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TECH THE MICKY

GenAI + Financial Services = Intelligent Finance?

When Steve Jobs unveiled the iPhone in 2007, he presented it as an elegant feat of engineering that would radically change how we would communicate: "The killer app is making calls!"

Today, the killer app is a footnote in its catalog of capabilities. Growing far beyond those initial expectations, it has evolved into a pocket-sized digital companion that has transformed our behaviors and habits. If its elegant design for making calls and listening to music were the hooks that captured our attention, the iPhone's true impact was a paradigm shift that reshaped our society and our interaction with technology.

This pattern of evolution is common in groundbreaking technologies. Distinct and tangible applications hook users and drive initial adoption, but their true transformation emerges later, often unfolding in unforeseen ways. In the 16 years since Jobs' legendary Macworld keynote, numerous technologies have promised groundbreaking transformations.

Generative AI (genAI), fueled by applications like ChatGPT, is the most recent and maybe the most impactful of these contenders. Billions of dollars have already poured into companies building the Large Language Models (LLMs) underpinning genAI tools, OpenAI-ChatGPT or Anthropic-Claude, and that figure is expected to grow significantly over the coming years.

Within financial services, the excitement around the technology is easy to understand. As easy as it is to be impressed by sophisticated outputs generated by these tools.

No wonder then more than three-quarters of financial firms are already using or envisioning using AI or machine learning. In the UK, more than half of leaders at FIs believe the country's economy will be significantly advanced by AI, with a third citing improved productivity and the potential to offer better client experiences as the biggest drivers of investment in the technology within their companies.

These engagements, noticeably, position our industry as an end-user, with the underlying technology owned and developed by entities like OpenAI. And this perhaps gives us a clue to what the next step of evolution will look like.



If the iPhone or smartphones, more broadly, pried open a new reality, it was mobile banking apps and payment wallets that acted as the gateway for that paradigm shift in financial services. In other words, these were smartphone's hook applications for financial services. In that same way, the next step in making the exciting future promised by the technology into a concrete reality is developing artificial intelligence native financial services.

That is moving from general purpose, industry agnostic applications (say ChatGPT) to developing domain-specific ones - much like financial services did with mobile applications or payments wallets. Financial services is like no other. It is both highly regulated and high in touch points (think about the amount of financial transactions we typically make per day compared to our touchpoints with healthcare providers. General purpose applications lack the nuanced understanding, sensitivity, and workflows that are central to the way our industry operates.

To truly unlock AI's potential, solutions must move beyond surface-level capabilities and be tailored to financial services' unique needs, language, and challenges - something only purpose-built, industry-specific applications can provide. After all, banking and insurance have intricate complexities and regulations that demand bespoke solutions, rather than one-size-fits-all tools.