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Generative AI in Financial Services

JULY 22, 2024 | 15+ MIN

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A Reliable, Accurate GenAI Tool for Every Professional

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Generative artificial intelligence (genAI)—a cutting-edge technology enabling tools like ChatGPT, Jasper, and Microsoft Copilot to generate content—is gaining traction within the financial services, wealth management, and banking sectors. As the demand for instant insights and time savings grows, leading firms are recognizing the immense potential of generative AI to transform their operations and decision-making processes.

By harnessing the power of this new technology, professionals can leverage advanced algorithms and deep learning capabilities to analyze vast amounts of financial data, organize unstructured data, identify patterns, and generate valuable insights in a fraction of the time it would ordinarily take. This not only enhances efficiency but also enables professionals to make more informed decisions based on accurate and up-to-date information.

From automating data analysis and forecasting to generating personalized investment recommendations, this iteration of AI is revolutionizing the way financial professionals work. With the accuracy and reliability of their insights,

but a strategic move that can drive ever-evolving world of finance. Below, we revolutionary technology—its pros, cons,

...inancial Services

Generative AI has emerged as a powerful addition to the universe of AI-powered tools. By leveraging natural language processing (NLP) algorithms, these machine learning models have numerous use cases, from providing instant insights to streamlining workflows, as well as boosting time savings for professionals.

Some of the key genAI use cases in financial services include:

Financial Reporting: Generative AI can be used to automate the process of financial reporting. Through historical financial data analysis, genAI algorithms can generate accurate and comprehensive financial reports, saving time and dramatically reducing the chance of human error.

Based on findings from KPMG, a majority of financial reporting leaders (65%) are using AI and genAI functions in their reporting workflows. Moreover, 71% expect future reliance on AI solutions, while 48% have already adopted solutions. KPMG notes that leaders are citing benefits ranging from increased efficiency and a reduced burden on staff to more accurate data and cost savings.

Earnings Analysis: Training models on historical earnings reports allows generative AI algorithms to produce insights and predictions about future earnings. This can help financial professionals make informed investment decisions and identify potential opportunities in the market.

Market Research: Contrary to popular belief, genAI's algorithm infrastructure is not only used to generate content. Rather, the capabilities used for generating output can be harnessed and applied to other processes. These contributions streamline the process of collecting and analyzing data results, which take form in real-time insights, predictive modeling, and pattern detection.

Further, GenAI can also be a valuable tool for conducting market research, as it can analyze large volumes of market data, predict market trends, analyze customer preferences, and conduct competitor analysis. When used proactively, financial professionals gain a competitive edge and make data-driven decisions. KPMG reports that 80% of leaders recognize generative AI as important to gaining competitive advantage and market share. This year, 93% of leaders had to take mandatory genAI training, compared to 19% last quarter, KPMG also shared.

Finance Planning: One of the most promising use cases for genAI is that it can aid in finance planning by analyzing financial data and generating accurate forecasts. Using historical financial data and market trends to train on, these algorithms can provide insights into future financial

decision-making, and ensuring the stability of operations.

Performance Management: By analyzing performance data of financial products or portfolios, generative AI algorithms can generate insights and recommendations for optimizing performance. This can assist financial professionals in monitoring and improving the performance of their investments.

As stated by Wolters Kluwer, "GenAI specializes in making repetitive processes like data exploration and analysis almost instantaneous. Finance teams can reclaim their time on data exploration, driver-based analysis, creating charts, and crafting commentary for reports and instead focus on driving the business."
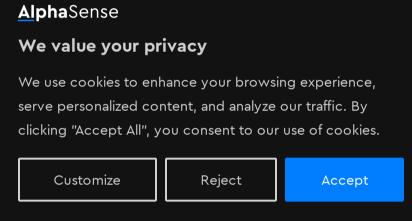
Benefits of Generative AI in Financial Services

Generative AI, with its ability to generate new data that closely resembles existing data, offers several benefits to the financial services industry. Here are some key benefits and how they work:

Centralize Internal and External Research

Today, professionals face siloed resources containing information that, while essential for compliance purposes, creates inefficiencies. The solution: technology that centralizes research across teams so as to improve synergy, efficiency, and decision-making.

With genAI, you can spend less time searching for company and market insights across internal and external sources with the help of integrations, which connects research from multiple investment teams and locations onto a centralized platform. Platforms like AlphaSense leverage purpose-built genAI technology that generate relevant summarizations by securely integrating internal research perspectives.

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n housed across CRMs and other content
eams are embracing genAI to take advantage
ternal resource.

ent summarization, to intelligent search
ntent and side-by-side comparisons with
current external market and company insights.

Quickly Search for Company and Market Insights

The scenario of time lost due to difficulty chasing content hidden within historical meeting notes, internal research thesis, memos, etc. is all too common. With a platform that leverages genAI, you can spend less time searching for company and market insights across internal and external sources. Additionally, integrated content sets can prove to be beneficial as a single "source of truth," along with summarizations produced by genAI that can quickly surface insights and jumpstart research on new companies or markets.

Consolidate Internal and External Deal Intelligence

Often, inefficiencies in the due diligence process stem from challenges with leveraging past deal details siloed in CRMs, network drives, deal rooms, etc. Regardless of where this information is sourced or exists within your company's intelligence base, this information silo impacts deal velocity.

With the help of genAI technology and integration capabilities, your team can connect multiple internal research sources within one, centralized resource. The result leads to improved discovery —with the help of genAI-sourced summaries on internal and external content—which consequently supports more efficient, consistent deal analysis and structuring.

Competitive, Peer Monitoring, and Benchmarking

Financial professionals understand the challenge of keeping up-to-date on competitors during earnings season. The task is tedious and time-consuming, yet crucial to maintaining a lead in your industry. In a perfect world, your team could reduce the amount of hours spent on taking notes distilling key insights from large sets of qualitative data, and ultimately save time in tracking, analyzing, and reporting on public company competitors.

AlphaSense's genAI-powered Smart Summaries feature does just that and more. Leverage the ability to cross-check key takeaways from earnings calls, establish a base camp for your analysis,

from a company's performance to stocks that are secondary important. AlphaSene's proprietary genAI technology builds a mosaic of crucial information central to your portfolio by quickly consuming earnings and recent calls on non-core companies, allowing you to get caught up on "new names" and review company results.

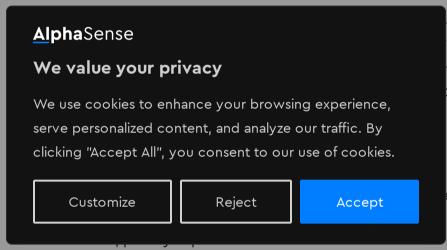## Preparing for Earnings Season

To reiterate, there's no such thing as too much competitive intelligence— meaning the more competitors or peers' earnings calls you can review, the better. Without such access to these limited resources, you risk being potentially under-prepared for questions analysts might ask on their own earnings call.

With AlphaSense's genAI technology, you can easily stay on top of more competitor earnings calls by quickly identifying the topics or content most relevant to your search. Our Q&A summaries make it simple to quickly spot trends in what questions are being asked and how competitors are responding—eliminating the useless fluff simultaneously.

Challenges and Risks of Generative AI in Financial Services

Large Energy Requirement

Generative AI in financial services often requires significant computational power and energy consumption. The complex algorithms and foundational models used in genAI can put a strain on the resources needed to train and deploy these systems, leading to increased costs and taxing of other internal resources.

ficiency without expending considerable of CEOs (49%) are now spearheading GenAI ter, underscoring the strategic importance of ives.

els directly impacts the quality of the institutions, where accurate and reliable data or unreliable outputs, resulting in significant miscommunications or falsified results. It is essential to ensure that the input data used in generative AI models is of high quality and is properly validated and vetted to mitigate this risk.

According to financial researchers at MIT Sloan, "training data can come from all corners of the internet, which contains a glut of biased and toxic content. When trained on this data, LLMs can exhibit harmful biases that are difficult to preemptively identify and control, such as 'parroting' historical prejudices about race, ethnicity, and gender, an obviously undesirable outcome."

Cybersecurity Threat

Generative AI systems in financial services can be vulnerable to cybersecurity threats, as they rely on large amounts of data that could be susceptible to hackers and malicious actors. Breaches in the security of these systems can lead to unauthorized access to sensitive financial information, financial fraud, and other cybersecurity risks. Robust cybersecurity measures and constant monitoring are necessary to protect their integrity.

"Integrating GenAI tools into daily workflow enhances productivity and growth. However, depending on what type of data users input into the platform it can also risk exposing proprietary or sensitive data," said Karl Triebes, Chief Product Officer at Forcepoint.

Governance and Regulatory Compliance

The use of generative AI solutions in financial services raises governance and regulatory compliance challenges. Institutions need to ensure that their actions comply with industry regulations and guidelines. This includes considerations such as transparency, explainability, and fairness in the decision-making processes of generative AI systems. Adhering to governance and regulatory requirements is crucial to maintain trust and mitigate potential legal and reputational risks.

Data Privacy & Security

Any genAI tool relies on vast amounts of data, including sensitive and personal information, which means ensuring data privacy and security is of utmost importance to protect the confidentiality

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entering non-public company information into genAI tools. In an age where enterprise and personal knowledge security is paramount, 91% of businesses are recognizing a need to reassure customers that their data is used for intended and legitimate purposes in AI.

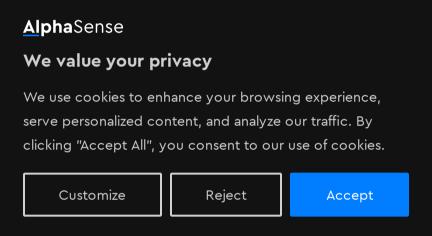## How Financial Services Teams Can Prepare for Generative AI

As the financial industry continues to evolve, the adoption of genAI is becoming increasingly important for staying competitive. Financial services teams can take several steps to prepare for the integration of this technology into their operations.

Here are some key strategies to consider:

Identify and Train Talent for AI Adoption: Building a team of professionals who are well-versed in AI technologies is crucial. Invest in training programs and workshops to upskill your existing workforce and attract new talent. Consider fostering a culture of human-AI collaboration by establishing frameworks that promote effective teamwork between humans and AI systems.

Building or Buying a GenAI Tool: Many organizations continue to face a similar challenge: their data is a mess. Even when a professional knows where to look for it, it takes 20 clicks in folders to access it, and then relying on CTRL+F to search a tidbit of information within a document. That's where genAI comes in.

Not only is it one of the most important pieces of technology to overcome this obstacle, but it's led to executives across industries to decide whether they should build or buy their own genAI tool. The bottom line: building large language models (LLMs) takes significant time, resources, and capital in order to effectively acquire, clean, and curate large data sets. Just for model training, you need computational resources (i.e., hardware, software, cloud services), ramping personnel,

[obscured by dialog] phaSense to deliver the research results they _[obscured]_ data.

[obscured] dy successful case studies of genAI _[obscured]_ other organizations have leveraged this _[obscured]_ se these insights to develop a strategic plan

[obscured] financial services teams and IT departments is integral for successful AI adoption. IT teams can provide the necessary infrastructure, data management systems, and security protocols to support implementation. Regular communication and coordination between these teams will also ensure a smooth integration process.

Embrace Innovative Technology: Embracing genAI technology requires a mindset shift within financial services teams. Encourage a culture of innovation and experimentation, where employees are open to exploring new possibilities offered by AI. Foster an environment that encourages learning and adaptation to maximize the benefits of generative AI.

Pilot Programs: Before fully implementing these advancements across all operations, consider running pilot programs to test its effectiveness and identify any potential challenges. Start with small-scale projects and gradually expand as you gain confidence in the technology. Monitor the results closely and make necessary adjustments to optimize its performance.
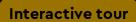
A Reliable, Accurate GenAI Tool for Every Professional

Financial firms and institutions stand in a unique position to take an early lead in the adoption of generative AI technology. This presents fresh and exhilarating prospects to actively influence the future of finance, fostering innovation and transformation.

However, it is crucial to recognize that we are currently deep in the hype cycle surrounding generative AI. Without understanding the limitations and potential consequences of using this technology, a company can quickly run their operations amuck if no training or vetting is put in place. Given this context, industry leaders must redirect their attention towards pinpointing the specific areas where this state-of-the-art technology can genuinely provide substantial commercial value to their businesses in the present.

Those who adeptly navigate this pivotal decision-making process and align it with their strategic objectives will undoubtedly emerge as frontrunners. By doing so, they position themselves ahead of the curve, ready to capitalize on the true commercial potential of generative AI as the hype inevitably subsides and its real impact on the industry unfolds.

AlphaSense Enterprise Intelligence enables secure searches, summaries, and follow-up questions across your proprietary internal data and a vast repository of 300M+ premium external documents

content and hundreds of millions of premium external documents.

And potentially most important, Enterprise Intelligence meets the highest industry standards— including SOC2, ISO270001 compliant, regular, accredited third-party penetration testing, FIPS 140-2 standard encryption on all content, and SAML 2.0 integration. Ultimately, not only does AlphaSense speed up your internal knowledge search but ensures privacy and security from external, malicious forces.

Start your free 2-week trial today to *explore the AlphaSense platform firsthand and see how it can raise your organizational IQ .*
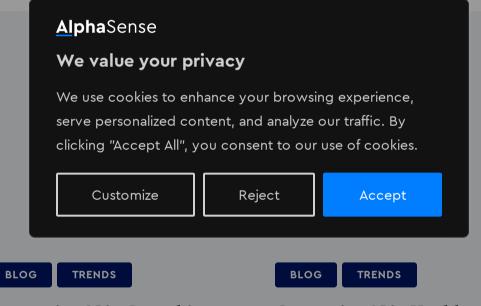

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Formerly a writer for publications and startups, Tim Hafke is a Content Marketing Specialist at AlphaSense. His prior experience includes developing content for healthcare companies serving marginalized communities.

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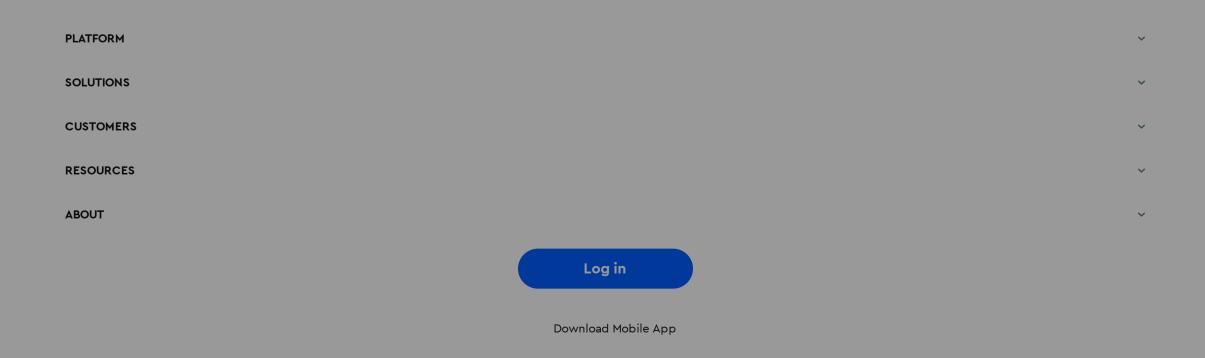

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