

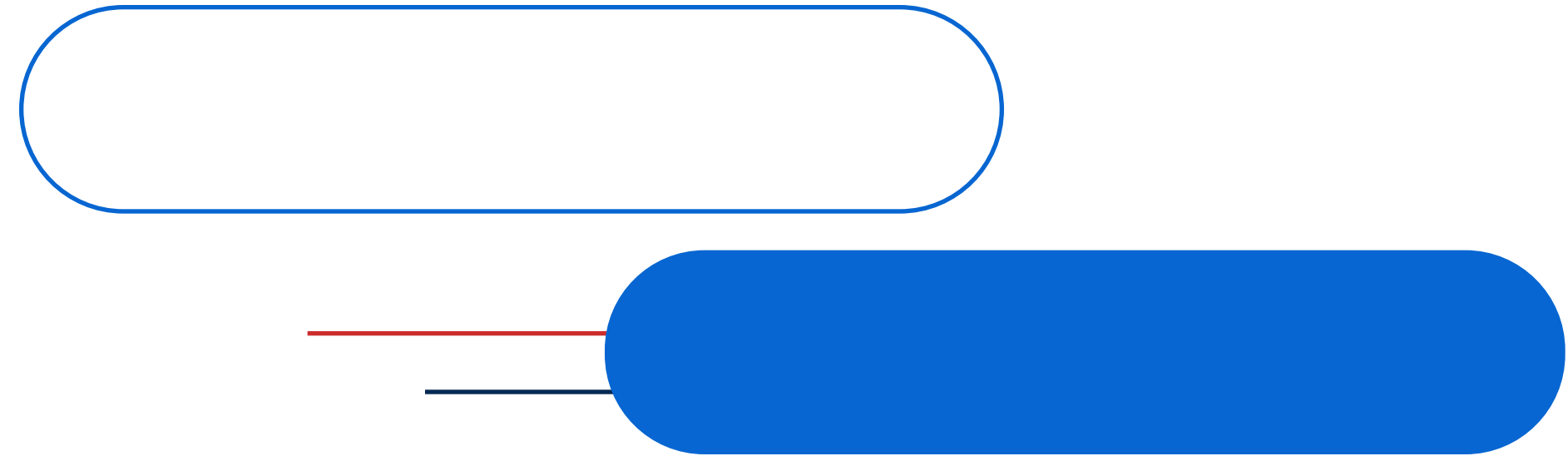


Your journey to a GenAI future:

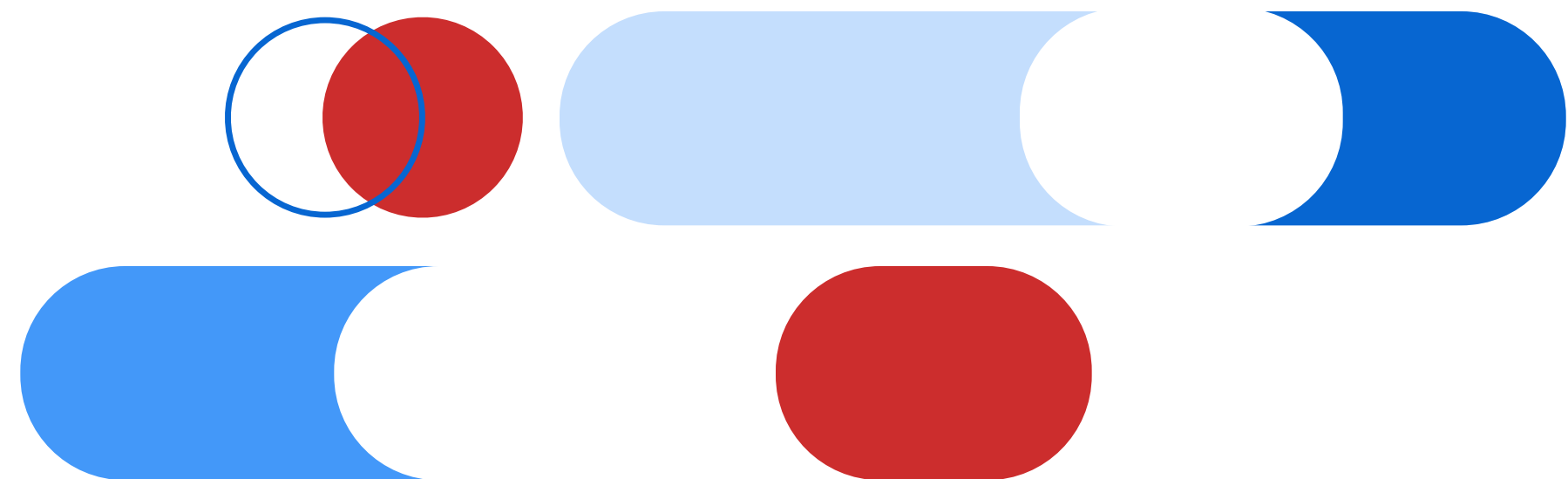
A strategic path to success in banking

Global research study reveals obstacles and opportunities when integrating GenAI technology





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Foreword

By Adam Neiberg, Senior Product Marketing Manager in Banking at SAS



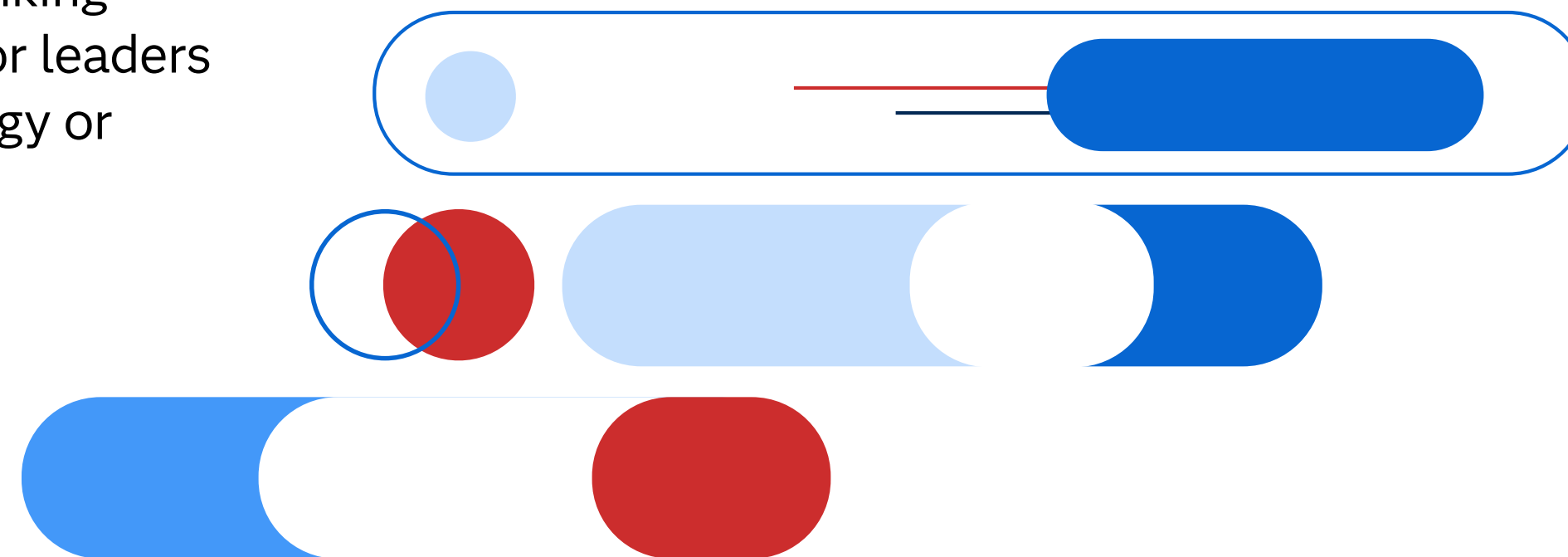
As generative AI (GenAI) stands on the brink of revolutionizing how the world does business, the banking industry is starting to capitalize on it. Data is at the center of everything in banking. GenAI offers the potential to generate more value from this data by enabling new efficiencies and unlocking untapped value – and many banks are already reaping the benefits.

From enhancing the customer experience to thoroughly transforming fraud detection, risk and compliance management and more, banks are beginning to realize the productivity and efficiency gains GenAI offers. The pressing questions for banking leaders now are how and where they can use GenAI most effectively going forward, and how to ensure it is fully adopted and scaled.

Our research findings are based on a new survey of 1,600 organizations across the globe from a wide range of industries. To better understand the banking industry perspective on GenAI, we examined responses from 243 senior leaders in the banking sector responsible for making decisions on GenAI strategy or data analytics.

This report reveals:

- How banks are implementing GenAI compared to other sectors.
- Which areas banks are seeing benefits in, and where banks feel less confident.
- How the banking sector's investment in GenAI stacks up against other sectors, and where it is being spent.
- How banking firms can proactively prepare for the challenges of implementing GenAI to ensure a strong ROI.

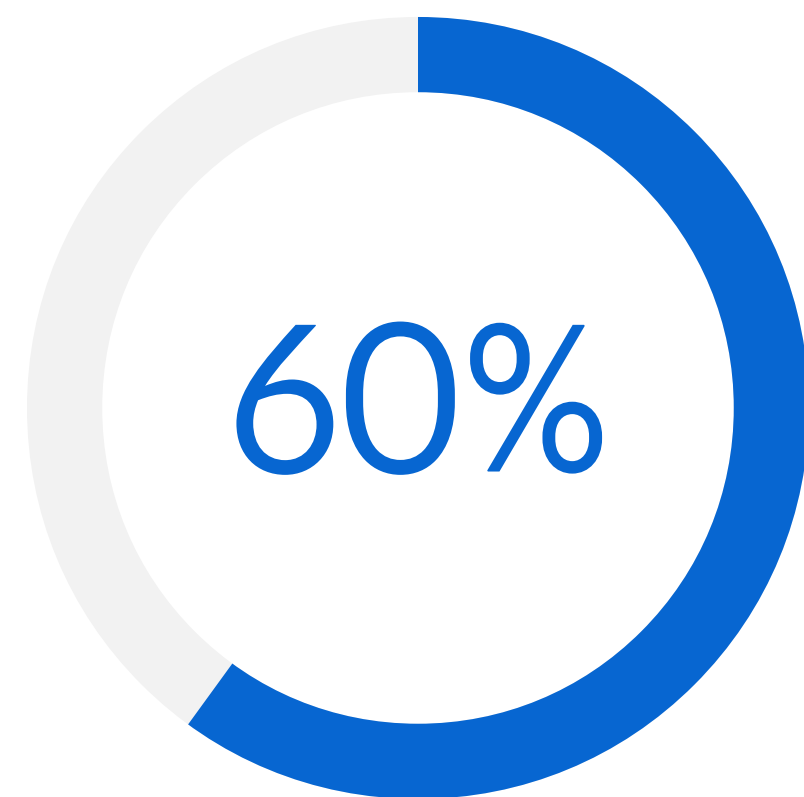


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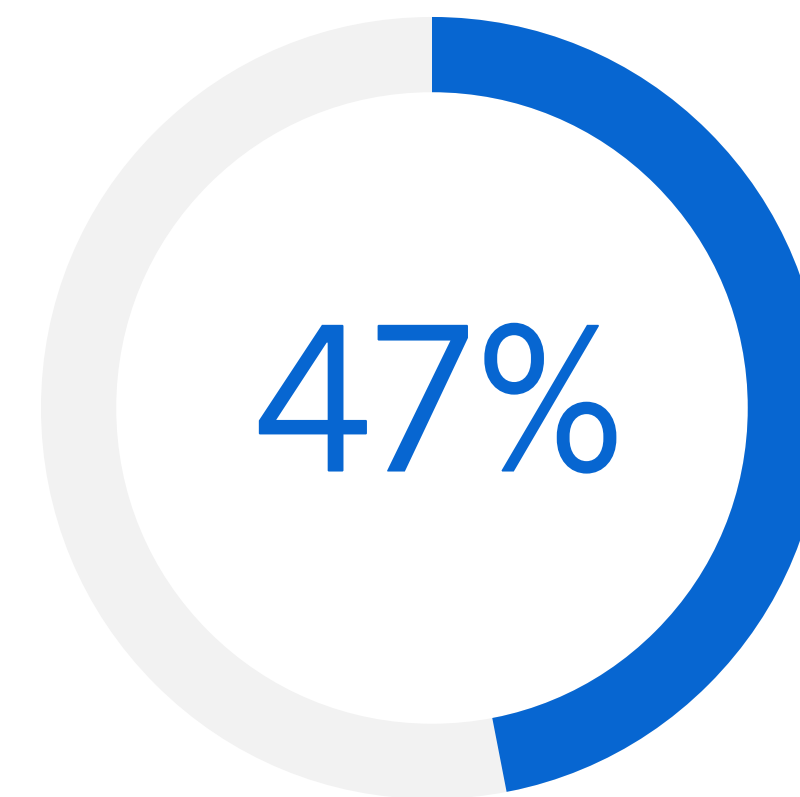
GenAI in banking today



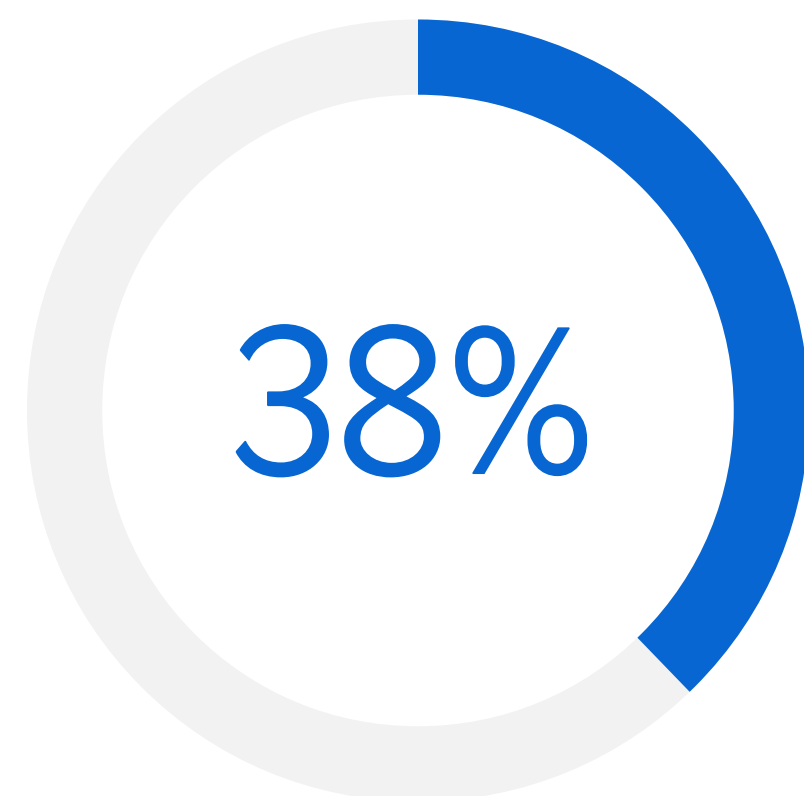
In the banking sector, GenAI technology is revolutionizing how things get done. It's the industry most inclined toward adopting GenAI, with most banks already using it to some degree. When it comes to where firms are using it, marketing departments have the highest adoption rates, with IT and sales not far behind.



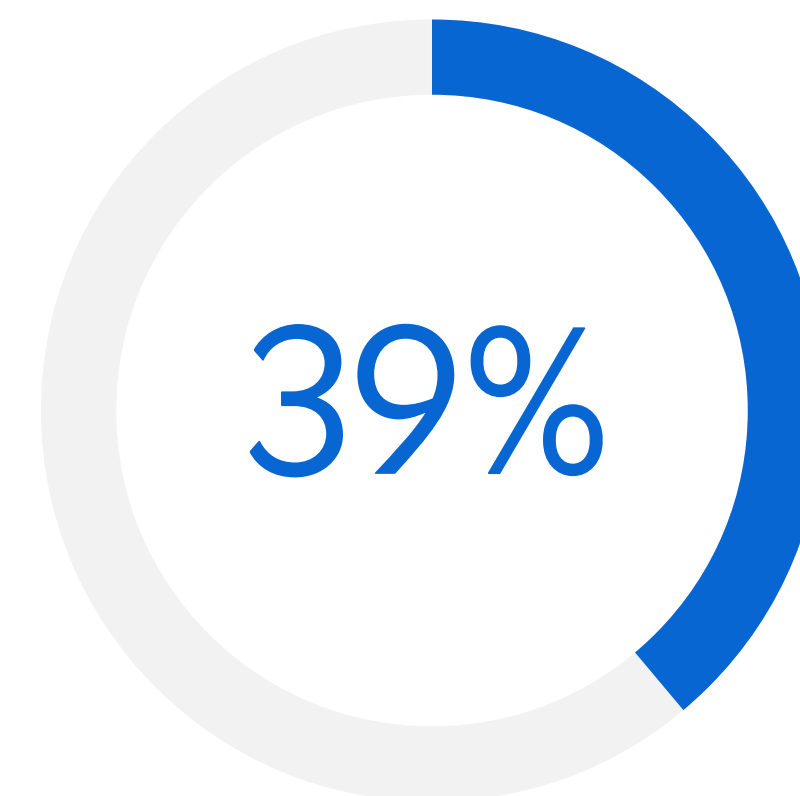
of banks are using GenAI, tied with the insurance industry for the highest adoption rate.



of marketing departments have deployed GenAI in banks currently using the technology in some capacity (Figure 1).

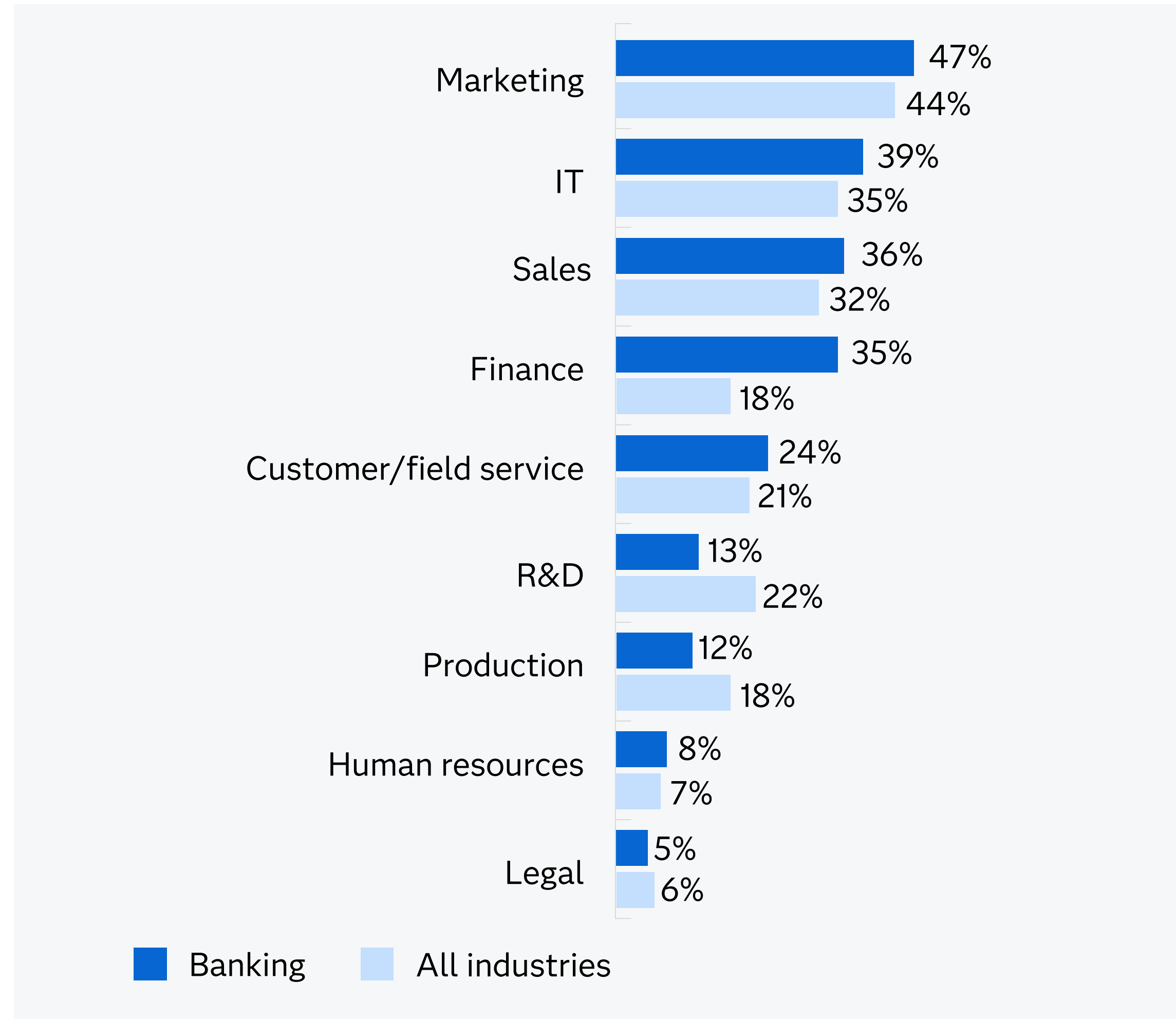


of banks intend to start using GenAI within the next two years or sooner; only 2% of banking leaders have no plans to do so.



of IT departments are using GenAI, followed by 36% of sales departments (Figure 1).

Which departments in your organization are currently using GenAI?



(Figure 1)

Spotlight on marketing

Marketing departments have accelerated GenAI adoption, creating a productive testing ground for the technology in the banking sector.

SAS and Coleman Parkes Research conducted a separate global study of 300 marketers about their use of GenAI for marketing activities, including 45 in the banking sector.

This research found that marketers in the banking sector:

- Use GenAI most for chatbots or customer interactions (**44%**) and generating written copy (**33%**).
- Plan to use GenAI within the next year for targeting audiences (**64%**) and trends analysis (**64%**).
- Say their top goals for the technology are to enhance risk management and compliance measures (**82%**) and gain efficiency in processing large datasets (**82%**).

To read the full report on GenAI in marketing, see sas.com/genai-marketing.



03

Blockers and barriers: What banking needs to overcome

As GenAI adoption continues to grow, the banking sector shares many challenges with other industries. Although significant attention is often focused on GenAI bias and governance, banking leaders are clear that – like other sectors – these are not their top concerns. Instead, data privacy and data security are their biggest worries.

Top concerns

74% say data privacy is one of their greatest concerns about using GenAI in their organization, and **71%** say the same for data security (Figure 2).

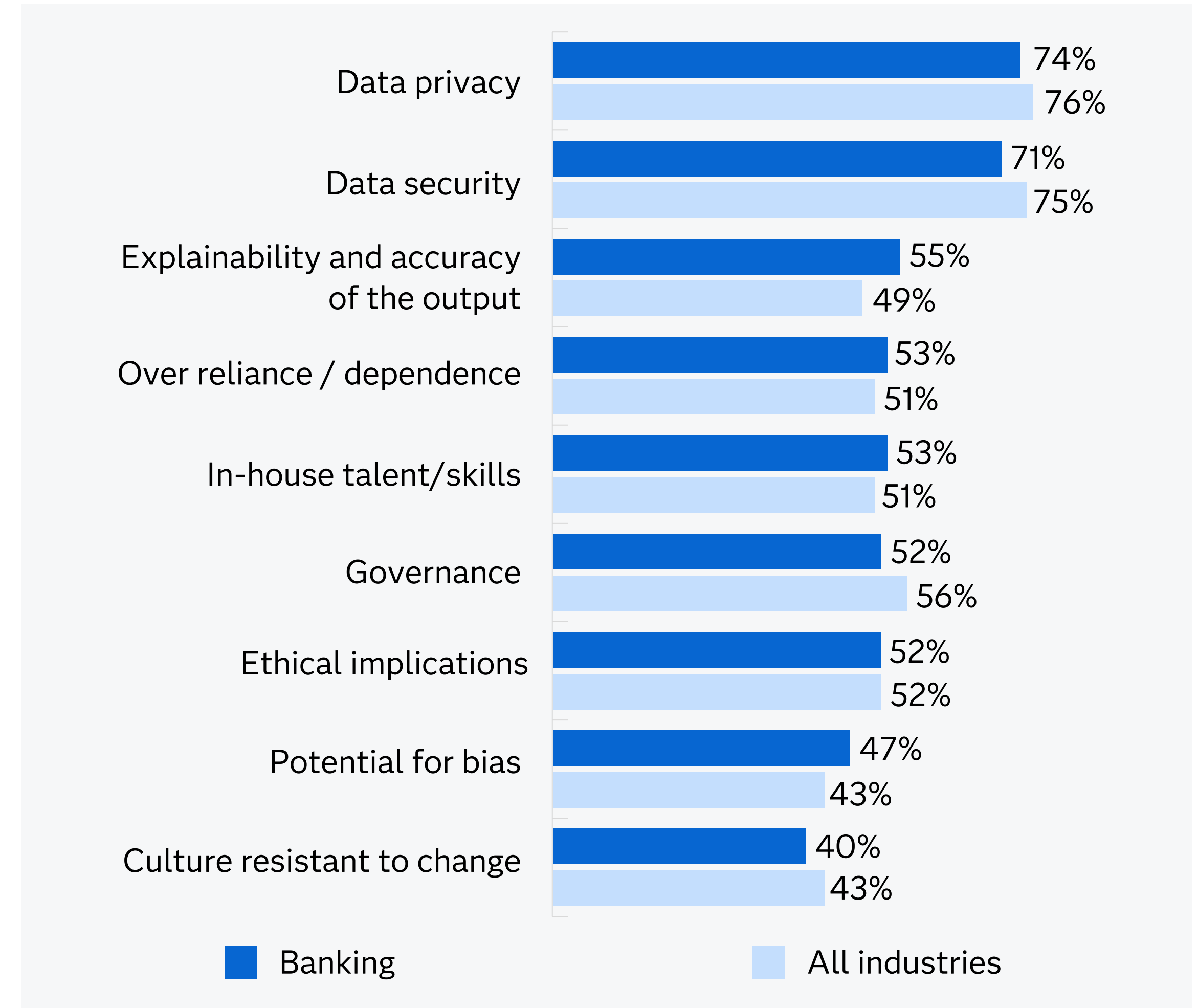
Interest in outputs

55% of banking leaders are concerned about the explainability and accuracy of GenAI’s outputs, notably higher than all other sectors and the **49%** cross-sector average (Figure 2).

With higher GenAI adoption rates in banking, leaders may be more focused on the real-world results they’re generating than in sectors with lower usage rates. As a highly regulated industry, banking is also likely to monitor AI closely to ensure it is producing safe and reliable results from customer data.



What are your concerns regarding the usage of GenAI in your organization?



Based on % ranking as one of their Top 5 concerns

(Figure 2)

Implementation challenges

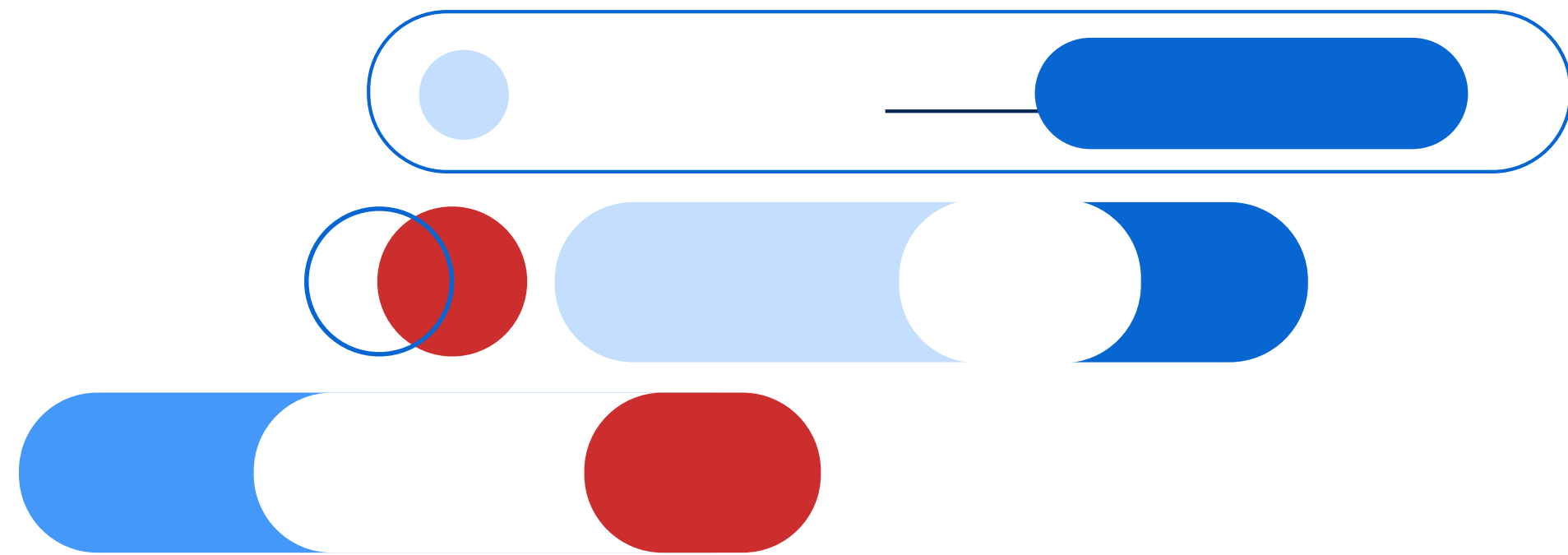
54% of banking leaders say that using both public and proprietary datasets effectively has been an obstacle to implementing GenAI – or that they expect it to be.

49% are experiencing challenges in transitioning GenAI from a conceptual phase to practical use.

Questions on governance

30% of banking leaders say technological limitations are their biggest challenge in implementing effective governance and monitoring for GenAI.

30% say a lack of transparency and accountability is the top challenge when it comes to governance – a bigger problem than it is for other sectors, where the average is **25%**.



Synthetic data solutions

Our research indicates data privacy and data security are top concerns for banks, and they're eyeing synthetic data as part of the solution. Some **29%** of banks surveyed are already using synthetic data, while another **33%** are actively considering it.

Since AI requires huge volumes of data to produce reliable results, and banks need to safeguard customers' sensitive personal information, synthetic data is an attractive solution. Synthetic data is fabricated but replicates the nuance and diversity of real data, and it's generated by algorithms or rules rather than collected from the real world.

Because it mimics the characteristics of the real data on which it's trained, synthetic data can help banks preserve privacy and reduce the time, cost and complexity of collecting and managing real data. Synthetic data can help banks detect fraud, enhance credit decisioning, reduce bias and more.

Privacy preparations

Just **5%** of banking firms considering using large language models (LLMs) have privacy risk measures in place. When it comes to developing solutions, banks are inclined to stay in-house, with **50%** saying they're considering developing solutions themselves, while **33%** are looking to buy a third-party solution.

04

Intelligent adoption: How the banking industry is integrating GenAI

Our research shows that the banking industry can see GenAI's extraordinary potential: Leaders are showing they are serious about capitalizing on the opportunity by investing. Where GenAI is already implemented, firms are beginning to see impressive outcomes. However, they also know that potential can only be realized through effective strategy, not technology alone, and are making plans for how the technology should be used.

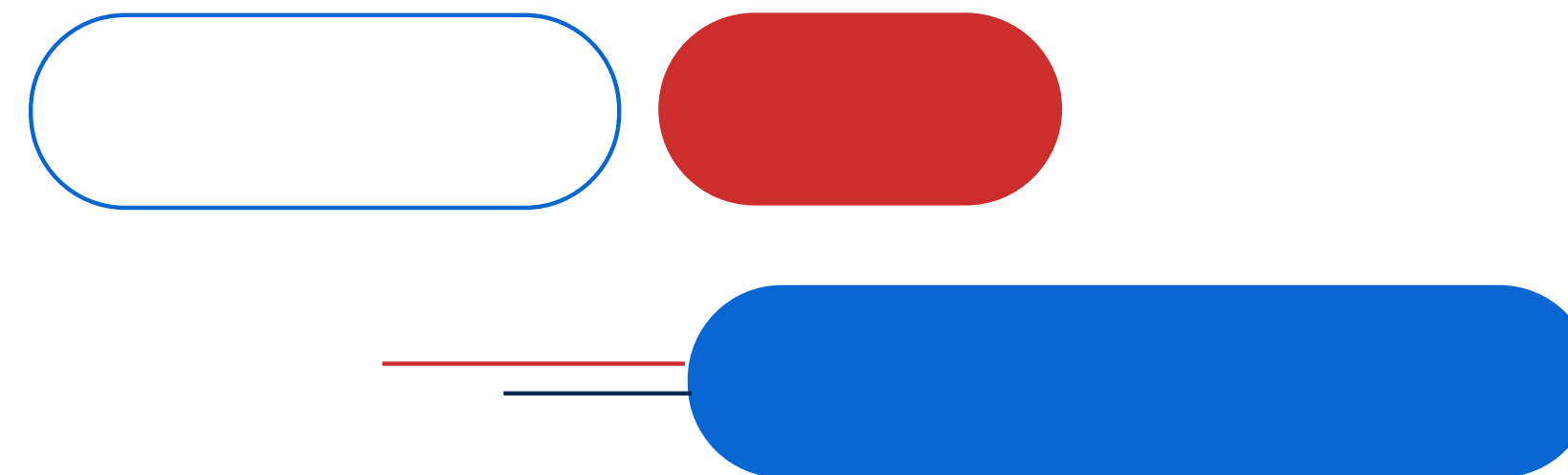
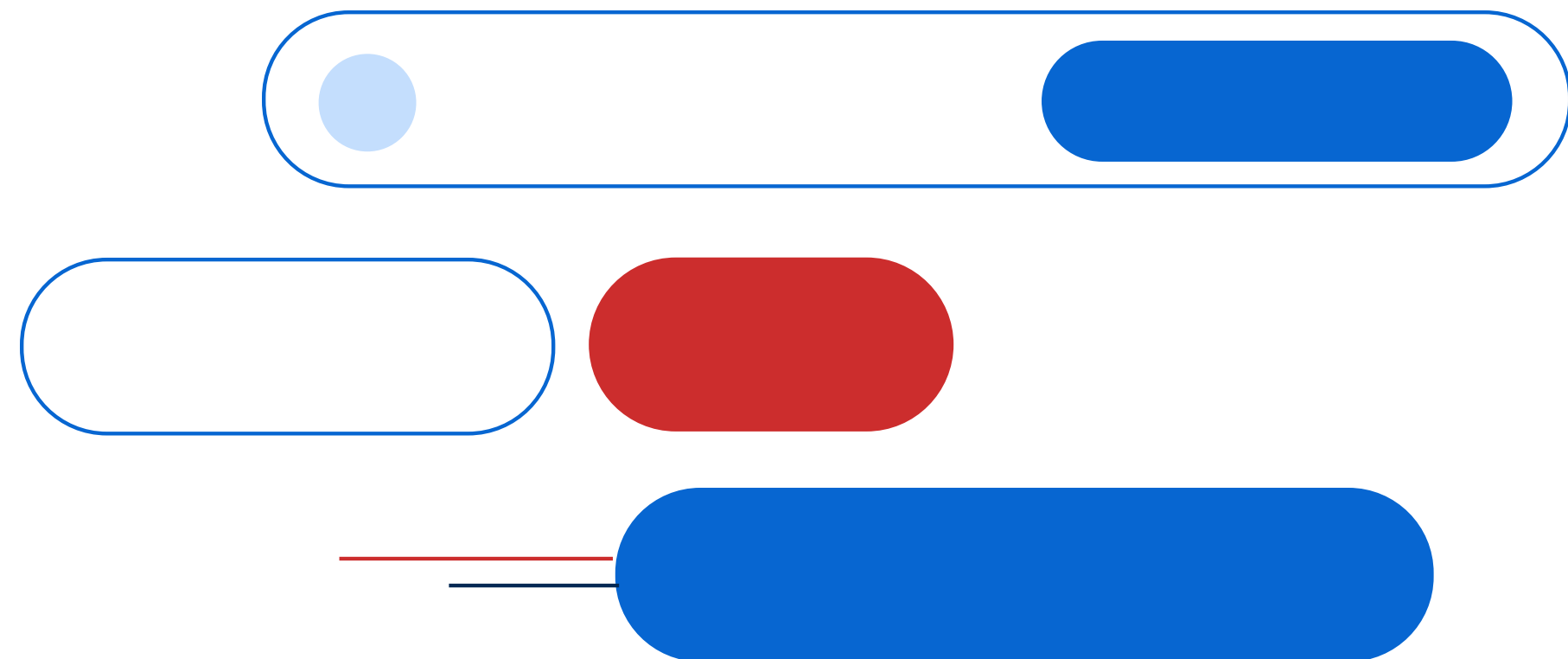
When it comes to measurable outcomes, high numbers of adopters are seeing improvements across a range of factors. At the moment, the biggest gains for banks are in internal processes – not externally facing ones.

Greatest GenAI gains *(Figure 3)*

90% of banking leaders are seeing improved employee experience and satisfaction.

88% have improved risk management and compliance measures.

85% say they are saving time and reducing operational costs.



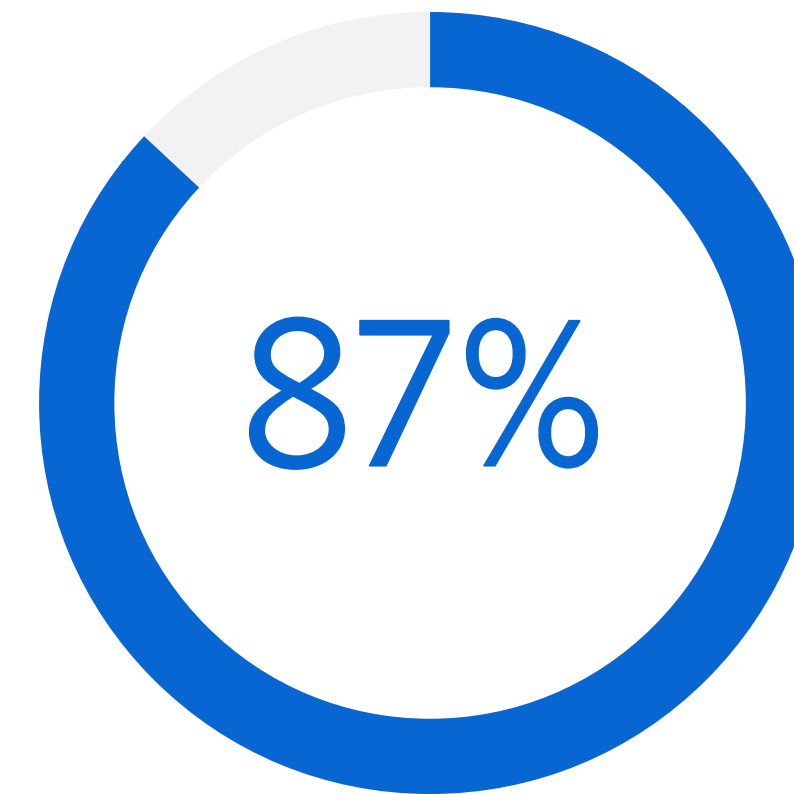
What measurable outcomes are you realizing from the integration of GenAI into your analytics processes?



(Figure 3)

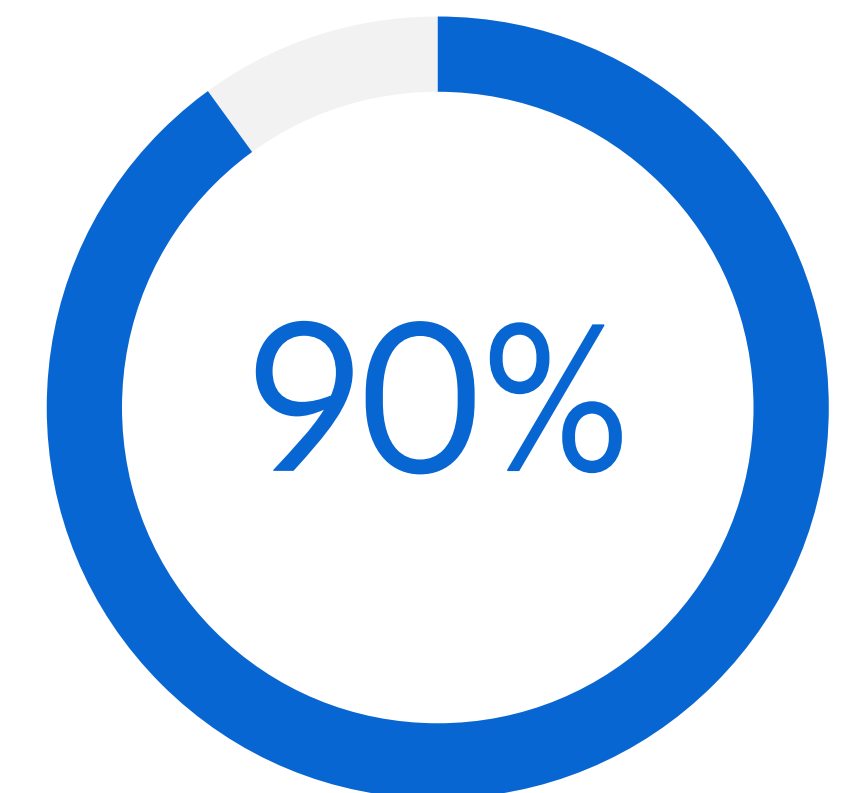
Policy preparation

Alongside high adoption rates, banking is also the best-prepared industry: **68%** have a policy that dictates how their employees can and cannot use GenAI in the business.



Number of banking firms that plan to financially invest in GenAI in the next year.

Number of banks investing that have a dedicated GenAI budget for next year.



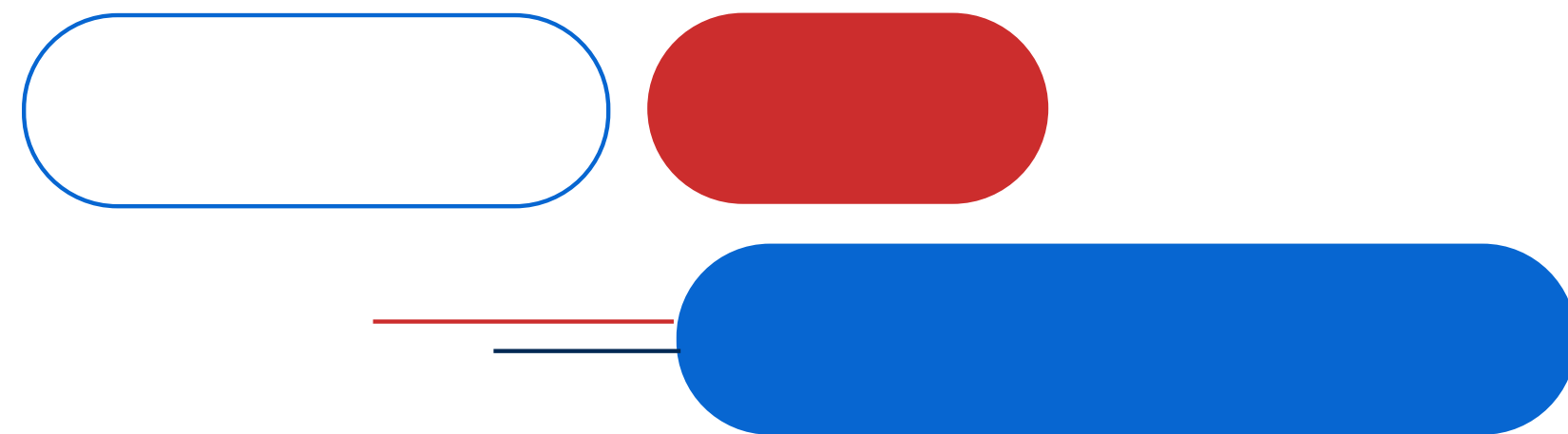
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The future of GenAI in banking

The banking industry is looking toward a GenAI future, coupling high existing use rates with almost universal intentions to adopt the technology soon – with the budgets to back it up. GenAI is already changing the way many banks operate and how they serve their customers. Broader use of the technology in the future will require that banks skillfully balance GenAI’s transformational power with careful management of the risks and challenges it can present.

Over the next few years, GenAI will revolutionize how banks do just about everything, including:

- Detecting and preventing fraud and financial crimes in real time, reducing false positives and preserving trust and security.
- Performing quicker, more accurate credit risk assessments that lower the risk of default, streamline decision-making and increase loan approval rates.
- Offering always-on chatbots that provide seamless customer service around the clock.
- Personalizing recommendations and offers that enhance customer engagement and boost marketing ROI.



Bank leaders believe in GenAI’s transformative potential, and they are broadly feeling ambitious about what the technology can unlock (Figure 4).

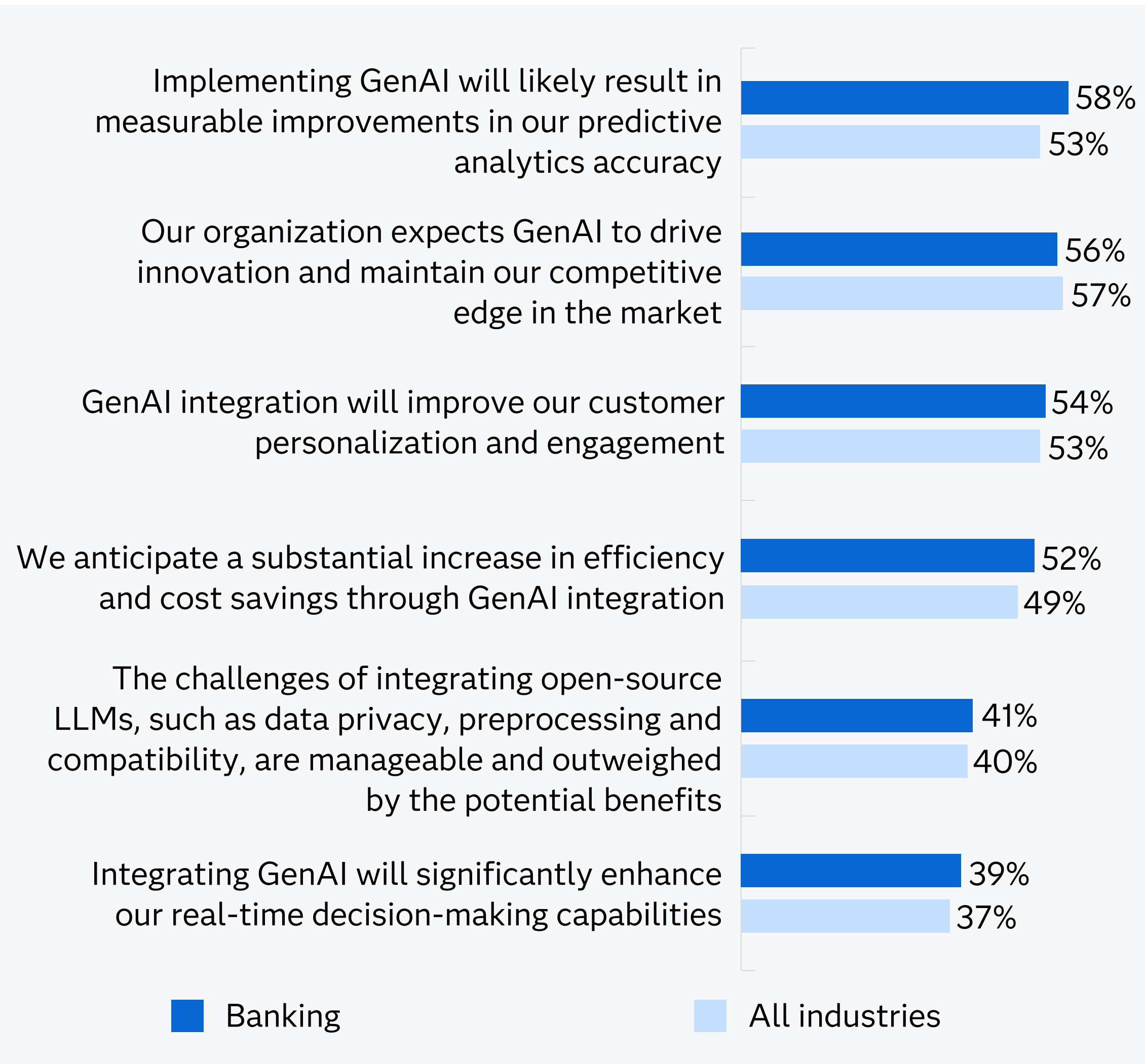


58% of the banking leaders surveyed believe implementing GenAI will create measurable improvements in their predictive analytics accuracy, notably higher than any other sector.

56% say they expect GenAI to drive innovation and help them maintain a competitive edge in the market.

54% think GenAI technology will improve their customer personalization and engagement.

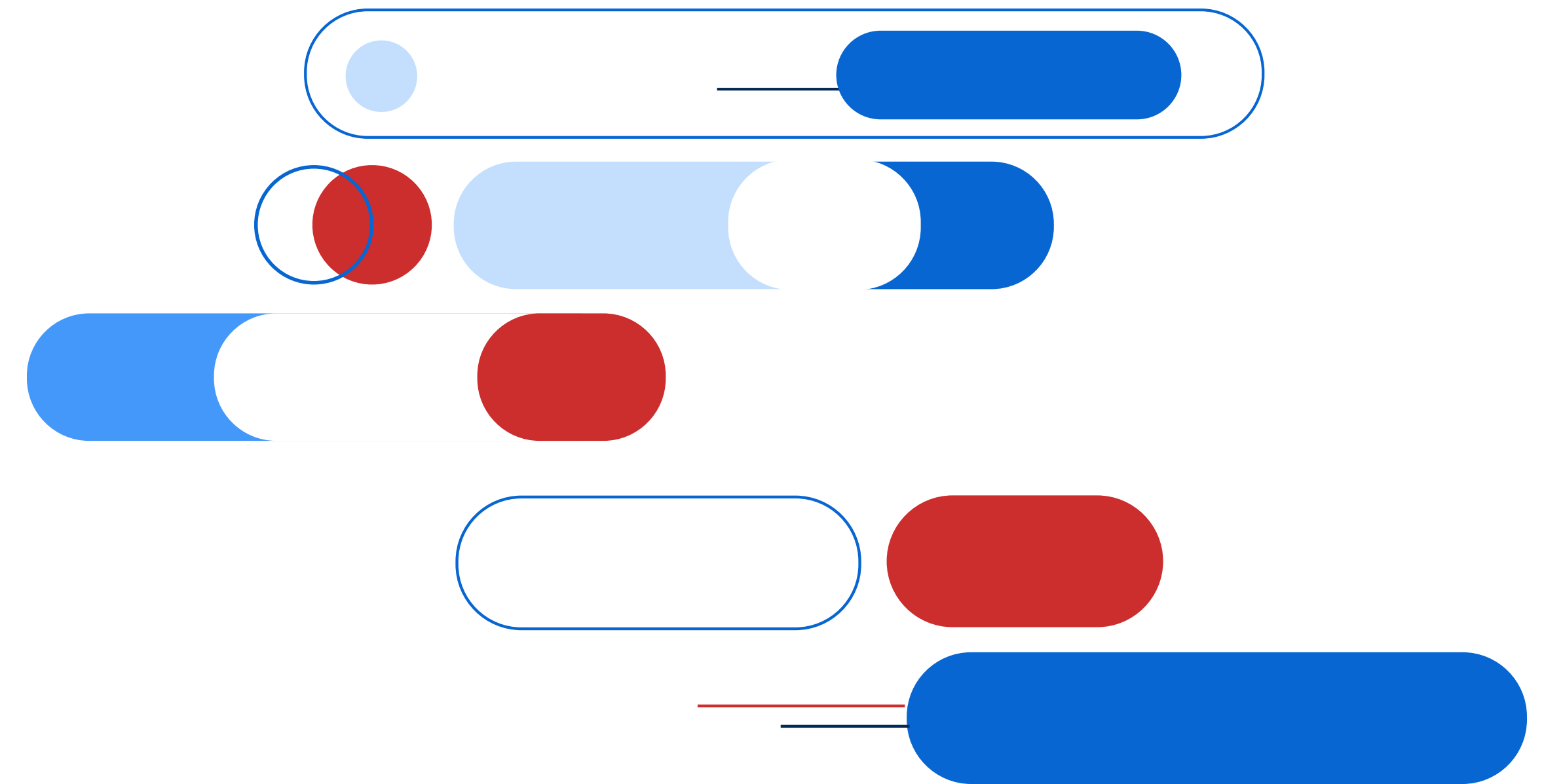
To what extent do you agree or disagree with the following statements regarding the integration of GenAI into your data analysis and operational processes?



(Figure 4)

While the promise of GenAI is significant, banks are not immune to the challenges facing other industries. Concerns about bias and fairness, data privacy, technology adoption and staff training persist. Banks also must navigate the additional complexities of how GenAI intersects with regulatory requirements and compliance efforts or risk fines and other consequences.

As the banking industry embraces GenAI and the tech in turn reshapes the industry, the outlook for productivity, efficiency and customer satisfaction looks exceptionally bright.



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Next steps

Banks have a golden opportunity to capitalize on GenAI, and many internal-facing departments are already making substantial progress. Many banks are using LLMs to power conversation analysis that improves customer service or to help their financial crimes units connect the dots in investigations. They're also generating synthetic data to test and optimize fraud and risk systems and to enhance data privacy.

To set a foundation for achieving GenAI success, banking decision-makers must make sure that they:

- Create policies and processes that give senior leaders and business units responsibility for reviewing GenAI investment results, providing accountability and ensuring that only high-performing ideas move into production.
- List priority areas where the organization can build several related AI and GenAI use cases – each with a clear business case based on value potential and delivery feasibility.
- Establish AI and GenAI policies for the organization if not in place or update existing IT policies to incorporate AI and GenAI guidance.
- Assess current organizational capabilities and gaps for implementing GenAI, including talent, operating model, technology, and data.

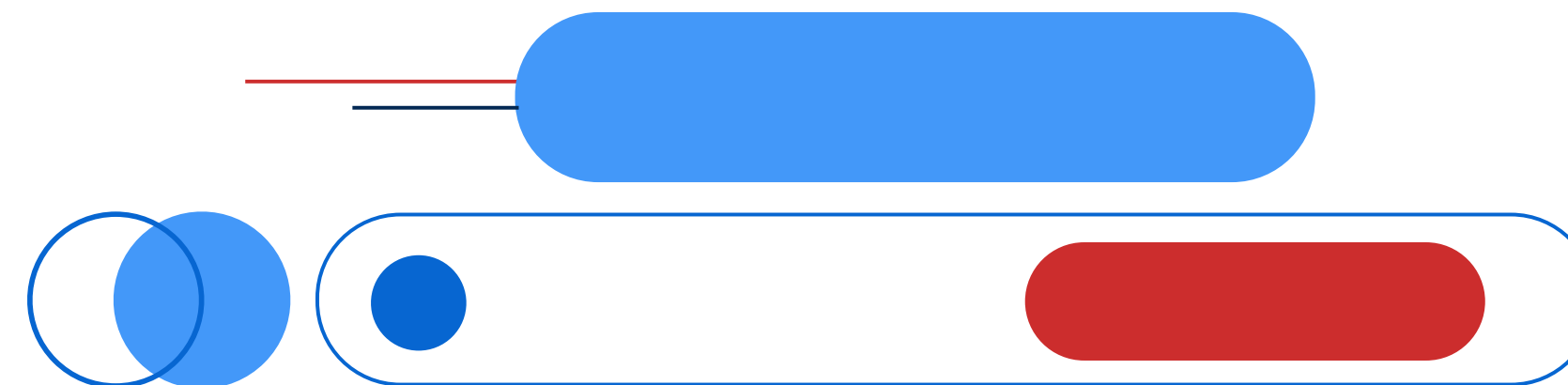
Evolve your analytics and AI strategy

SAS has been working with banks for more than 40 years. We promote a trustworthy AI approach by developing and implementing tools that help you achieve your goals responsibly while complying with regulations. We want you to be able to use your data to confidently make decisions, to explain those decisions to stakeholders and regulators and to run more efficiently. Our cloud-native data and AI platform, SAS® Viya®, enables organizations to scale cost-effectively, increase productivity and innovate faster.

To learn more about SAS, please visit our [website](#).

Our extended Generative AI Global Research Report contains results from more than 20 countries and across a wide range of sectors.

To learn more, please read the [full report](#).



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About this research

The survey was conducted by Coleman Parkes from February to April 2024 and targeted 1,600 decision-makers in GenAI strategy or data analytics in organizations across key sectors globally. Survey respondents work across a range of sectors: Banking, insurance, the public sector, life sciences, health care, telco, manufacturing, retail, energy and utilities, and professional services. Their job titles include data manager, IT director and chief information officer. The smallest organizations we surveyed employed a workforce of 500-999 people and the largest had more than 10,000 employees.

About Coleman Parkes

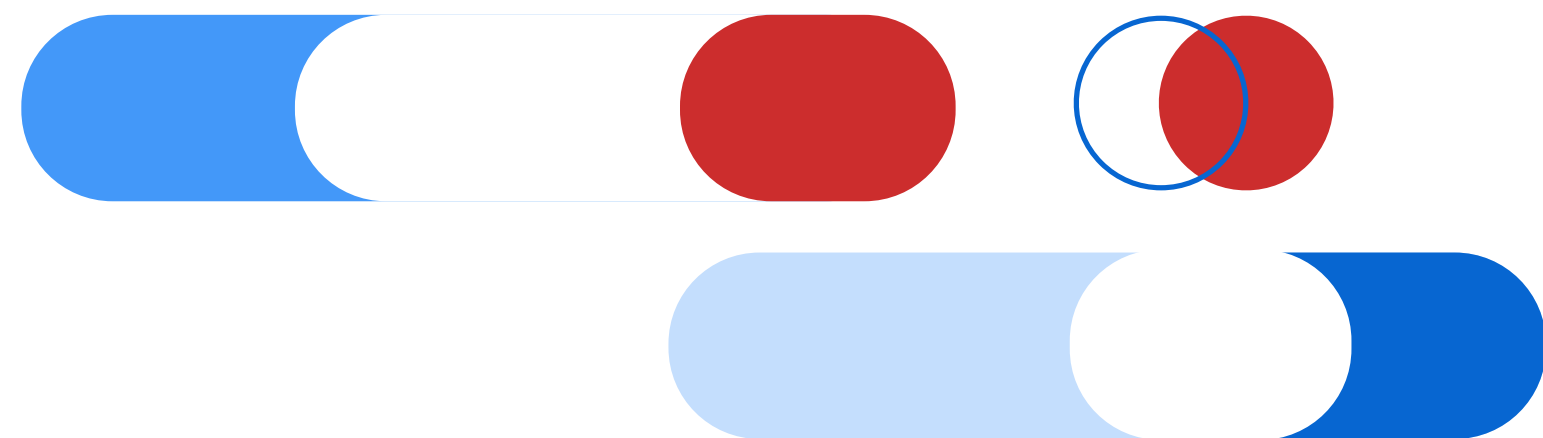
Coleman Parkes is a full-service B2B market research agency specializing in IT/technology studies, targeting senior decision makers in SMB to large enterprises across multiple sectors globally.

For more information, contact Stephen@coleman-parkes.co.uk.

About SAS

SAS is a global leader in data and AI. With SAS software and industry-specific solutions, organizations transform data into trusted decisions.

For more information, visit sas.com.





Want to know more? Get the **full research report:**
Generative AI: Strategies for a Competitive Advantage.



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