

## **IBM Study: Banking and Financial Markets CEOs are Betting on Generative AI to Stay Competitive, Yet Workforce and Culture Challenges Persist**

- Two-thirds (66%) of banking and financial markets CEOs surveyed said that the potential productivity gains from AI and automation are so great that they must accept the risks to stay competitive.

- 65% of financial institution leaders say that succeeding with AI will depend more on people's adoption than the technology itself and 60% recognize they are pushing for AI adoption more quickly than some might find comfortable.

- Half (50%) of financial services CEOs surveyed say they are hiring for generative AI-related roles that did not exist last year and 53% indicate they are struggling to fill key technology positions.



ARMONK, N.Y., June 5, 2024 /PRNewswire/ -- New findings from the IBM (NYSE:IBM) Institute for Business Value revealed that banking and financial markets (BFM) CEOs are facing workforce and culture and challenges as they act quickly to implement and scale [generative AI](#) across their organizations.

The findings are part of an annual [global cross-industry study](#) that surveyed more than 3,000 CEOs from over 30 countries and 26 industries, which included 297 BFM CEOs representing retail, corporate, commercial and investment banks and financial markets.

The survey found that generative AI is perceived as the key to unlocking competitiveness. 57% of BFM CEOs surveyed stated that gaining a competitive advantage in the sector will depend on who has the most advanced generative AI.

The findings also revealed that CEOs are navigating complex issues around culture in the era of [AI](#). 59% of surveyed BFM CEOs stated that cultural change within a business is more important than overcoming technical challenges when becoming a data-driven business, with 65% also believing success with AI will depend more on people's adoption than the technology itself.

Despite this, 60% of surveyed BFM CEOs say they are pushing for AI adoption more quickly than some employees might find comfortable. Yet 43% acknowledged that their employees do not fully understand how strategic decisions impact them.

Skills also proved to be an area of focus for the CEOs. While 60% of surveyed BFM CEOs say their teams have the skills and knowledge to incorporate generative AI, more than half (53%) of respondents say they are already struggling to fill key technology roles. In addition, 50% of these CEOs said they are hiring for roles that did not even exist this time last year due to generative AI, showing the rapid shift occurring in the workforce.

"Our research reflects the tremendous pressure CEOs are under to keep their competitive edge. Alongside profitability and productivity, getting the right skills remains a persistent challenge, with CEOs now hiring for roles that did not exist until recently," said Shanker Ramamurthy, Global Managing Partner Banking & Financial Markets, IBM Consulting. "Workforce needs are shifting rapidly in the financial services sector and CEOs must ensure that upskilling programs are prioritized as an important element of any financial institution's enterprise strategy for scaling generative AI."

In addition, 66% of BFM CEOs surveyed stated that the potential productivity gains from automation are so great that they would accept significant risks to stay competitive, with 67% saying they would risk more than their competitor to maintain competitive edge.

However, BFM CEOs recognized that trust cannot be sacrificed for innovation. 64% of surveyed BFM CEOs agreed that maintaining customer trust will have a greater impact on success than any specific product or service, and 83% acknowledged that transparency around adopting new technologies was critical for fostering trust among customers and employees.

"CEOs in the banking and financial markets sector are keenly aware of the competitive benefits that generative AI will bring and are eager to move quickly," said John Duigenan, Distinguished Engineer & General Manager, Global Financial Services Industry at IBM. "In their enthusiasm to embrace the benefits of this potent new technology, it's critical that financial services leaders ensure their institutions are taking steps to engineer trustworthy AI designed to reduce risk and win the confidence of their customers, employees and regulators."

## **Key Study Findings**

BFM CEOs are hedging their bets on generative AI to stay competitive and are willing to take risks to achieve this.

- *57% of respondents believe that competitive advantage will depend on who has the most advanced generative AI.*
- *Two-thirds (66%) of those surveyed agreed that the potential productivity gains from automation are so great that they would accept significant risks to stay competitive and 67% said they would take more risk than their competitors to maintain a competitive advantage.*
- *However, customer trust was not a sacrifice CEOs are willing to make. 64% surveyed agreed that maintaining customer trust will have a greater impact on success than any specific product, and 83% acknowledged transparency in adopting new technologies is critical for fostering trust among customers and employees.*

The workforce is shifting rapidly.

- *50% of CEOs surveyed said they are hiring for roles that did not even exist last year due to the rise of generative AI.*
- *Yet, more than half (53%) of respondents say they are already struggling to fill key technology roles.*
- *60% of respondents said their current team has the knowledge and skills to incorporate new technologies like AI.*
- *Only 40% of respondents have assessed the potential impact of generative AI on their workforce.*

- *Surveyed CEOs say 34% of their workforce will require retraining and reskilling over the next three years – up from just 7% in 2021.*

Financial institution leaders recognize it takes a cultural shift to scale AI successfully but face collaboration and adoption challenges within their organizations.

- *64% of CEOs surveyed say their organization's success is directly tied to the quality of collaboration between finance and technology, yet half (50%) say competition among their C-Suite executives sometimes impedes collaboration.*
- *59% agree that cultural change is more important to becoming a data-driven business than overcoming technical challenges.*
- *65% of BFM CEOs say that succeeding with AI will depend more on people's adoption than the technology itself.*
- *At the same time, 43% acknowledge that their employees do not fully understand how strategic decisions impact them.*
- *60% of surveyed CEOs say they push for AI adoption more quickly than some might find comfortable.*
- *64% of surveyed BFM CEOs say to win the future, they must rewrite their organizational playbook.*
- *72% plan to maintain or accelerate their organization's pace of transformational change in 2024.*

Productivity is a top priority but focusing on short-term targets may hinder long-term progress.

- *BFM CEOs ranked tech modernization as their highest priority for the next three years.*
- *Productivity, profitability, and scalability were identified as the biggest challenges facing BFM CEOs over the next three years, with 46% agreeing that generative AI will be one of the most useful tools in helping them overcome these challenges.*
- *However, BFM CEOs identified the focus on short-term performance as their top barrier to innovation.*

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## **Methodology**

The IBM Institute for Business Value, in cooperation with Oxford Economics, conducted interviews with 3,000 CEOs from over 30 countries and 26 industries from December 2023 through April 2024 as part of the 29<sup>th</sup> edition of the IBM C-Suite Study series. These conversations focused on business priorities, leadership, technology, talent, partnering, regulation, industry disruption and enterprise transformation.

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## Media Contact

Mary Ellen Higgins

[maryellen.higgins@ibm.com](mailto:maryellen.higgins@ibm.com)

781.789.1911

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