, Risk, and Legal stakeholders.

08

Establish points of escalation so that when questions arise, there's a clear path to getting them answered.

09

Implement mechanisms for **providing visibility** on the status of each AI initiative both internally and externally.

10

Institute a dedicated **AI training program** to support organization-wide understanding of key concepts and potential challenges associated with AI.

Take a deeper dive into these tips <u>here</u>.

How Google Cloud helps organizations realize business value

Google Cloud helps organizations build transformative gen AI experiences with confidence and speed. Google's comprehensive AI stack, backed by a decade of research, empowers customers to access and customize leading foundation models, build and deploy gen AI applications with an integrated developer platform, boost productivity with AI agents, and develop their own models using Google Cloud's cutting-edge AI Hypercomputer infrastructure.

Methodology

14-minute online survey with a total of n=2,843 business leaders, n=340 from Financial Services organizations.
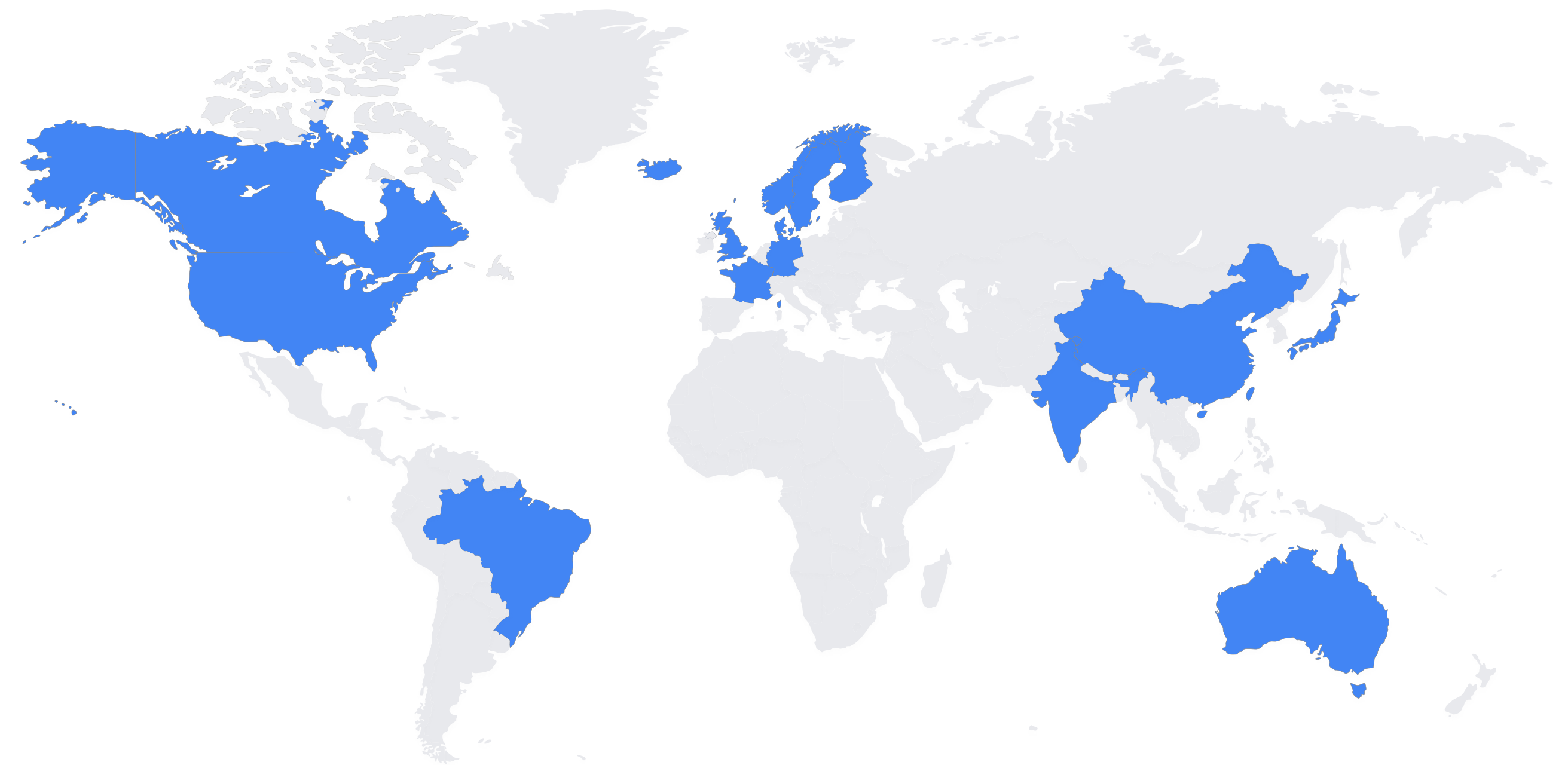
Upper-level, senior executive, and C-suite business leaders, including:

108 CEO, CIO

113 CFO, CMO, CTO

66 CISO, CDO, CSO, COO, Director of Digital Strategy, VP of IT

53 IT Director, Head of Innovation

NorthAm	100	EMEA	103
LATAM*	32	APAC	105

*Low base (n<100)

Over
100
full-time employees

Over
$10m
annual revenue

Must be at least interested in gen AI use cases

A robust representation from priority industries

Global fieldwork conducted February 23 - April 5, 2024

Additional North America augment fieldwork conducted July 2-24, 2024

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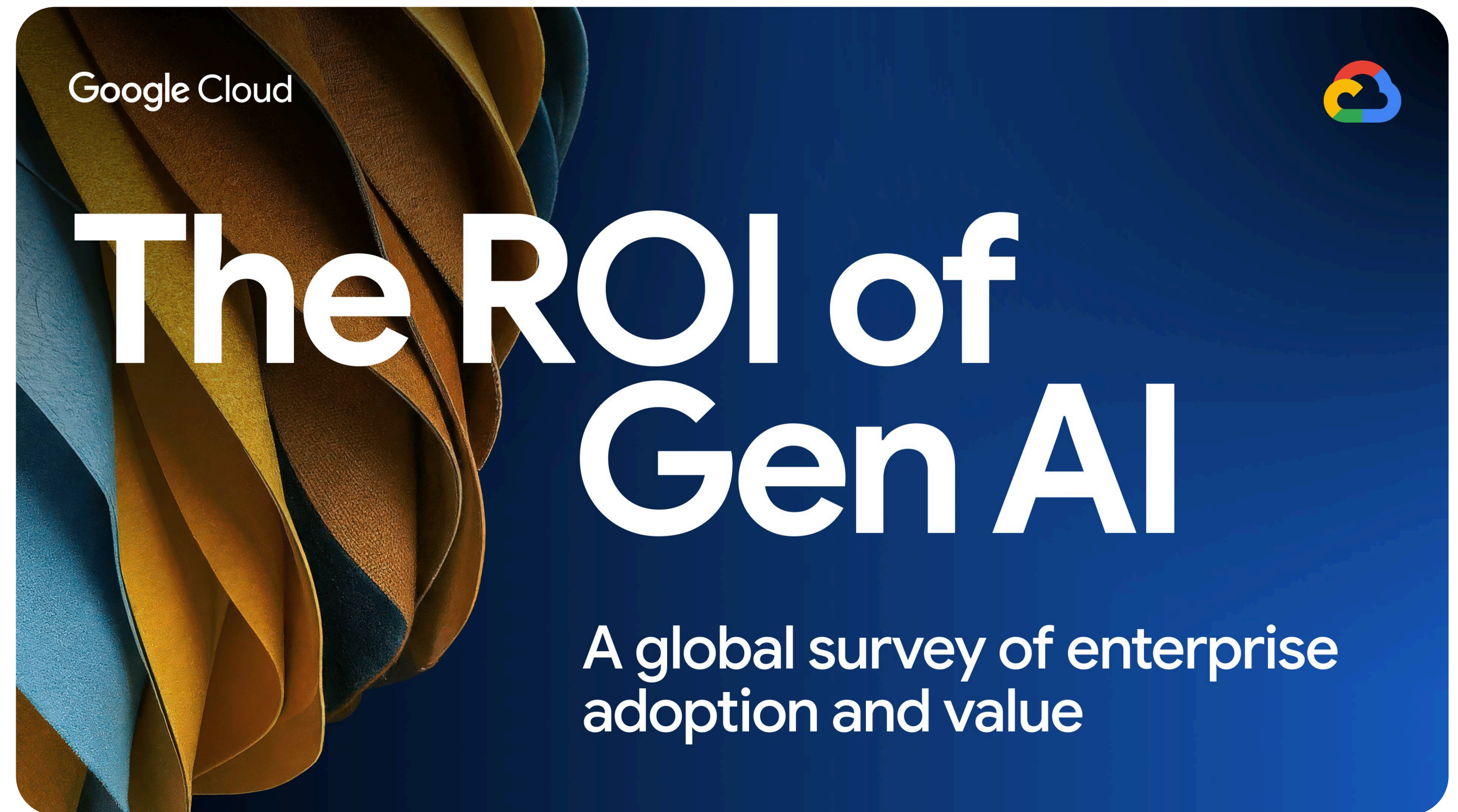
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