**Main Functions of Investment Banks in the US Banking System**

**Raising Capital**Investment banks help companies and governments raise capital by underwriting and selling securities such as stocks and bonds to investors.

**Mergers and Acquisitions Advice**Investment banks provide advisory services to companies on mergers, acquisitions, and other corporate transactions, including valuation, deal structuring, and negotiations.

**Asset Management**Some investment banks offer asset management services, where they manage investment portfolios on behalf of clients.

**Risk Management**Investment banks assist clients in identifying, analyzing, and mitigating various financial risks through products like derivatives.

**Other Services**Additional services provided by investment banks include research, trading and sales, wealth management, and creating structured financial products.

**Statistical data**

**Investment Banking Fees and Revenues**

The total fees collected by the top 10 investment banks in the US were $54,923.11 million in 2024.

**The fees were distributed across different banking functions:**

26% from M&A advisory

13% from equity underwriting

36% from debt underwriting

24% from loan syndications

**Investment Banking Market Concentration**

Market share concentration for the Investment Banking & Securities Intermediation industry in the US is medium, with the top four companies generating 60% of industry revenue.

The average concentration in the financial sector in the United States is 40%.

**Investment Banking Industry Size and Growth**

The market size of the Investment Banking & Securities Intermediation industry in the US is projected to be $392.8 billion in 2024.

Over the next five years, the Investment Banking & Securities Intermediation in the US market is expected to grow at a CAGR of over 4%.

**Leading Investment Banks**

JPMorgan Chase and Goldman Sachs held a significant market share of over 15% in 2023.

JPMorgan Chase offers a comprehensive suite of investment banking services including M&A advisory, capital raising, and corporate finance.

Goldman Sachs has expertise in M&A advisory, underwriting, and securities trading.

**Global Investment Banking Fees (2014-2023):** $80.54 trillion

**AI Investment and Adoption in Investment Banking**

**Global Spending on AI Systems in Financial Services (2024):** $22.6 billion

**Private Investment in AI (2023)**

**United States:** $67 billion

**European Union and UK:** $11 billion

**Notable AI Models Produced (2023)**

**Industry:** 51

**Academia:** 15

**Industry-Academia Collaborations:** 21 (new high)

**Leading in AI Model Development (2023)**

**United States:** 61 notable models

**European Union:** 21 notable models

**China:** 15 notable models

**Impact of AI on Investment Banking Operations**

AI Integration in Capital Allocation Processes: 43% of CEOs have fully integrated AI

**AI in Due Diligence:** Robotic Process Automation (RPA) is revolutionizing the due diligence process

**AI in Valuation:** Predictive modeling techniques simplify valuation by analyzing diverse data sets

**AI in Risk Management:** AI-powered predictive analytics and modeling enhance risk forecasting

**AI in Trading Strategies:** AI is used to identify profitable trading opportunities by analyzing market data

**Challenges and Risks of AI Adoption**

**Lack of Standardization in Responsible AI Reporting:** Leading developers test their models against different responsible AI benchmarks

**Transparency and Explainability Concerns:** The absence of organic human judgment in AI poses risks that need to be addressed

**Regulatory Compliance Requirements:** Investment banks need to navigate a complex regulatory landscape around AI deployment

**successful AI implementations in investment banking**

**JPMorgan Chase**

**AI Integration:** JPMorgan Chase has over 300 AI use cases in production for risk, prospecting, marketing, customer experience, and fraud prevention.

**Contract Intelligence:** The AI system saved 360,000 hours of work by interpreting and recording contract clauses.

**Wells Fargo**

**LLM Use:** Wells Fargo is using large language models (LLMs) to help determine what information clients must report to regulators and how they can improve their business processes.

**ING**

**Katana Tool:** ING leverages AI to empower bond traders to make faster and more accurate pricing decisions with its tool called Katana. It uses predictive analytics to ensure traders quote the right price when buying and selling bonds based on historical and real-time data.

**UBS**

**Machine Learning and Neural Networks:** UBS uses machine learning and neural networks to facilitate accurate trading decisions, including fund allocation and analyzing real-time data to enhance the performance of its high-performing traders.

**Goldman Sachs**

**Generative AI for Developers:** Goldman Sachs is leveraging generative AI to help developers and coders create robust code more efficiently.

**IndexGPT**

**Trademark Application:** JPMorgan Chase filed a trademark application for IndexGPT, which is expected to be launched between 2026 and 2027.

**Product Description:** IndexGPT will simplify financial investment by providing financial information and analysis services for securities investing, enabling customers to know about various investment products and make informed decisions based on their financial health.

Investment banks play a vital role in the US financial system, providing services like capital raising, M&A advisory, asset management, and risk mitigation. The industry is large, concentrated, and expected to grow over 4% in the next 5 years.

AI and advanced technologies are transforming investment banking, with leading firms leveraging AI for automation, risk management, trading, and developer productivity. However, AI adoption also introduces new cybersecurity, operational, and financial stability risks that must be carefully managed.

Overall, the investment banking industry in the US is evolving rapidly, driven by both traditional functions and the integration of innovative technologies like AI to enhance operations and client services.