Executive Summary

Kyndryl
Thought Leadership Exchange
for Financial Services

September 26, 2024

kyndryl

Overview

In this Exchange session, a group financial services leaders convened to discuss generative AI use cases, requirements and impact for their organizations. The agenda was created based on advance interviews with participants.

Host/SME

Andre Putter
Vice President,
Head of Solutioning,
Kyndryl
Wiem Sabbagh
Global Data and
AI Consult Leader,
Kyndry

Key topics

03   Data Foundations: The Backbone for Generative AI Use Adoption at Scale

04   Demystifying Generative AI in Financial Services: Challenges and Opportunities

05   Evaluating the impact of Microsoft Copilot, GitHub and other tools on Productivity and ROI

Data Foundations: The Backbone for Generative AI Use Adoption at Scale

- Kyndryl subject matter expert, Wiem Sabbagh, helped frame the discussion by sharing what Kyndryl is seeing among clients in terms of implementing generative AI. Sabbagh explained that, when undertaking any generative AI initiative, it's critical to have both a governance structure and a foundation based upon good data.

- AI models are only going to be "as good as your data is", and that's all the more true with generative AI due to risks of hallucinations, for example. Having good data foundation is paramount. This include:

  1. **Data quality and reliability:** Ongoing data quality and consistency checks are key to a good generative AI model. Consistency must not be just from a governance perspective, but access management as well. Techniques for checking involve indexing documents, metadata checks, Retrieval Interleaved Generation (RIG) which can be positioned before the RAG to check data quality, GRAPH model techniques and others.

  2. **Data privacy and compliance:** Identifying and protecting sensitive data (e.g., PI and financial data) is very important. Companies must ensure that sensitive data is not being passed to the models. Beyond that, data policies need to be compliant with the different regulations, especially for highly regulated industry like banking.

  3. **Data architecture:** Gen AI is bringing a lot of new capabilities that companies need to be ready for from an infrastructure and architecture perspective. For example, it is now possible to process and integrate unstructured data. So, organizations need to build those pipelines and then store that unstructured data for use.

- Kyndryl is seeing financial services organizations begin to pilot use cases, often choosing to "go where the money is," (i.e., select use cases to pilot that have a high benefit to the business, don't cost a lot, and which comprise minimal risk.) Use cases fall into four major dimensions:

1. Improving the customer experience
2. Improving the employee experience, especially by increasing their productivity and automating mundane tasks
3. Increasing business operations efficiency
4. Leveraging generative AI for IT modernization

- Two noteworthy use cases in the banking industry include one in the realm of customer experience, whereby the bank augmented agents in customer contact centers and achieved a 50% reduction in response time from the call center, at the same time as the accuracy of the responses increased by 80%. The other case used generative AI to assist developers in code generation and code documentation generation, which improved their job satisfaction and increased productivity from 20-60% depending on seniority.

> " We started talking about Gen AI, but then we pivoted quickly to the data foundations. And that's what happens very often when we're talking about Gen AI, because the starting point to do that is going to be the data foundation."
>
> – Kyndryl Financial Services Thought Leadership Exchange Member

Build modern data foundations for Gen AI

Read →

Exchange Summary | Data Foundations | Demystifying Generative AI in Financial Services | Evaluating the impact of Microsoft Copilot, GitHub and other tools…

< 03 >

Demystifying Generative AI in Financial Services: Challenges and Opportunities

- The group members shared where they are in their generative AI journeys. Banks and other companies in the financial services sector are in all stages of development. Some use case examples were:

1. One member has piloted GitHub copilot on micro services with infrastructure automation and seen 15-20% productivity gains.

2. An executive used Gen AI to extract existing NACE codes from customer job descriptions and update them with 90% accuracy.

3. Gen AI helped a procurement team onboard suppliers and generate new contracts for other customers which the sales organization could then easily find using natural language prompts.

- Because generative AI is only as good as the data foundation it is built on, many leading executives are working to shore up and migrate legacy data, and to ensure different datasets in different areas are interoperable with each other. While that is true with AI and automation in general, a sound data foundation becomes critical with generative AI to prevent hallucinations and other bad outputs from large language models.

- Several leaders pointed out the importance of proactively influencing a "cultural shift" toward acceptance and use of the new technology. One member compared it to when people had to be broadly trained on how to use the Internet in the late 1990s. Banking companies are creating centers of excellence (COEs)

around the proper use of generative AI to demystify it for employees but also to put guardrails around its use.

- One leader stressed the importance of training people to get them comfortable with the new technology. Their company has decided to do a massive roll-out of AI trainings to educate their teams on very practical things, like how to do a good prompt in ChatGPT. The member stressed that companies really need massive training and education efforts throughout the enterprise, in order to best leverage the new technologies available.

"

We did a Center of Excellence with Google as well, but it wasn't an easy journey. It took us some time to align. We had to diverge to converge. It's a challenge, but it matures you. This is a journey that matures everybody, and people start accepting that certain things, they aren't as bad as we think, or there are certain things we all need to be more cautious of. It's a journey."

– Kyndryl Financial Services Thought Leadership Exchange Member

Finding the AI balance: Opportunities, threats, ethics, and responsibility

Listen →

AI and work: As technology evolves, so does company culture (article)

Read →

Exchange Summary | Data Foundations | Demystifying Generative AI in Financial Services | Evaluating the impact of Microsoft Copilot, GitHub and other tools...

< 04 >

Evaluating the impact of Microsoft Copilot, GitHub and other tools on Productivity and ROI

- Many of the executives are pushing out the use of Microsoft Copilot to their companies. They are looking to pilot use cases that quickly can demonstrate value and return on investment, as measuring value has been a consistent struggle across Gen AI initiatives. A member shared that they have developed a business case for their pilot, and that they have purposely chosen a use that has quantifiable and measurable outcomes, such as increased efficiency, and "soft savings," such as increased productivity.

- Others are still trying to quantify the value of GitHub Copilot, Microsoft Copilot, and other tools to understand the threshold at which the efficiency gains per employee overcome the investment in user based licenses.

- Alongside Copilot, some leaders are using an Azure environment and Amazon platform as well. Another member shared that they have seen a 15%-20% increase in productivity after piloting a project for their developer community using Copilot on GitHub.

- In addition to challenges around establishing business use case and value tracking, some leaders have also had challenges with having the right data governance and classification in place as a first step.

> "We've seen productivity gains between 20 up to 60% because we categorized the developers based on their seniority as well. For example, for the most senior developers, we've seen up to 20, 30% and then for the less experienced ones it went up to 60%."

– Kyndryl Financial Services Thought Leadership Exchange Member

Unlock value from data and drive high-impact business objectives

Schedule a consultation →

< 05 >

Exchange Summary | Data Foundations | Demystifying Generative AI in Financial Services | Evaluating the impact of Microsoft Copilot, GitHub and other tools...

kyndryl.

The Expert Exchange is hosted by **Kyndryl**, Inc. Please contact **Andre Putter** or **Wiem Sabbagh** with any questions about Kyndryl or this Exchange.