



# How AI Can Transform Federal Financial Agencies

**MARKET TRENDS REPORT**



Google Public Sector

# Executive Summary

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Current administration priorities and mandates require all agencies to rapidly transform and digitize their operations, but organizations in the federal financial sector are under particular strain.

“There is rising consumer expectation for these agencies to move fast. People expect to be able to interact with [them] in real time,” said Inna Berthe, Strategic Pursuits Manager for Google Public Sector.

And yet budgets are lean: Agencies must do more with less. The administration is pressing agencies to be more streamlined, to meet their missions with the same speed and capabilities that consumers encounter in the commercial world. “And they need to do all that without mistakes, without sacrificing cybersecurity,” Berthe said. “The federal financial agencies definitely feel all those points of pressure.”

Digital modernization, and artificial intelligence in particular, offer a budget-friendly path toward meeting constituent expectations while satisfying the administration’s drive for efficiency.

“These agencies have to manage and utilize large volumes of data,” she said. “They need to ingest it, process it, warehouse it, tag it, search it and make it actionable — at speed and scale,” said Berthe, but identifying critical information in vast datasets quickly and with accurate outputs can be like finding the needle in a haystack. In this environment, “AI is arguably the only technology that can really help.”

# By The Numbers

## Document-Handling Benefits of AI

AI-supported processes in document handling drive efficiency, according to the Association for Intelligent Information Management. Organizations report:



↑ 70% to 90%

**faster invoice approvals**



↓ 50% to 80%

**reduction in manual data entry**



↑ 50%

**increase in productivity**

# 51%

In the public sector, 51% of agentic AI use cases relate to finance and accounting.

# 61%

of intelligent document processing (IDP) systems still include paper documents, and 48% of organizations expect their paper volume to increase.

# 44%

of organizations plan to apply IDP to financial statements in the next two years.

***“Financial management and reporting functions in government [involve] important but sometimes repetitive tasks that are particularly well-suited for automation.”***

***– Organisation for Economic Co-operation and Development***



# Responding to Calls for Digital Transformation

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## The Challenge: Too Much Data, Slow-Moving Processes

Financial agencies face many challenges as they adapt to current priorities and mandates.

**Volume of information:** Agencies are responsible for troves of information, including regulatory and statutory documents, mandatory reports, and both individual and business filings. They're saddled with the physical documents required by law and overwhelmed by the digital data needed for mission delivery.

"A lot of paper legally has to be retained by regulators and lawyers," Berthe said. "There's a lot of digital data as well, and that presents its own set of challenges. How do you go through 600 million tax paper documents, for example? How do you process something that large?"

**Manual processes:** Too often, the answer is brute force. "So much manual labor goes into managing all of that," Berthe said, which puts accuracy at risk. "Agencies struggle to scale that effort and to manage the cost."

Manual processes make the everyday work laborious — the very opposite of efficient — "and add so much to the cost around managing and delivering the needed outcomes," she explained. Agencies have looked to modernize some processes, but what they need is a real breakthrough, a new way of extracting timely insights from all that mission-critical information.

**Internal obstacles:** IT modernization can help here, but trying to put modernized solutions onto outdated infrastructure can be tough. Particularly when it comes to AI, IT leaders may be unsure if their current infrastructure can even support emerging capabilities.

In addition, users sometimes resist AI. "It's such a new concept, and people are used to doing things in a specific way," Berthe said. "It can be challenging for agencies to adapt to this new way of working."

## The Solution: AI-Driven Efficiencies, Improved Mission Outcomes

AI excels at making sense of existing information. For federal financial agencies looking to improve performance, "it can help with knowledge retrieval, with workflows and with content generation," said Berthe. "We're either asking a question, trying to automate processes or trying to get answers." This can drive several specific benefits.

**Document digitization:** Agencies need to turn paper documents into digital data to make the information retrievable and searchable. For humans, that's tedious and time-consuming. AI is faster and more accurate. It digitizes documents with an accuracy percentage in the high 90s, Berthe said.

For instance, if AI can save 1,000 staff members two hours per week, "an agency can save \$10 million a year in document digitization," she said. With today's AI solutions, "that is the level of efficiency we're talking about."

**Internal and external searches:** Financial agencies need searchable data to drive internal processes and respond to constituent requests. When agencies can't surface the data they mandatorily must provide, people file complaints.

"AI makes all that data easily searchable, with natural language search," said Berthe. "When you search with AI, you get, 'Here is what you need to see,' and it's consolidated into an actionable paragraph. What has changed with the new executive order? AI would say, 'Here are the main things that have changed and here's what you need to do about it.'"

**Timely insights:** From regulatory documents to personal tax information, agencies need to make sense of data, "and they need to do that quickly and efficiently, with the highest level of accuracy possible," Berthe said.

Leaders need those timely insights to make mission-critical decisions, "and the only way to do that is with AI," she said.

# Leveraging AI to Drive Financial Agency Success

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## Don't boil the ocean

AI efforts succeed when they are narrowly focused on hard-to-solve problems of high value to the agency mission. “Pick one or two really demanding use cases that you’re trying to solve,” Berthe said.

“There are probably dozens of potential use cases, but start with the most pressing, hairy problems,” she said. “Maybe it’s a regulation, a mandate, something with a ton of red tape that’s pressing and urgent.” When agencies choose to tackle a narrow objective that yields a big win, “that’s when they can really see the power of this technology.”



## Begin with the experts on hand

There’s a common misconception that AI demands a new level of sophistication and a new set of experts. “People think you can’t get started with any of these critical use cases until you’re fully staffed,” Berthe said.

“Agencies may think that they need to go hire really technical people or spend time developing that expertise in-house,” Berthe added. But the right vendor partner “will build this and maintain it for you and train you. That means you don’t have to wait until you’ve got the ‘right’ people in order to get started.”



## Keep humans in the loop

AI can do a lot to drive efficiency and improve mission outcomes in federal financial agencies — but not on its own. “AI is not here to replace people. It’s here to make your job easier, to make the government run more smoothly,” said Berthe.


With that in mind, “there is going to be an ongoing need for some human interaction in order for AI to ease processes both for consumers and for federal workers,” she said. Augmented by AI insights, humans can perform their best work quickly and effectively.



## Drive culture change

AI is still very new, and some fear of the unknown is understandable. “We have seen in recent history that when it comes to technology driving fundamental change, there is always a little bit of resistance,” Berthe said.

“Agency leaders need to embrace AI in order for it to become embedded into the everyday life of the agency,” she said. “Don’t wait for an executive order or some type of mandate. Leadership needs to be out in front of this, they need to be forward-thinking about it.”



## Case Study: An AI Success Story

### The Problem

A financial agency needed to improve access to financial and industry data on its public-facing website, ensuring the most accurate search possible for its constituents and regulated entities. Stakeholders simply couldn't find what they needed among the agency's masses of data.

"They filed complaints, essentially saying, 'You're requiring X, Y, Z of us, and there's no way to find this information,'" Berthe said. The agency had all the data but needed a means to make it discoverable to outside partners.

### The Solution

The agency turned to Google for an AI-driven solution. "We put in place a process using Vertex AI, a unified platform for building and using AI. We created a mechanism for them to document their information and to make it easily searchable," Berthe said.

With AI parsing the data, stakeholders could use simple, natural-language searches to find what they needed. This resolved complaints and helped the agency meet its statutory requirements.

### The Outcomes

With the AI solution in place, the agency's net promoter score, which measures citizen loyalty and satisfaction with public services, rose substantially. "Every statistical measure around their information retrieval improved significantly," said Berthe.

"This problem went away for them, and the agency went on to launch the product into their external website for the public, not just for their internal partners," she added. "This was a pivotal moment for them."

## HOW GOOGLE PUBLIC SECTOR HELPS

Google has been at the forefront of AI development. “In 2016, CEO of Google Cloud Sundar Pichai announced that Google is an AI company, and we patented Tensor Processing Units (TPUs), which are designed for the sole purpose of AI processing at scale,” Berthe said.

Today, “AI is embedded in every single tool we use,” she noted. “We enrich every single one of our products with AI technology, delivering world-class AI capabilities on a zero-trust architecture.” Agencies have ready access, as Google’s nine data centers are all FedRAMP High-certified. “We believe that the government deserves best-in-class technology infrastructure for their AI use cases,” said Berthe.

In Google’s Gemini for Government and a range of other offerings, AI supports knowledge retrieval, document processing, coding assistance and other mission-critical functions. “As a federal financial agency, if you want to upload your document, interact with it, search it, summarize it — we make all of that possible,” Berthe said.



### ABOUT GOOGLE PUBLIC SECTOR

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Google Public Sector is dedicated to bringing Google’s best-in-class, secure, and responsible technology to government agencies, educational institutions, and partners at every level. They provide a full stack of solutions — from advanced artificial intelligence (AI) and cutting-edge data analytics to a planet-scale, highly compliant Google Cloud infrastructure. By focusing on secure-by-design principles and solutions like an air-gapped cloud, Google Public Sector empowers their customers to modernize services, unlock mission value, and deliver better, more secure experiences for their citizens and students.

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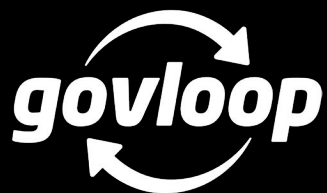
### ABOUT GOVLOOP

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GovLoop’s mission is to “connect government to improve government.” We aim to inspire public-sector professionals by serving as the knowledge network for government. GovLoop connects more than 300,000 members, fostering cross-government collaboration, solving common problems and advancing government careers. GovLoop is headquartered in Washington, D.C., with a team of dedicated professionals who share a commitment to connect and improve government.

For more information about this report, please reach out to [info@govloop.com](mailto:info@govloop.com).

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1152 15th St. NW Suite 800  
Washington, DC 20005

P: (202) 407-7421 | F: (202) 407-7501

[www.govloop.com](http://www.govloop.com)  
@GovLoop

