

# AI-powered tools can reshape banking but lenders need to be aware of the risks

Article

**The news:** US banks have “some work to do” before they can embrace AI-powered tools like ChatGPT, according to **Bank of America** CEO Brian Moynihan.

- Speaking virtually at Sydney's AFR Business Summit, Moynihan acknowledged the technology's usefulness but cautioned banks that external generative AI tech must be "applied correctly," per Bloomberg.
- The CEO added that inaccuracy, a dearth of data-based responses, and the risk of cyber attacks presented challenges for ChatGPT's use in banking.

**Banks approach AI apps with caution:** Bank of America has already banned staff from business use of ChatGPT. Other banks have done the same, including:

- **JPMorgan**
- **Citi**
- **Goldman Sachs**
- **Wells Fargo**
- **Deutsche Bank**

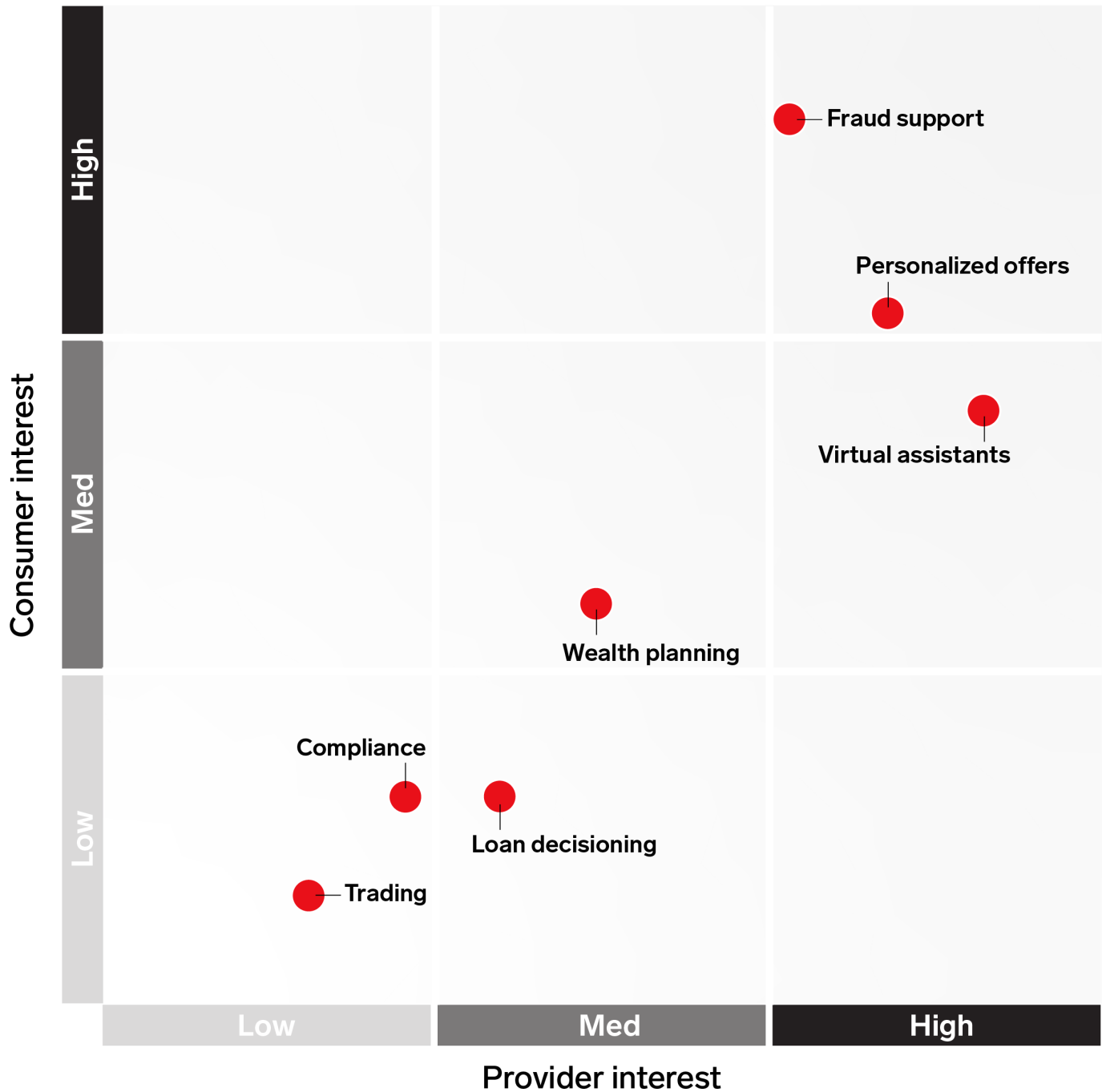
**How can banks prepare for AI's rise?** Despite wariness around using third-party AI technologies, banks are investing heavily in the space. **Retail banks are forecast to spend \$4.9 billion on AI platforms by 2024**, growing 21.8% compounded annually from 2019, per GlobalData research.

However, it will take time for banks to fully benefit from the tech's disruptive impact. Here's how lenders can embrace generative AI:

1. **Educate employees.** Banks should familiarize stakeholders with generative AI and its impact on banking. The tech has the revolutionary potential to create data for a variety of sophisticated applications.
2. **Keep tech up to date.** Whether they're building tech in-house or outsourcing from third parties, banks need to invest in and budget for generative AI.
3. **Work out its uses.** Lenders should test and evaluate different use cases for generative AI, such as fraud detection, virtual assistants, personalized offers, and wealth planning.
4. **Develop a strategy.** Banks need to be forward-thinking, building clear plans for integrating generative AI into their operations, including implementation, governance, and risk management planning.

5. **Brace for regulation.** AI is a relatively new technology and it comes with risks that regulators are still identifying as they determine how to oversee the space. Financial institutions interested in AI-powered tools must prepare for regulations that will likely evolve as AI becomes more commonplace.

# Analyst Estimates: Provider and Consumer Interest in Generative AI Applications in Banking



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**Keep reading:** To find out how banks can prepare for the rise of generative AI, check out our [\*\*ChatGPT and Generative AI in Banking\*\*](#) report.

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