AI in financial services:

10 Key Questions to Consider Before Implementing AI

Financial institutions have heard a lot about AI, and from a lot of different sources.

You've seen the potential it holds for improving efficiency, reducing operational costs, and enhancing accountholder experiences. But moving forward with AI can feel risky. You're understandably cautious – AI touches sensitive areas like data security, your staff members' roles, and the way you serve your accountholders. You also face internal challenges like resistance to change and the need for clear policies around ethical AI use.

While these concerns are valid, the potential benefits of AI are also valid and deserve consideration. In fact, the benefits are so great that most financial services companies (72%) are already investing in AI technologies.[1]

If you're thinking about overcoming the hurdles and taking the next step toward implementing AI at your financial institution, start by asking the right questions. Answering the following ten essential questions will help you build a thoughtful AI strategy that minimizes risks, aligns with your mission, and positions your organization for long-term success.

1. how can ai serve our mission and values?

AI should support, not replace, your mission and values. Consider how AI can help your financial institution fulfill its purpose. For example, AI can be used to improve accountholder service or

streamline processes, allowing you to better deliver on your mission. The key is to view AI as an enabler that enhances your goals, not a separate objective in itself.

2. should we start big or small?

While AI in financial services has transformative potential, starting with smaller, well-defined projects is often the best approach. For instance, using AI to automate repetitive tasks, such as data entry, can free up your employees for higher-value work. Focusing on specific use cases with measurable benefits helps you demonstrate early wins and build momentum for further AI investments.

3. how can ai enhance our employees' roles?

One of AI's greatest strengths is its ability to take on mundane tasks, enabling your staff to focus on more meaningful, strategic work. AI can assist with tasks like document management, internal communications, and even advanced reporting. This allows your employees to contribute more effectively to the growth and innovation of your financial institution while reducing burnout from repetitive work.

4. how do we upskill our talent?

AI is only as powerful as the people using it. Investing in employee education ensures that your team understands the capabilities and limitations of AI in financial services. This includes teaching them how to use AI safely and securely, especially when it comes to handling sensitive data. Upskilling your team will not only maximize AI's potential but also ensure your employees feel confident in leveraging these new technologies. If done correctly, Accenture estimates AI could increase labor productivity by up to 40% by 2035.[2]

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5. what should our ai policy include?

Shockingly, 61% of banks don't have formal AI policies.[3] Your financial institution needs a comprehensive AI policy to ensure the responsible use of AI in financial services. This policy should outline governance structures, accountability, and ethical considerations. By establishing these guidelines early, you can prevent potential missteps and protect your institution from regulatory or reputational risks.

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6. how do we ensure ethical use of ai?

Ethical AI is a growing concern, and your financial institution should adopt a framework that prioritizes fairness, inclusivity, and transparency. This includes mitigating biases in algorithms, protecting user privacy, and ensuring that AI decisions are explainable. Building an ethical AI framework will help your institution earn and maintain the trust of accountholders.

7. what tools should we allow staff to use?

It's likely your staff is already using AI tools like ChatGPT and Claude AI – sometimes without formal guidelines. As AI tools become more prevalent, it's important to establish clear rules about what AI tools are allowed, especially when handling sensitive or proprietary information. Generative AI tools, for example, should have strict limitations around the use of personal data to prevent security breaches.

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8. how can we manage data privacy and security risks?

Data privacy and security are critical concerns when adopting AI in financial services. You need to ensure compliance with data protection regulations, including GDPR and CCPA. Implementing AI systems that prioritize data security is essential, as any breach could have significant financial and reputational consequences.

9. how do we continuously evaluate our ai systems?

AI isn't a one-time investment. It requires ongoing monitoring and evaluation to ensure it continues to perform as expected. Regular audits and risk assessments should be built into your AI strategy to identify and address emerging risks. Establishing a system for continuous evaluation helps you stay ahead of potential issues and ensures AI remains a valuable asset.

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10. how do we avoid delays in ai rollouts?

60% of banks face delays when implementing technology projects.[4] To avoid setbacks, it's essential to ensure your data is high-quality and that you work with reliable fintechs who have a proven track record. Rigorous data validation processes will also help ensure a smooth rollout, avoiding costly delays.

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moving forward with confidence

The majority of financial institutions believe that AI will be crucial in helping them gain a competitive advantage in the future – and according to Deloitte, "tomorrow's financial service winners and losers may be determined, in large part, by how effectively they're able to deploy and scale [AI] applications today."[5]

By asking and thoughtfully answering these essential questions, your financial institution can confidently adopt AI technologies in a way that aligns with your mission and supports your long-term success.

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For more information about Jack Henry, visit [jackhenry.com](#).

sources

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2. *Artificial Intelligence Poised to Double Annual Economic Growth Rate in 12 Developed Economies and Boost Labor Productivity by up to 40 Percent by 2035*, According to New Research by Accenture, Newsroom, accessed October 22, 2024.

3. *2024 Technology Survey*, Bank Director, accessed October 21, 2024.

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5. *Harnessing Generative AI for Competitive Edge in Financial Services*, Deloitte, accessed October 22, 2024.