



The age of AI: Banking's new reality

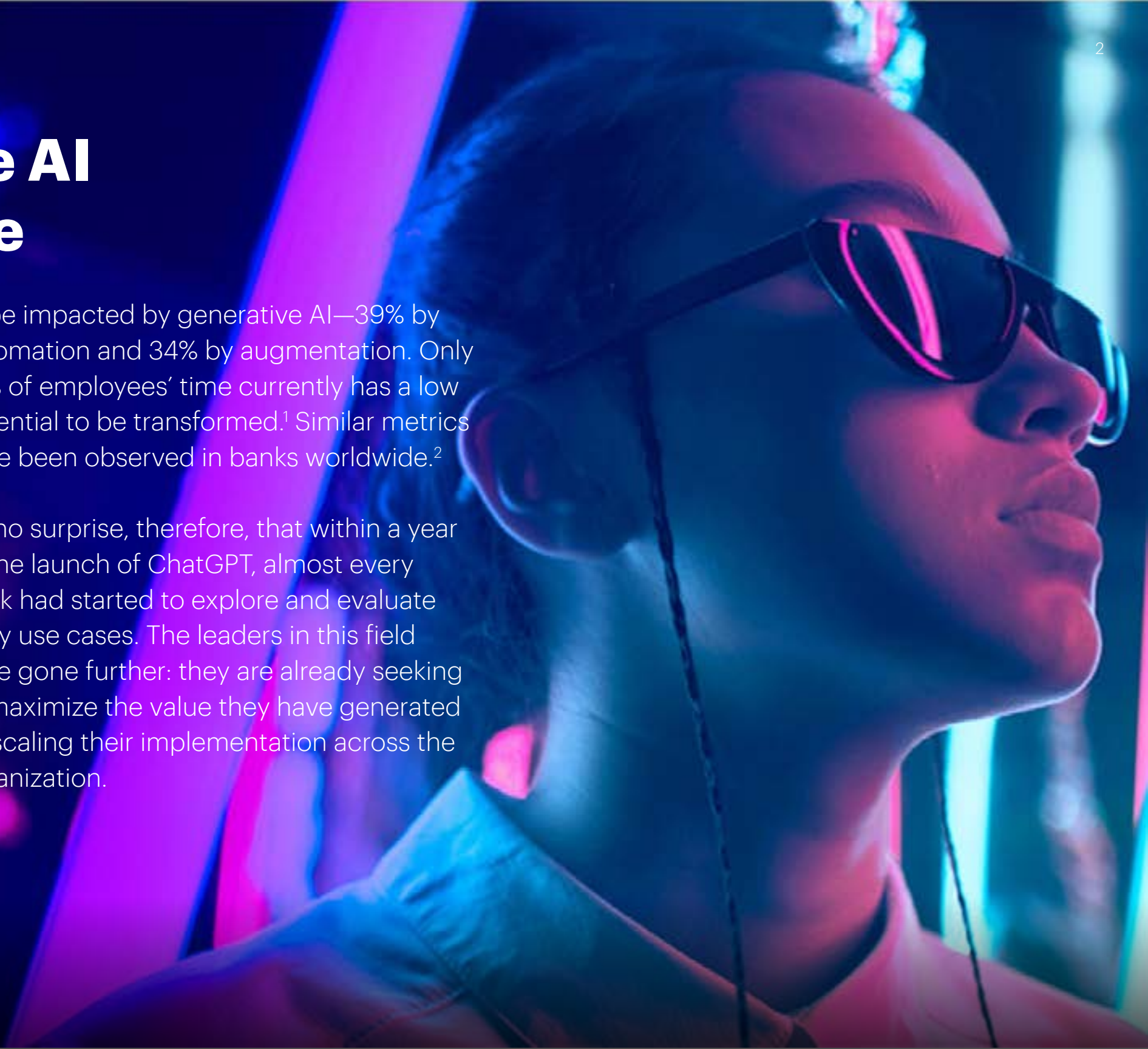
Embracing generative AI for a competitive edge

Generative AI has taken the world by storm. The rates of adoption and enhancement are more rapid than any major technology innovation in the history of human development, and few doubt its potential to have a transformative effect on business and society.

Banks are at the sharp end. Our analysis indicates that—due to the importance of language throughout the value chain—the industry has a greater potential to benefit from the technology than any other. In fact, we concluded that 73% of the time spent by US bank employees has a high potential

to be impacted by generative AI—39% by automation and 34% by augmentation. Only 27% of employees' time currently has a low potential to be transformed.¹ Similar metrics have been observed in banks worldwide.²

It's no surprise, therefore, that within a year of the launch of ChatGPT, almost every bank had started to explore and evaluate early use cases. The leaders in this field have gone further: they are already seeking to maximize the value they have generated by scaling their implementation across the organization.



Our latest financial projections indicate that the gains over the next three years will be substantial for the early adopters:

From this it becomes apparent that while generative AI is likely to dramatically improve the efficiency of the banking operating model, its potential to differentiate and drive growth by enhancing the customer experience is what excites bankers the most.



Source: Accenture
Research analysis

The business of banking has barely changed in hundreds of years. At its heart, it's about taking and safeguarding deposits and lending money. Generative AI—like the internet and the smartphone that transformed customer engagement—will not change the fundamentals of banking. But no one doubts that its impact on the industry will be seismic. Thanks to its inherent ability to learn, advance and create it will, over the next few decades, be a driving force for continuous reinvention across the enterprise. It will be widely deployed throughout the value chain, and will radically transform virtually every facet of how banking gets done and how customers experience their bank and its

services. By the time banks have executed their generative AI strategy, they will have reinvented and modernized most parts of the bank.

Achieving these goals will be neither easy nor automatic. Consumers in their millions may already be using ChatGPT, Microsoft's Copilot, Google's Bard and other models to good effect, but for organizations like banks to maximize the benefits a number of obstacles need to be overcome. Given the pace at which many are seeking to scale generative AI, it is important that they plan their journey strategically and holistically.

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Generative AI has a role to play in every part of banking

Our analysis of the potential impact of generative AI on the banking industry³ concluded that every role in every bank is likely to benefit in some way from generative AI. Through this study and our ongoing work with leading banks worldwide, we have identified hundreds of promising use cases that span the banking value chain.

From the back and middle offices through to the tellers, advisors, relationship managers and contact center agents in the front office, the ability of generative AI to automate routine manual tasks and augment workers' capabilities will make a profound difference (see Figure 1 on page 7).



Generative AI will transform banking roles in different ways and to different degrees, depending on the specific nature of their tasks and the time that each takes.

Automation

In our analysis of US banks, we discovered that occupations representing 41% of banking employees are engaged in tasks with higher potential for automation. Roles such as tellers, whose jobs primarily involve collecting and processing data, would benefit greatly from automation—60% of their routine tasks could be supported by generative AI.

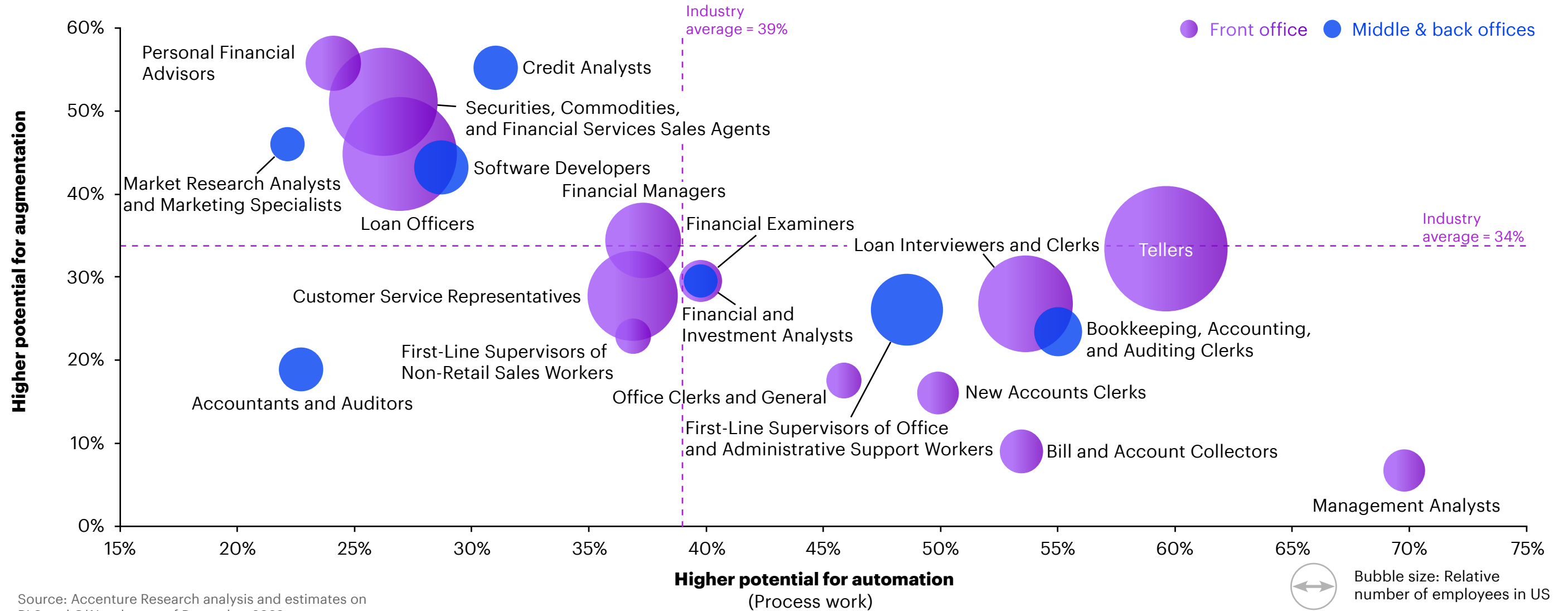
Augmentation

Employees whose work involves a high measure of judgment, such as credit analysts, or who need to understand customers' needs and circumstances and personalize their interactions, such as relationship managers, could be empowered by generative AI tools that help them prepare for and run meetings—34% of banking employees fall into this category.

All-round support

We determined that 25% of all employees will be similarly impacted by both automation and augmentation. Customer service agents, who spend their time explaining products and services to customers, responding to inquiries, preparing documentation and maintaining sales and other records, are a good example. Of these tasks, 37% could be automated while 28% could be augmented.

Figure 1: How the top 20 banking industry roles are like to benefit from generative AI.



Source: Accenture Research analysis and estimates on BLS and O*Net data as of December 2022.

In the back and middle offices, generative AI will be used to transform the operating model. Many tasks will be automated. This will improve speed and accuracy, reduce costs and relieve employees of the more tedious aspects of their jobs. By allowing them to take on more or other tasks that add value, they could have a bigger impact on the bank's overall performance.

The same will happen in the front office, but here employees will have access to intelligent tools that allow them to personalize customer experiences and sell more effectively. With both the time and the means to engage more meaningfully with customers, they will be able to restore the human touch that was lost over the past two decades as banks digitalized their experiences.

Productivity is the most obvious benefit of widescale adoption of generative AI. However, the ability to better understand and meet customers' needs, thereby increasing satisfaction, retention and share of wallet, is likely to make a much bigger contribution to banks' bottom line.

59%

of banking employees
are already using AI
every day.⁴



How generative AI can be put to work

While the potential applications for generative AI in banking are almost limitless, our experience and analysis show there are mainly three ways the technology is currently being employed: by using tools in which generative AI is embedded (e.g. email), by using the technology to transform the operating model (e.g. call centers, code development), and by using it to innovate and differentiate the bank's experiences and offerings.



Embed

Many software vendors whose platforms are used by banks to run their business are incorporating generative AI into every aspect of what they do. For example, Microsoft began integrating large language models (LLMs) into its Microsoft 365 suite of apps back in March 2023 with the launch of Copilot.⁵ Adobe's Firefly tool can generate images from simple text prompts.⁶ Salesforce offers a CRM assistant called Einstein that gets its intelligence from generative AI,⁷ and Workday recently started integrating the technology into its tools.⁸ All of these are intended to both automate and augment banking tasks and roles.

Transform

One of the most immediate ways banks could put generative AI to work is to integrate it with middle- and back-office operations to drive efficiency and effectiveness gains. Just one example is the transcription and summarization of customer call recordings. Generative AI could also enable transformation that has been put off due to financial or talent constraints—such as core system modernization. It is still early days, but we are seeing some banks use generative AI to dissect and reverse-engineer their legacy code, and rewrite it in a modern language. Westpac, for example, is pairing its engineers with a generative AI companion to help fast-track software development projects, resulting in a 20%+ increase in code written by its programmers.⁹

Innovate and differentiate

The greatest, most enduring impact of generative AI will likely be in equipping banks to innovate and differentiate their products, marketing and customer interactions. On the product side, banks are using generative AI to produce thousands of scripts that are tailored for individual customers. In marketing, they are beginning to adopt the technology to achieve levels of personalization which, until now, have been economically impossible. They are combining internal and external customer data with behavioral economics to generate curated experiences similar to that of the latest vehicle sat-nav systems. Customer intent has become more apparent, allowing banks to become more empathetic, proactive and relevant. The ability to tailor customer interactions, recommendations and pricing may very well be the most important benefit banks gain by using generative AI.

Banks are understandably cautious about the reputational and other risks associated with this leap in innovation. However, given the opportunity to reinvent their customer experiences and drive growth, most are working hard to ensure they take advantage in a responsible way.

How to lead in the era of generative AI

Many banks are asking how they can unlock the incredible potential of generative AI. The key is to develop a holistic strategy that identifies the most promising use cases, but then commits to moving beyond isolated proofs of concept to scaled, responsible deployment in a way that is aligned with the bank's business goals and reassures regulators.

Accenture research¹⁰ shows that banks have identified a number of factors that are key to the success of their adoption of generative AI. Their priorities are:

36%

cloud infrastructure

46%

data strategy

34%

talent acquisition

25%

overcoming worker
resistance to change

Our conversations with industry front-runners reveal common themes.

We see **five key imperatives** which C-suite executives should address to reinvent in the age of generative AI. We have also identified the key steps for each that will help your bank become a leader.

- 01 Lead with value**
- 02 Understand and develop a secure AI-enabled digital core**
- 03 Reinvent talent and ways of working**
- 04 Close the gap on responsible AI**
- 05 Drive continuous reinvention**

IMPERATIVE ONE

Lead with value

Since there are more potential use cases for generative AI than any bank could possibly explore at any one time (see Figure 2 next page), the big question is not what to do but rather what not to do—and therefore, how to prioritize adoption.

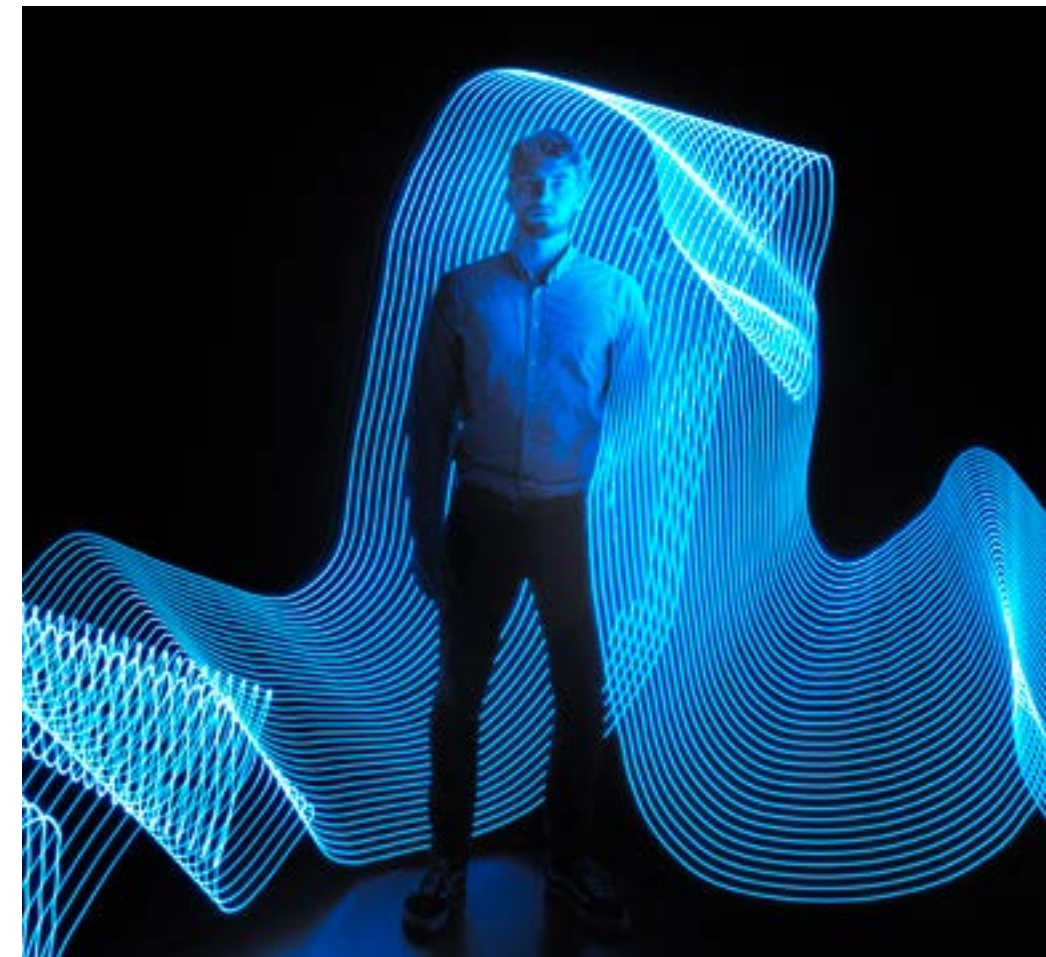
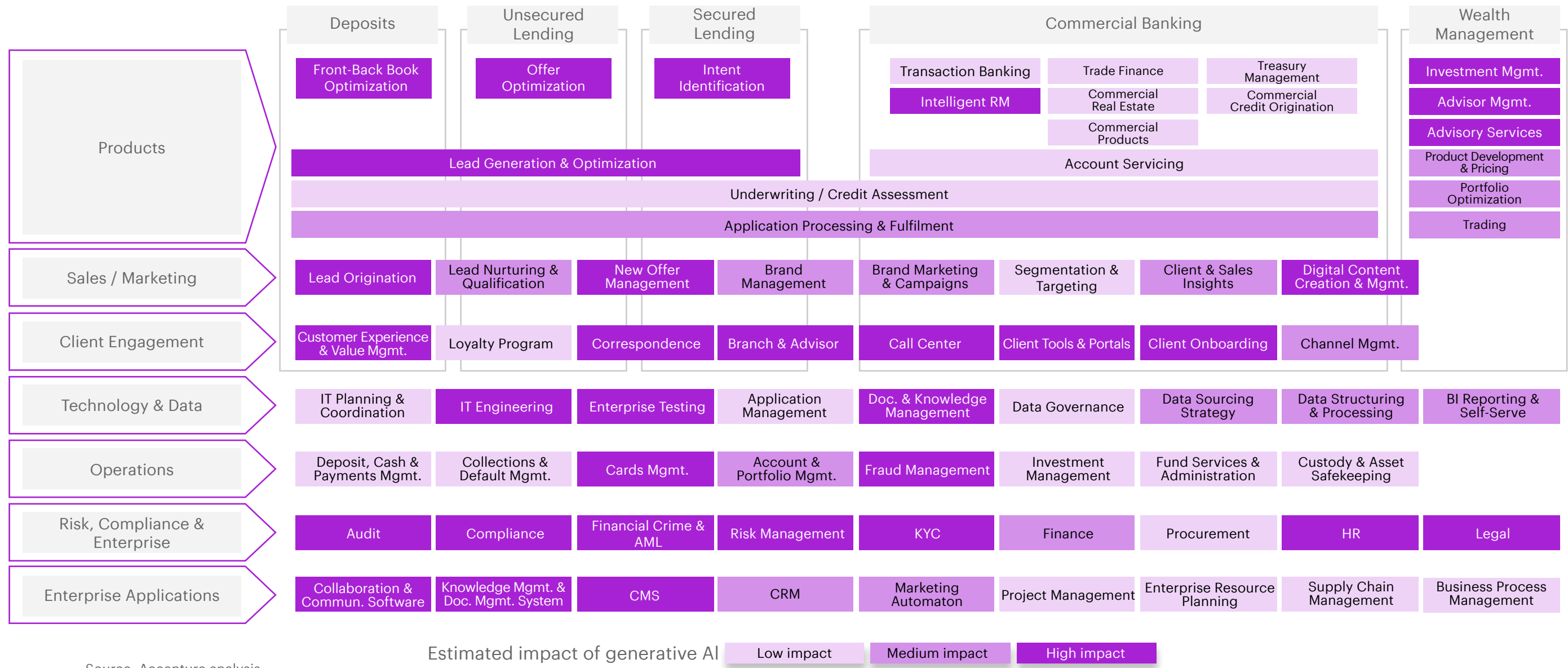


Figure 2: Leaders are moving forward on use case development from front to back office.



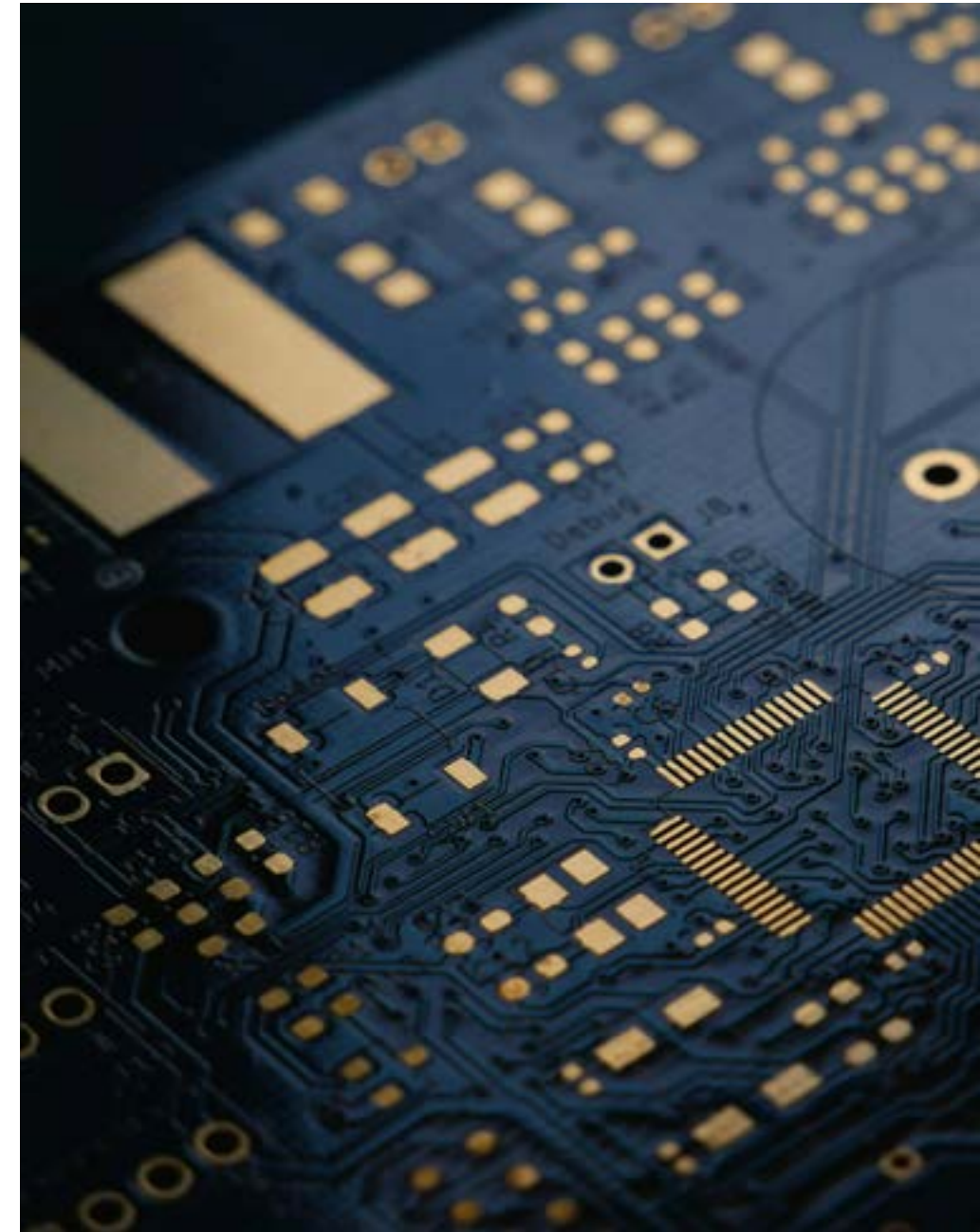
Source: Accenture analysis

The key is to balance the need for rapid diffusion throughout the organization with the accompanying cost and with the relevant regulatory requirements. Some use cases are simple and relatively inexpensive while others, like building a digital twin of the bank's mortgage function, are complex and require a lot of expertise, data and computation. With regard to computation, the rapid decline in the cost of using most generative AI models makes prioritization especially challenging. Many banks are starting their generative AI journey with simple, no-regrets applications while planning the timing of their more complex initiatives by calculating where the shifting cost and return curves are likely to intersect.

Banks can achieve the necessary balance by doing three things simultaneously:

- Lead with top-down support and funding for the prioritized initiatives;
- Establish an operating and steering model that ensures adoption and is compliant with all relevant regulations;
- Drive multi-speed implementation and adoption across business segments, functions and enterprise applications.

By broadening the scope beyond single applications, banks can integrate generative AI more holistically into their value chains, leading to transformative improvements across business functions. However, this broader integration requires strong C-level sponsorship and a broad business strategy, all underpinned by a robust governance mechanism.



Establishing a strong strategy and oversight team is critical. This team should include leaders from the business, risk and technology sides of the bank, and its mandate should encompass strategy, policy, talent, technology, regulatory compliance and data.

One of its first priorities should be the establishment of a generative AI center of excellence (CoE). This dedicated group will focus on generating business value by implementing the bank's generative AI strategy and cross-pollinating the technology throughout the bank. It will prioritize use cases, clear the way for generative AI to be scaled up in a federated model, and catalyze innovation. The responsibilities of the CoE could include:

- Collaborating with the business units to develop proofs of concept and roll out the successful ones throughout the organization.

- Developing and enforcing standardized approaches, assets, best practices and principles for the deployment of solutions.
- Establishing the frameworks and approaches for model risk management, to ensure compliance with not only the law but also corporate governance standards and requirements.
- Supporting vendor assessments.
- Assessing the talent impact and supporting change management and upskilling efforts to minimize disruption and encourage adoption.

A vital and ongoing role of the CoE would be to accurately measure the ROI of the bank's generative AI applications. This should not be limited to immediate cost and revenue gains but should also consider long-term strategic benefits (see Measuring the ROI of generative AI). A clear and empirical view of these benefits will help banks decide where to allocate resources,

which projects to scale, and how to optimize their transformation journey. It will also help gain the support of everyone in the bank for the holistic adoption of generative AI.

Some banks may consider having separate infrastructures for generative AI and traditional AI / data functionalities. However, this could cause strategic conflicts and make it more difficult to capture efficiencies. A single structure will drive the initiative from a unified platform and facilitate synergy.

Not all implementations are economically viable at this time. However, the overall trend in generative AI implementation and consumption is towards lower costs and greater feasibility. The challenge for banks is to position themselves to capitalize on new use cases as they quickly become economically feasible. This will require a strategic approach to prioritization, focusing on current objectives while keeping an eye on the longer-term investment horizon.

CASE STUDY

European bank expands its CoE to scale AI benefits

A leading European bank started to build an AI CoE six years ago to ensure strategic alignment and facilitate allocation of resources for AI projects and programs. The CoE, with sponsorship from the CEO, CDO and CFO, is set to expand from a small structure into a 300-strong team over the next three years. It has responsibility for scaling AI and generative AI use cases and setting technical standards.

Operating in a hub-and-spoke model, the CoE ensures economies of scale as well as the consistency and quality of AI and generative AI applications. Business units are responsible for proposing use cases, securing funding and quantifying the value derived from AI. They retain ownership and accountability to ensure

they have skin in the game. A value assurance group, composed of planning, HR, legal and other departments, assesses proposed use cases for their potential value.

This approach has created a fertile environment for cross-unit collaboration. The C-suite has enough confidence in the goals of the AI projects currently underway to have committed publicly to increase the bank's 2025 operating income by hundreds of millions of euros.

Leading with value

ACTIONS

- Develop a comprehensive generative AI integration strategy across all business functions, moving from isolated use cases to a more holistic and connected approach.
- Establish a strong C-level governance framework to ensure that generative AI initiatives are aligned with the organization's strategic goals and effectively integrated across departments.
- Foster cross-departmental collaboration to break down silos, facilitating a unified approach to generative AI implementation that leverages diverse expertise and insights.
- Implement rigorous ROI measurement protocols that include both quantitative financial metrics and qualitative assessments of strategic impacts such as customer satisfaction and competitive differentiation.
- Monitor the market as the capabilities of generative AI models evolve and the cost of using them drops, changing the business case.

IMPERATIVE TWO

Understand and develop a secure AI-enabled digital core

Firms that showed early success in developing a strong digital core and data foundation have been leading in generative AI. A modern digital core leverages the powers of cloud, data and AI through an interoperable set of systems across the bank—including enterprise platforms, automation, integration and security—that allow for rapid development of new capabilities. This core, with its architectures, infrastructure, capabilities and talent, is essential to making the most of generative AI—whose capabilities are most often cloud-based.

Many banks' digital architecture, infrastructure and data capabilities are likely to impede their successful adoption of generative AI at scale.

However, our analysis of the current banking landscape reveals significant variation in the caliber of banks' digital cores. This observation emerges from our global study of 240 banks. It ranges broadly from 0.2 to 0.8 on a scale of 0 to 1, with 82% of banks having a score between 0.2 and 0.6.

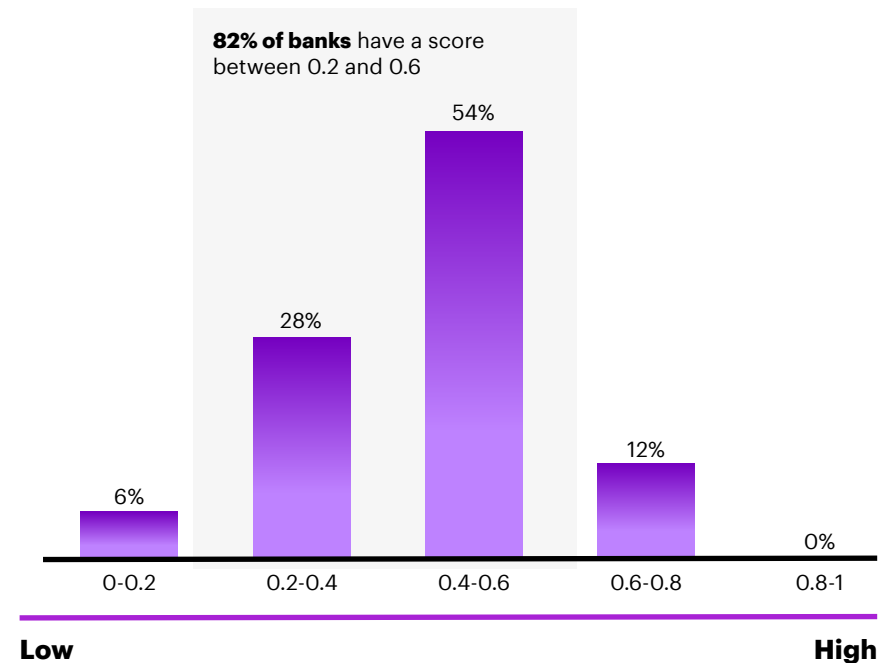


Figure 3: Variation in the caliber of banks' tech development (0-1 scale)

This spread highlights the fact that many banks' digital architecture, infrastructure and data capabilities are likely to impede their successful adoption of generative AI at scale. This is confirmed by our survey finding that 47% of executives across all industries list 'getting their data strategy right' as one of their greatest challenges as they strive to implement and use generative AI.¹¹

Additionally, our research indicates that approximately 35% of banks globally have migrated less than 5% of their workloads to the cloud. This is a substantial constraint, because the evolution of generative AI is increasingly geared towards cloud-native technologies. Banks with limited cloud integration are likely to miss out on cloud-native AI functionalities.

The goal of scaling generative AI will impose new requirements on the digital core, so it's important for banks to understand the status of their core today. For example, one of the advantages of

LLMs is their ability to consume and work with huge volumes of data in different formats (images, text files, video and audio recordings, etc.) and covering multiple topics (from prospectuses and policy documents to relationship managers' meeting notes). The problem is that much of it today is not only unstructured but also unorganized, unlabelled and dispersed throughout the enterprise.

For LLMs to work, all of this unstructured data needs vectorized databases. These currently exist alongside traditional data lakes and enable the parsing and extraction of key information so that LLMs can leverage it at speed. A key consideration is whether these databases will converge, and if so, how quickly and at what cost? Database convergence will have a significant impact on banks' ability to utilize the full potential of generative AI to produce precise and personalized outputs.

Forward-thinking banks have an advantage because they started migrating from data lakes to decentralized data meshes before generative AI was on the horizon. In such a structure, domains within a bank take ownership of their data, including responsibility for data quality and accessibility. These domains manage and provide their data as products, making it easier for other parts of the business to use it.

Regardless of the underlying LLM strategy employed—be it licensing pre-built models, adapting existing ones through retrieval-augmented generation (RAG), fine-tuning or developing models from the ground up—it is crucial that the bank has a data strategy and approach that allows it to be flexible and future-ready. This approach will be crucial in gaining the best possible outputs.

The AI landscape is in a state of constant flux, marked by the continual emergence of new models, enhanced capabilities and an expanding array of tools and providers. This dynamic environment could make previously unviable use cases feasible. This will require centralized but connected models management. This strategy will standardize critical capabilities, such as the selection and customization of foundational models, allowing for their efficient and transparent integration across various business functions.

This dynamic environment could make previously unviable use cases feasible.



CASE STUDY

Scaling an enterprise-wide LLM and generative AI capability

A leading global financial services firm is developing an enterprise-wide AI strategy, supported by a strengthened IT infrastructure and a transformative approach to talent. The bank built a team of thousands of AI and data experts. This AI strategy has, to date, brought in tangible benefits totalling around 3% of its expected net income.

In its move towards a modern digital core, the bank focused on building a scalable multi-cloud environment that complies with banking regulations. This infrastructure has enabled it to fast-track its adoption of next-gen, cloud-neutral generative AI

capabilities. The bank has implemented a secure and compliant platform that can host ChatGPT and OpenAI services.

This platform will enable the bank to scale generative AI and future-ready, cloud-neutral functionality across its business. By modernizing its digital core, the bank not only kept up with existing tech trends, it also positioned itself to integrate advanced AI with its core banking operations at scale and keep one step ahead of new technologies as they emerge.

Understand and develop a secure AI-enabled digital core

ACTIONS

- Assess the complete inventory of unstructured data across the organization and analyze how it could help power generative AI.
- Start to move this data into vector databases and scale them with the precision required for real-time analytics and the unique demands of generative AI.
- Start moving towards data-as-a-service models, where employees and developers can access data from internal marketplaces to use in their own applications and tools.
- Elevate data governance standards to effectively manage unstructured data in generative AI.
- Evolve security protocols to address the complexities that come with diverse data access.
- Test various architectures to find the best fit for each use case and plan the model's lifecycle from experimentation to scaling and phase-out. This could be achieved through a 'model switchboard' where banks can select a combination of models based on the business context or on factors such as cost or accuracy.

IMPERATIVE THREE

Reinvent talent and ways of working

Generative AI will be pervasive, affecting virtually every process, task and role in the bank. To maximize its transformative impact, banks will need a culture that not only anticipates but champions change.

Key to achieving this impact is the strategic integration of generative AI into the bank's processes. This goes beyond the adoption of new technology; it's about reimagining workflows to increase efficiency and innovation and aligning them with the goals of the business.

As work and roles are transformed, waste is taken out and banks have the choice of boosting the bottom line or investing to increase value. Those that opt for investment are using the savings for talent to transition to newly created roles such as managing generative AI, or in strategic areas like business development or relationship management. These new and transitioned roles are aligned with the desired strategic customer and business outcomes. In the mortgage sector, for example, we envisage a workforce that will include several new roles and has the increased capacity needed to unlock significant productivity gains (see Figure 4 next page).

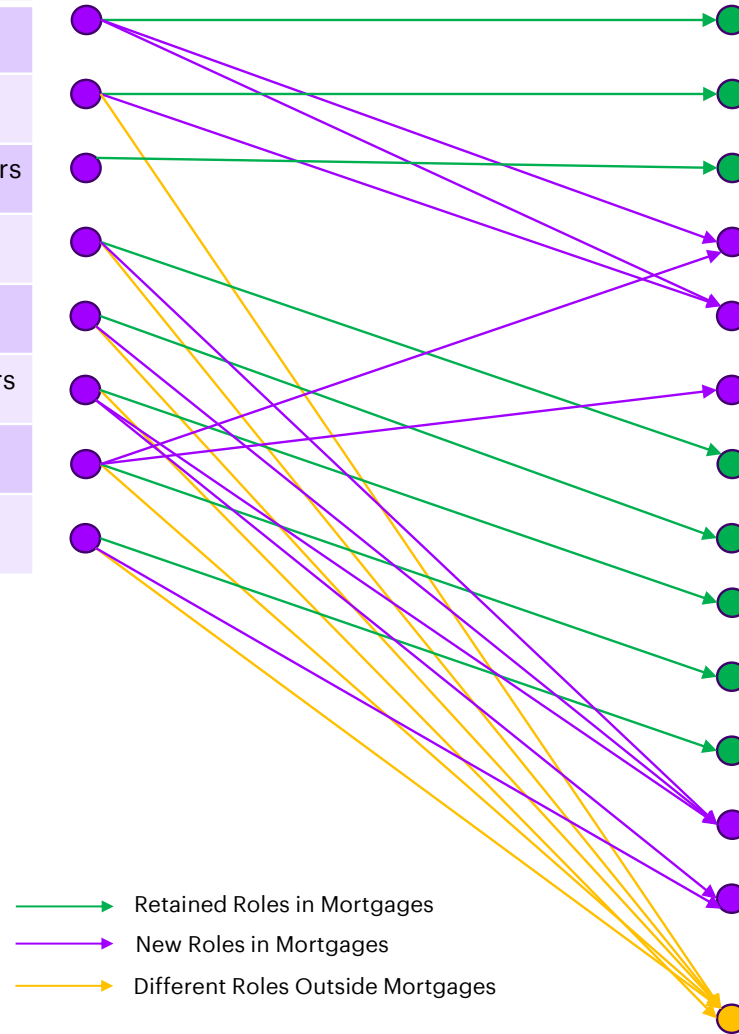
Figure 4: An illustrative example of how work and roles in the mortgage business can be realigned with generative AI.

Today

Category	Roles
Sales / Advisory	Loan Officers
Sales / Advisory	Loan Officer Assistants
Sales / Advisory	Loan and Credit Managers
Operations	Loan Processors
Operations	Underwriters
Operations	Loan Closers and Funders
Operations	Customer Service
Operations	Collectors / Default Management

Tomorrow

Category	Roles	No. of People in the Role
Sales / Advisory	Loan Officers	Fewer
Sales / Advisory	Loan Officer Assistants	Fewer
Sales / Advisory	Loan and Credit Managers	Same
Sales / Advisory	Loan Product Managers	More
Sales / Advisory	Sales Prompt Engineers	More
Operations	Ops Engineers	More
Operations	Loan Processors	Fewer
Operations	Underwriters	Fewer
Operations	Loan Closers and Funders	Fewer
Operations	Customer Service	Fewer
Operations	Collectors / Default Management	Fewer
Operations	Loan Fulfillment Prompt Engineers	More
Operations	Servicing / Default Management Prompt Engineers	More
N/A	Different Roles Outside Mortgages	More



What this chart shows: Loan officer assistants (second role in the left-hand table) will, following the implementation of generative AI in the mortgages function, either retain their role within a smaller group of loan officer assistants (green arrow), be upskilled and deployed to an expanding group of sales prompt engineers (purple arrow), or potentially be retrained for a different role elsewhere in the bank (yellow arrow).

The introduction of generative AI in banking brings a crucial need for a workforce learning strategy centered on adapting to the changes in the nature of work brought about by automation and augmentation. Upskilling transcends mere familiarity with new generative AI interfaces. It requires a deep understanding of when and how to engage in AI-driven processes and an awareness of the associated risks. This holistic approach ensures that learning is a collaborative effort, involving everyone in the organization and making the transition smoother and more effective.

User adoption and competence are make-or-break factors in the successful implementation of generative AI, as they are with other technologies. Many companies face the challenge of low adoption rates for data-driven tools, often due to deployment issues. This highlights the importance of a human-centered design and the creation of supportive learning experiences. Such an approach not only addresses the technical aspects of generative AI, but also considers the human element. Together these ensure that employees are not just users on whom change is inflicted, but become active participants in the AI-driven transformation.

A holistic approach ensures that learning is a collaborative effort

Reinvent talent and ways of working

ACTIONS

- Conduct an in-depth analysis of all banking processes to ascertain where generative AI deployment is best aligned with strategic business goals.
- Redefine workflows to maximize the efficiency and innovation potential of generative AI, breaking down silos for a more collaborative and integrated approach.
- Develop a robust strategy for workforce upskilling, focusing on evolving roles and continuous learning to keep pace with rapid technological advancements.
- Engage line and middle managers in shaping use cases for generative AI and future ways of working that align with the strategic vision set by senior leaders. Encourage team members to propose and validate generative AI solutions, fostering a cycle of iterative improvement and deeper integration into banking operations.

IMPERATIVE FOUR

Close the gap on responsible AI

Responsible AI (RAI) isn't merely a compliance issue or an ethical imperative; it is also a strategic asset that enhances brand equity. In our global analysis of job postings by more than 2,200 companies—including 176 banks—banking job postings for RAI roles grew from 1.1% of the total in 2019 to 8% in 2022. The average across other industries lingered at 2.8% in 2022.

This indicates that banks are leading the way in RAI, partly because of the high regulatory burden they bear. Failure to build a RAI capability could result in reputational damage and legal consequences.

The good news is that most banks have for decades had their responsibility frameworks and extensive model risk management approaches in place. As they accelerate their use of generative AI, they need to enhance their existing frameworks and approaches to incorporate the emerging risks of generative AI and LLMs. Some of the potential risks can be found on the next page.

Bias and harm

There is a greater possibility of unfair or biased decisions relating to marketing offers, credit decisions, service standards, collection / recovery options, and approaches to customers in unmonitored environments. The potential for the spread of misinformation, disinformation and toxic responses should be closely monitored.

Liability and compliance

The standards and regulations pertaining to generative AI in different parts of the world are continuing to be shaped, yet adherence is essential. Current standards for model risk management don't fully address the risks and complexities of generative AI, which could include fines, legal action and reputational damage due to the improper use of intellectual property owned by others.

Unreliable outputs

Generative AI has already acquired notoriety for its hallucinations, the limited traceability of the information it provides, and its reluctance to explain its outputs. Insufficient disclosure and transparency could result in customers feeling confused and alienated and, at worst, being harmed.

Confidentiality and security

With insufficient controls, generative AI could facilitate unauthorized access to and use of the confidential information which is used to train LLMs. Widespread or inconsistent implementation of the technology will increase vulnerabilities, which could lead to data leakage and lapses in consumer protection.

Sustainability

Intensive reliance on generative AI could increase banks' carbon footprint, putting their ESG targets at risk. As other players adopt the technology, bias,

disinformation and the enablement of fraud at scale could impact the socio-economic arena and create negative perceptions of the technology.

Workforce transition

In addition to concerns about job losses within the workforce, there is a risk that the lack of appropriate, universal training could lead to a skills gap similar to the digital divide that, years ago, prevented many from benefitting from the advent of the internet.

Inconsistent implementation of the technology will increase vulnerabilities

CASE STUDY

An Asia-Pacific bank at the forefront of responsible AI

A leading bank in Asia-Pacific has positioned itself as an AI-first organization, benchmarking its AI customer experience capabilities against industry leaders beyond banking. The bank has woven the principles of responsible AI into its corporate DNA, with the goal of remaining in lockstep with societal values and ethical imperatives.

The bank is shaping its responsible AI agenda in collaboration with industry regulators, seeking their feedback as it tests its AI ethics and principles. It uses proprietary data to optimize AI

models, with tight controls to minimize bias and maximize the likelihood that the AI's outputs will be fair and unbiased.

The bank has taken a steadfast approach to transparency and accountability. It has deployed over 1,500 AI models, each ingrained with responsible AI practices and structured to explain the reasoning behind AI-driven decisions. Techniques like prompt engineering and model-to-model Q&A, coupled with human oversight, ensure that any AI decisions are personalized, understandable and justifiable.

Close the gap on responsible AI

ACTIONS

- Enhance existing RAI governing principles with clear taxonomy, accountability and governance for responsible generative AI usage.
- Assess the risks of generative AI use cases, applications and systems across the enterprise through qualitative and quantitative assessments.
- Amplify and broaden existing model risk management measures to mitigate the risks specific to generative AI.
- Continuously monitor generative AI systems and initiatives in conjunction with mitigation and compliance activities.
- Put in place change management systems that engage with the bank's compliance program to positively address how generative AI will impact the workforce, sustainability, and privacy and security across the enterprise.

IMPERATIVE FIVE

Drive continuous reinvention

In the process of adopting generative AI throughout their organizations, in all their functions and processes, banks will end up reinventing much of how they do business today. To accomplish this will require not only execution excellence but also a culture of innovation, a core value of which will be curiosity.

The challenge will be to balance reinvention with the ongoing operation of the bank, maximizing the opportunities while limiting the disruption. This is why agility, a culture that embraces curiosity and innovation, and expertise in change management are so important.

There is much about generative AI that is novel and exciting. One aspect that stands out is how it has succeeded in democratizing artificial intelligence and making technology more human-like. Banks that recognize its potential to redefine entire value chains, and that succeed in blending the technology with their people's ingenuity, will capture long-term value and build lasting resilience.

CASE STUDY

BBVA embarks on a bold new future¹²

BBVA launched an agile transformation program to break down organizational barriers and enable cross-functional collaboration. Coaches worked with the bank's people to embed agile principles throughout the business. Today, it has a flexible talent pool from which people can be assigned to the highest-priority projects or processes at any time.

This, among other changes, has enabled BBVA to evolve from simply offering digital services to developing and selling new digital banking products and offering leading financial health tools. In addition, BBVA onboards clients in mere

minutes using AI-based facial recognition and text analytics to verify applicants via its mobile app. BBVA is also able to offer 'one-click loans,' which potentially provide same-day funding for both customers and non-customers, and can onboard customers in a few minutes. This has contributed to a 150% growth in new customers.

Today, nearly 50 million BBVA customers interact with the bank through digital channels, seven out of 10 sales are made digitally, and cost-to-income has dropped to 43%.

Drive continuous reinvention

ACTIONS

- Establish a holistic strategy for the entire enterprise. The focus should be on process, data and people, while developing change management and agility as core competencies.
- Balance boldness with nuance. Evaluate potential use cases carefully, but do take bold and strategically scaled bets.
- Create a culture of curiosity and innovation by removing barriers such as functional silos, rigid roles and discouragement of risk-taking.
- Employ proven techniques such as Six Sigma, kaizen and kanban to effectively understand how and where generative AI can be leveraged at scale.

SIDEBAR

Measuring the ROI of generative AI

Scaling generative AI is not just about immediate financial gains but preparing for the future.

Approaches for evaluating return on investment should extend beyond immediate economic returns and lay the groundwork for continuous reinvention. Leading banks will use a 360° value framework to define and track a range of near-, medium- and far-term objectives, including talent development, enhanced customer and employee experiences, sustainability and responsible AI.

On the investment side of the equation, banks will need to account for a range of costs. For many—especially those which have not progressed very far along their modernization journey—strengthening their core will consume a significant portion of their overall investment.

Another significant area in which banks will need to invest is the transformation of their organizational structure, processes and culture.

This investment is often underestimated.

In the most recent wave of our recurring [Pulse of Change survey](#), one in four banking executives said change management is a challenge.

In the previous wave, only 8% held that view.¹³

This makes it the fastest growing concern as the implementation of generative AI gathers momentum.

Finally, regarding the generative AI tools themselves, banks will need to provide for the costs of creating, industrializing, maintaining and using generative AI. These costs will be directly linked to the complexity of the applications.

Simple applications might be easy to assess, but as banks delve into more complicated projects, like digital banking assistants or digital twins, the cost of data management, talent and technology will rise.

Banking on AI

Few technologies have evolved at the pace of generative AI—or have the potential to drive such a profound reinvention. Leading banks recognize that the question is no longer whether generative AI will transform their industry, but how. The next question is: How soon can they capture the massive value generative AI promises?

Generative AI will affect nearly every bank employee in a short time horizon—in fact, the technology is already available in many of the applications they use daily. However, to harness its full potential, banks will need to purposefully and methodically deploy it and encourage its adoption in those parts of the organization that will benefit most from ‘waste out, value in’.

Leading banks that embrace the generative AI opportunity as a strategic imperative and move aggressively from proof of concept to industrialization will likely secure a durable competitive edge.

Leading banks recognize that the question is no longer whether generative AI will transform their industry, but how.



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About the research

Assessing generative AI's impact on productivity, Accenture conducted extensive research on the impact of generative AI across industries. We used [data](#) from the US Bureau of Labor Statistics and the Occupational Information Network to analyze descriptions of 900 occupations across industries in the US, the 19,000 tasks they perform, and the time employees spend on each of those. This allowed us to understand the likely impact of generative AI on labor productivity.

We also used a combination of expert judgement and generative AI itself (GPT-4). We started by identifying which of the granular tasks require intensive use of language. Then, we assessed in which way the task requires the use of interpersonal or cognitive skills to be resolved. This enabled us to understand whether generative AI could automate a task or augment the employee's skills.

We tagged each task and the time employees spend in performing it into one of four categories: High potential for automation, high potential for augmentation, low potential, or no language tasks. We analyzed data for 2.7 million banking employees in the US as well as the 170 roles and 3,500 tasks they perform. This enabled us to assess the potential of generative AI across various job roles.

Assessing generative AI's impact on banking financials

To explore the influence of generative AI in the banking sector, we conducted a comprehensive analysis using financial data from 150 of the largest banks worldwide. This data, sourced from S&P Capital IQ, spanned a 12-month period ending September 2023.

The estimation of generative AI's effects on revenue generation was informed by insights gleaned from expert consultations and relevant case studies. Our assumptions included expected improvements in various financial metrics related to lending, deposit rates and other banking revenues. Specifically, we considered the impact of generative AI on revenue streams such as wealth and asset management, as well as service charges.

Our assessment of generative AI's impact on banking staff expenses was based on an analysis of over 200 language-related tasks, using data from the Bureau of Labor statistics. We linked these tasks to various banking roles and evaluated the potential for task automation and augmentation in different occupational categories, leading to insights on possible productivity gains across diverse roles in the banking sector.

About the research continued

This was contextualized within a scenario where generative AI's adoption rate over the next three years may exceed that of other groundbreaking technologies from the previous century.

Additionally, our analysis extended to non-staff costs, where we projected a decrease in certain expenses, such as marketing, due to the efficiency improvements attributed to generative AI. We also considered growth in IT-related expenses, guided by specific insights from industry analysts. To assess the impact on risk management, we focused on the potential of generative AI to enhance the recovery of consumer loans. Our methodology incorporated a conservative estimate of improvement in loan recoveries attributable to the implementation of generative AI tools to reduce credit risk.



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