

# The rise of generative AI in the banking sector

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The banking industry is on the cusp of a technological revolution, with generative artificial intelligence (AI) poised to play a pivotal role in data analytics and artificial intelligence applications. The integration of AI in data analytics is transforming how financial institutions operate and serve their customers.

If you're in the camp that believes generative AI is being too hyped up, consider this: Only [7%](#) of banking executives said they had no plans to adopt generative AI, a figure that is down from 50% earlier this year.

Generative AI has the potential to revolutionize consumer and commercial banking in both big and small ways, particularly through AI-powered analytics and data analysis.

AI has already been helping the financial institutions industry by automating tedious tasks, creating more effective solutions based on existing data, improving productivity and enhancing customer service and satisfaction through AI data analysis.

However, generative AI exists to fill a specific niche untouched by the AI tools many leaders may already be familiar with today, offering new possibilities in data analytics and artificial intelligence applications.

## AI and generative AI in financial institutions

Generative AI tools and use cases are increasing at a dramatic rate as established businesses and startups alike try to stake their claim in the AI gold rush. The adoption of AI analytics platforms and generative AI for data analytics is becoming increasingly crucial for financial institutions.

True adoption of generative AI tools by financial institutions has been slow, however.

Only about 17% of banking executives said they were in the process of implementing some generative AI use cases in April 2023 (up from about 7% earlier in the year).

But the demand and significance of generative AI have increased as more customers access their accounts and conduct business on their smartphones or computers, driving the need for advanced data analytics and AI-powered tools.

Now, AI technologies, such as machine learning (ML), have already found applications in the banking industry.

ML algorithms automate tasks — such as fraud detection, credit scoring and customer service — through automated responses, leveraging AI data analysis techniques.

However, generative AI takes automation a step further by enabling computers to generate new content and make intelligent decisions based on patterns and trends identified in vast volumes of

data. This advancement in AI analytics is transforming how financial institutions handle data and make decisions.

## Key benefits of generative AI

Generative AI offers several key benefits that make it well suited for the banking industry, particularly in the realm of data analytics:

### 1. **Personalization**

Generative AI can analyze vast amounts of consumer data, such as purchase history and browsing behavior, to identify trends and preferences. This AI-powered analytics capability enables financial institutions to personalize their offerings and create targeted marketing campaigns to deepen engagement. By enhancing the customer experience through data-driven decision-making, they can increase customer satisfaction and loyalty.

### 2. **Improved customer service**

Virtual assistants (chatbots) powered by generative AI and natural language processing can provide round-the-clock customer support, freeing up human representatives to focus on more complex tasks or requests. These AI assistants can handle routine inquiries, such as providing account information and assisting with basic financial advice, leveraging advanced AI models for accurate responses.

### 3. **Adaptability to new circumstances**

Generative AI systems can learn and adapt to new information through a process of continuous learning and training. These AI models can be retrained to accommodate changes in data, allowing for updated predictions, diagnoses and judgments — which will generate more personalized offers and engagement opportunities with clients. This adaptability enables financial institutions to respond effectively to evolving market conditions and customer needs through AI-enhanced analytics.

### 4. **Flexibility of generative AI**

Unlike traditional AI systems that are designed for specific tasks, generative AI can learn from a wide variety of data and adapt to novel circumstances and tasks. This flexibility allows financial institutions to explore new avenues and address emerging challenges effectively. Whether it's analyzing customer data, identifying patterns, optimizing portfolios or analyzing loan risks, AI can provide real-time solutions for evolving needs through advanced data analytics and AI-driven automation.

## The future of generative AI in financial institutions

Generative AI holds immense potential for financial institutions, particularly in the realm of data analytics and business intelligence.

As the technology continues to evolve and mature, we can expect to see further advancements and applications in the coming years, including more sophisticated AI data analytics tools and AI-enhanced data visualization techniques.

Financial institutions that embrace generative AI have the opportunity to enhance customer experiences, automate processes, improve decision-making and strengthen security measure through AI-powered predictive models and data optimization.

And when combined with human insight, generative AI can help financial institutions unlock new possibilities and drive innovation in the industry, leveraging AI-powered code generation and AI-driven scenario analysis.

Financial institutions that [strategically adopt and implement generative AI](#) have the opportunity to gain a competitive edge and deliver superior services to their customers through advanced data analytics use cases.

With careful consideration of challenges and regulatory requirements, generative AI can propel the financial services industry into the future of innovation and efficiency, transforming data workflows and enabling AI-powered business intelligence.

## How Wipfli LLP can help

Wipfli's team of digital strategists and technologists blend decades of experience helping financial institutions with innovative imagination to help our clients deepen human connections and scale with greater precision and impact. Our experience in AI analytics platforms and data pipeline design can help you leverage the power of generative AI for data analytics.

Learn more about our [digital services for financial institutions](#), including our AI-enhanced analytics solutions and data preparation services.