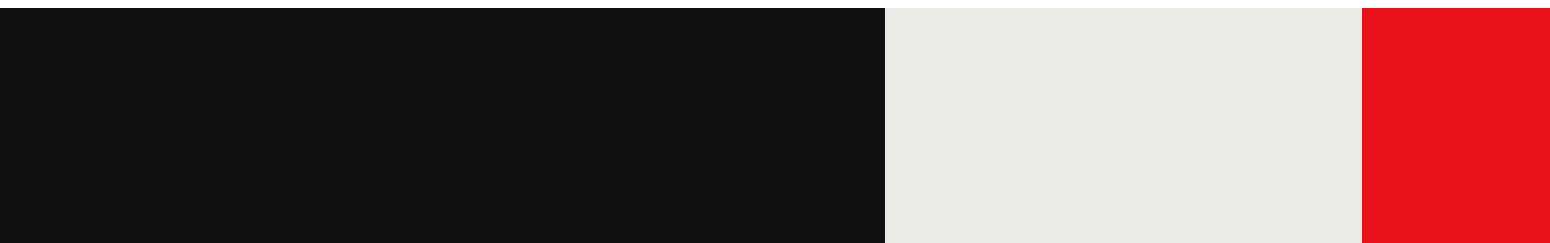



# Fintechs are punching above their weight in genAI innovation

Article



**The findings:** Money 20/20's and **Acrew Capital's [Financial Services Adoption Index](#)** revealed that while fintechs and [traditional banks are embracing AI](#), they are doing so in different ways—driven by distinct challenges and opportunities. While fintechs lead the charge with AI innovation, banks are focused more on efficiency and cost reduction.

**Here are the key takeaways:**

### **Fintechs lead in innovation:**

- Fintechs have a clear edge in AI adoption due to their ability to innovate quickly without the burden of legacy infrastructure. Their focus is on new revenue generation, personalized services, and customer-centric solutions—which [McKinsey says is the correct mindset for genAI innovation](#).
- Banks, conversely, are primarily using AI for cost reduction and operational efficiencies. Their efforts are more conservative, focused on enhancing existing systems and products rather than reinvention, largely due to the constraints of legacy systems and stringent regulations.

### **Both embrace genAI for fraud detection:**

- GenAI holds immense potential for advanced fraud detection by [identifying deepfakes](#), synthetic identities, and adaptive learning to counter evolving fraudulent schemes.
- As fraud losses are expected to soar to \$40 billion by 2027, per the report, both fintechs and banks need to significantly invest in AI-powered fraud detection to stay competitive.

### **Personalized [wealth management](#) is the next frontier:**

- GenAI is poised to revolutionize wealth management, especially for the mass affluent segment, by enabling highly personalized financial advice and automation of investment decisions.
- But just 57% of firms have genAI initiatives in this market, leaving room for differentiation among early adopters.

**Next steps:** Both fintechs and banks face significant hurdles in ensuring AI solutions comply with regulatory and privacy standards—which lag the technology’s rapid evolution. But President Trump will likely provide some regulatory clarity to [guide the financial services industry through the next phases of AI adoption](#).

Once clearer regulations emerge, FIs must be ready to implement this technology to further enhance the customer experience and secure their place in an increasingly AI-driven future.