

Tech providers will find a lucrative niche in helping banks deploy generative AI in 2024

Article

Generative AI will generate more financial value for banks than any other technology introduced in the last decade. Per a September 2023 McKinsey & Company research, it could

hit \$200 billion to \$340 billion annually through greater productivity.

But banks are struggling to take advantage. Compliance hurdles abound following US President Joe Biden's executive order emphasizing safety, privacy, and equitable use of genAI. Almost half (46%) of C-level banking executives worldwide said working out a comprehensive data strategy is a top challenge in applying genAI, according to Accenture's Pulse of Change Blog. And 30% said the same of making genAI explainable.

Enter fintechs, which are carving out a revenue stream by helping banks deploy genAI.

- **In October 2023, Q2 launched the Andi copilot platform.** It's billed as a solution with genAI-driven language model capabilities designed specifically for bankers. Andi automates time-consuming tasks and generates on-the-spot coaching for bankers around complex queries, thereby freeing up bankers' time and improving customer relationship management.
- **In May 2023, Kasisto rolled out KAI-GPT and KAI Answers.** The former is a banking industry-specific large language model (LLM) that can extract insights from huge data sets. It also powers KAI Answers, a customer service application that can quickly and accurately address customer queries.

Prediction

- **GenAI startups will buck the overall downward trajectory of fintech funding.** It hit new lows in 2023, but genAI startups—especially those catering to tightly regulated industries such as banking—were a bright spot. As of May 2023, 13 unicorns had come from the genAI sector, per CB Insights, and they took far less time than peers in other areas to reach their \$1 billion-plus valuations. We expect that number to rise as AI regulations tighten through 2024 and beyond.

Report by Maria Elm, and Tiffani Montez Dec 21, 2023

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