EVALUESERVE

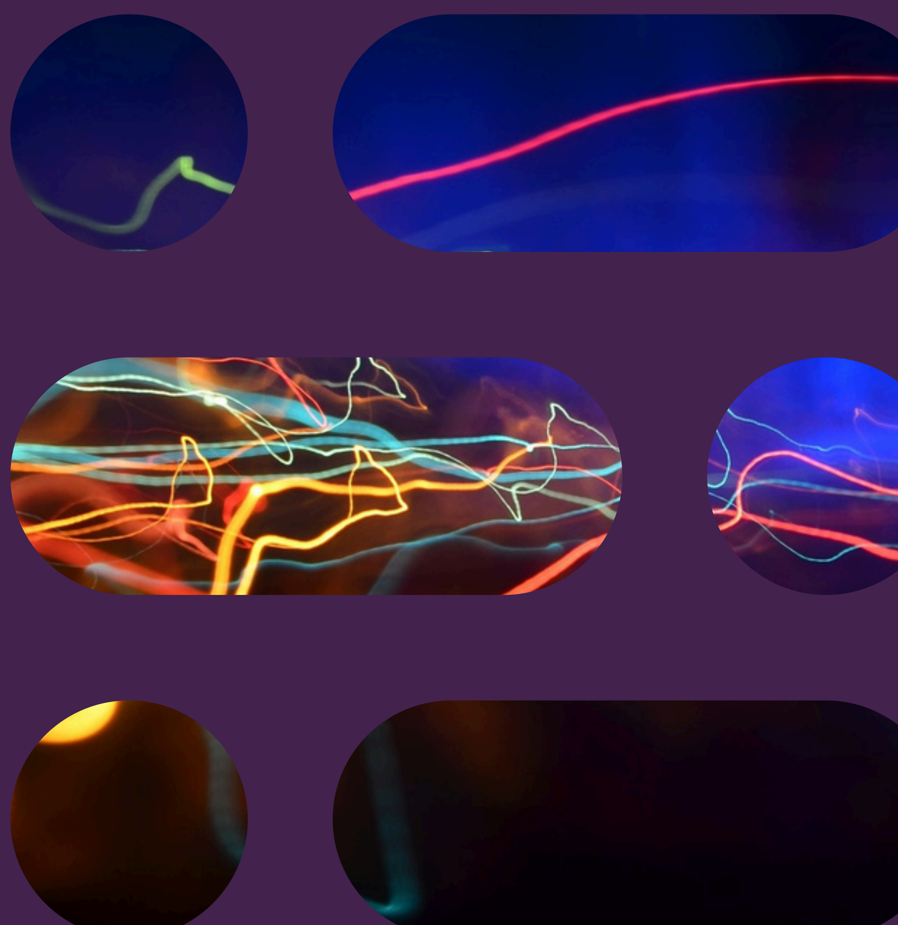
Executive Exchange Summary

AI in Financial Services: How European Banks Are Navigating the New Efficiency Frontier

Takeaways from our Executive Exchange in London

Participants: Allied Irish Bank, Cavendish, Citi, CVC Capital, Deutsche Bank, Evercore, Harris Williams, HSBC, Investec, MUFG, NatWest, Nomura, Peel Hunt, RBC, Rothschild & Co., Temasek, TSG Consumer Partners, Wells Fargo

May 2025



Introduction

Efficiency is an age-old pursuit in financial services: how can institutions spend more time generating value—and less time on everything else?

For years, technology delivered incremental gains: leaner processes, tighter workflows, better dashboards. But artificial intelligence promises something different. The industry is bracing for a paradigm shift in how quickly and broadly insights can be accessed. With AI, what once gave firms an edge—faster analysis, deeper data coverage—is rapidly becoming commoditized.

When time-to-insight is no longer a differentiator—and everyone has the same information at their fingertips—financial institutions need new ways to stay competitive. With a core source of advantage eroded, firms will need to rethink how they accelerate time-to-value.

That question was at the center of a recent Executive Exchange dinner hosted by Evalueserve at The Dorchester in London. Senior leaders from private equity, investment banking, and credit came together to explore how AI is reshaping the people, processes, and technologies behind value creation. While the details differed from firm to firm, the takeaway was clear: act fast or risk being left behind.

The Fast Follower Advantage

The banking community is typically comfortable with a wait-and-see approach to new technologies. There's real risk in being an early adopter—especially when the tools are unproven and the outcomes unclear. Yet despite the uncertainty surrounding AI, there was a shared urgency in the room: banks can't afford to sit this one out.

As one private equity executive put it, "There has been much more willingness to invest—with the recognition also that it is still relatively early."

Against a backdrop of rising costs and stagnant growth in recent years, productivity gains have become mission-critical. As the COO of a global investment bank noted, "If it's making people more productive, then we're interested."

The question is no longer *whether* to act, but *how*. Should banks race to hire top AI scientists and build their own large-scale models? Probably not. Instead, the consensus was that financial executives must place smart bets on specific use cases—identifying where the technology can deliver meaningful value and moving quickly to adopt.

An investment banking executive said, "It's a business that is very rooted in information. And it's been around a long time. So, we don't necessarily see ourselves as innovators. What we do want to be is fast followers."

Many European institutions are steeped in history and guided by long-established norms. Consider the setting of the dinner: The Dorchester—a London staple that has hosted queens and dignitaries and was once considered one of the city's most secure buildings during World War II. It's a timeless establishment—and timeless institutions don't chase trends.

Similarly, European banks must ensure their embrace of AI isn't just a reaction to trend cycles. While New York may take the crown as the world's financial capital, institutions in London, Paris, Frankfurt, and Amsterdam have shaped global commerce for centuries. That legacy calls for an approach to innovation that is measured, deliberate, and grounded in continuity.

AI is not the main character in this story—but it is shifting the plot. It's changing how work gets done and how value is created. These firms aren't chasing the latest hype cycle; they're adapting to a changed landscape. And they wouldn't be doing so if it weren't a matter of survival.

The reality is, few AI use cases are fully proven. Much of what's possible still lies ahead. But the potential impact is too significant to ignore. Large players need to invest to avoid falling behind. Smaller firms may have a window to outmaneuver peers. Those that make a successful transition to AI will be the ones that carry their legacy into the next century.

> We don't necessarily see ourselves as **innovators**. What we do want to be is **fast followers**.

Six Ways Financial Executives Are Adopting AI

Being a fast follower is a deliberate strategy—one that requires a focused, coordinated approach. Here are some of the moves financial executives are making to adopt AI with speed, precision, and purpose.

1. Focus on enabling your team—not the flashiest tools

AI may not be a bank's core competency, but it's quickly becoming an essential enabler. As one investment banking leader put it, "We're not looking to be out there building a lot of tech ourselves. But we do want to make sure that we provide our people with the best tools."

The emphasis isn't on having the most advanced technology—it's on providing teams with the right tools for the job. Financial executives are bombarded daily with new products and capabilities. While inspiration may come from what's new, the goal isn't to try everything on the cutting edge. It's to equip teams with what works—tools that deliver results, whether improving investment decisions or guiding capital allocation.

This also plays directly into talent retention. Access to AI tools is not seen as a perk—it's the expectation. As a private equity executive noted, "The vast, vast majority are already in the general-purpose tools."

Restricting access rarely works—especially with the new class of hires. When employees don't get the tools they need, they find workarounds. Many banks are monitoring this closely, and one executive warned, "The reports can be terrifying." If a tool is blocked on a work laptop, employees will turn to phones, screenshots—even photos of screens.

Which begs the question: Is AI even something a bank can control?

Access to AI tools is not seen as a perk—it's the **expectation**.

2. Create safe environments for experimentation—not absolute control

Giving your team access to off-the-shelf LLMs is a step in the right direction. But in banking, the holy grail is a single tool that can interrogate everything—from internet sources and market data to your CRM systems and SharePoint files.

The value of such integration is clear—but so are the risks. That's a vast amount of proprietary information being connected, with systems talking to each other in new ways. As the CEO of an advisory firm put it, once teams are using the same tools, "it becomes about leveraging them on your own data. And that's where security becomes a real concern—how do you stop the leakage?"

The enterprise-level risks don't just stop at leaking internal data to train models and potentially to competitors. Even within an organization, AI can blur boundaries. If tools aren't carefully governed, they could expose sensitive material across business lines or bypass permission structures. Can AI reliably distinguish what an analyst in one division should see versus a managing director in another?

"It's impossible to control everything," acknowledged a credit leader of a major retail bank. "But you can give people the right kind of environment to work with."

Robust security protocols are essential—but total control isn't just unfeasible; it may be counterproductive. Overregulation can stifle the very experimentation that drives innovation, especially when the most valuable use cases often emerge from unexpected corners of the organization.

With decades of experience managing credit risk analytics, the retail banking executive emphasized that the security strategy must evolve alongside the technology. Rather than policing every interaction, firms should focus on building secure, well-structured sandboxes—environments where teams can test ideas and workflows freely, while still protecting sensitive data and preserving institutional trust.

3. Hire for the "right people"—not a specific skillset

As AI reshapes banking workflows, the skills needed for success are shifting—and will continue to do so. Rather than hiring for a fixed set of technical capabilities, many leaders are focusing on the core characteristics that will matter most in an evolving AI ecosystem.

Three qualities stood out:

- **Learning:** Those who thrive will be the ones who can keep learning, unlearning, and re-learning. As one private equity executive noted, "It's not necessarily about the skills you want people to have—it's more about how to instill a continuous learning mindset."
- **Relationships:** Many areas of banking, especially at advisory firms, remain deeply relationship-driven. AI can surface insights, but it can't replace trust.
- **Judgment:** Keeping humans in the loop will be essential to the success of many AI use cases in banking. As routine analysis is automated, human attention must shift to higher-value decisions.

As one CRO put it, "Always make sure you've got the human in the middle—and make sure it's a capable human, not just any human."

> Always make sure you've got the human in the middle—and make sure it's a **capable human**, not just any human

With AI, the traditional talent pyramid may start to look like a diamond. Many of the repetitive tasks once handled by junior bankers will be automated—and that's a good thing. But it shifts greater responsibility to the middle layer: the people who must evaluate, interpret, and act on what AI delivers.

Traditionally, those decision-making skills were developed by working through foundational tasks. If AI takes over that work, a training gap will emerge. Universities may help fill it, but as several leaders pointed out, this is something the industry still needs to figure out.

4. Reduce risk by buying—not building

Just as the skillsets needed in banking are evolving, so too are the capabilities of AI tools. The pace of change is fast—and accelerating. That's why many executives are wary of building custom solutions that may quickly become obsolete.

"You can spend an awful lot of money and not get the results you're looking for," observed one private equity leader.

For many, the safer path is to buy capabilities that are scalable, supported, and less risky. Developing and maintaining software internally is not the best use of their time and resources. "We want to find vendors we trust—who understand our business," said the COO of an investment bank. "Ultimately, we want to invest in something that works and is relatively low risk for us."

Complicating matters is the fragmented vendor landscape. There are the major LLM providers, hyperscalers, SaaS platforms with embedded AI features, and a wave of startups looking to solve specific use cases.

The head of a boutique advisory firm recounted, "I tested so many different products and thought, I want that, that, and that. But when I added it all up, I was getting close to a million dollars. And I just can't afford that—it's absolutely crazy."

The challenge isn't just cost. With so many tools on the market, it's hard to know where to invest—and how to avoid redundancy. Bankers don't want to juggle ten different interfaces; they want a unified tool that connects internal systems and external data sources.

While the vendor landscape will keep shifting, leaders recommend a focused approach: invest strategically, watch for overlap, and streamline wherever possible. For example, if your CRM now offers AI features that integrate FactSet insights, keep that in mind when designing workflows. You may not cancel FactSet tomorrow—but it's a step toward reducing duplication over time. Eventually, the field will narrow, and leaders will emerge. Until then, it pays to be selective and strategic.

5. Prioritize end-to-end transformation—not incremental efficiencies

Let's say you've equipped your team with the right tools, created space for experimentation, realigned your talent, and built a suitable AI tech stack for your needs. That alone doesn't guarantee transformation. Moving from individual efficiency improvements to meaningful organization-wide change requires rethinking workflows from end to end—or even uncovering entirely new ways to create value.

"Fundamentally, for me, it's about finding ways to do things more effectively," said one private equity leader. Speed and cost are important, but true transformation isn't just about doing the same tasks faster. "In order for it to work and stick, it has to impact the whole process." When AI is deeply embedded, the payoff may come not in streamlining what already exists—but in revealing new capabilities and opportunities that didn't exist before.

> The payoff may come not in streamlining what already exists—but in revealing **new capabilities and opportunities** that didn't exist before.

In some cases, the shift has already unlocked new sources of revenue. "We see phenomenal examples of new products and services very quickly generating a lot of revenue," the same executive noted.

As the discussion progressed, two factors emerged as critical when evaluating use cases: the specialization of the task and the seniority of the user.

- **General Productivity Tools** – Deploy plug-and-play assistants that support back-office and administrative work.
- **Specialized Workflow Redesign** – Invest in transforming a particular high-effort, high-impact area, such as automating investment committee processes.
- **Junior Banker Automation** – Eliminate "no joy" tasks like pitchbook creation to free up time for analysis. As one investment banking leader said, "We recruit from the best schools, and they're sitting there at 2 a.m. doing grunt work. That's got to change."
- **Senior Executive Augmentation** – Deliver insights that sharpen decision-making and drive results. "At the senior level, it's about getting to better questions and better discussions, faster," according to an investment banking leader.

This simple framework emerged from the discussion, offering a useful way to think about where to focus AI investments.

6. Set ROI expectations—don't let uncertainty stall progress

Some initiatives will pay off. Others won't. But failing to act carries its own risks—especially in a fast-moving landscape. That's why executive understanding is critical. Leaders need to be clear-eyed about the potential impact of AI, the challenges it presents, and the strategic importance of getting started.

"The biggest risk is going out of business," one executive emphasized. "If you don't adopt some of these tools relatively early—or at least learn about the potential impacts—you may be too late."

Given the existential implications, AI investment requires a shift in mindset. Not every initiative will deliver immediate ROI—and that's okay. As one executive suggested, banks should treat some areas of AI spending as R&D rather than requiring immediate returns. With the right expectations set at the top, teams gain the freedom to explore, test, and learn from failure. That strategic commitment creates space for long-term value creation and sustained progress.

Conclusion

AI is disrupting every industry—forcing even the most risk-averse players, including Europe's largest financial institutions, to move with urgency.

In fact, the entire ecosystem of technology and services is evolving to meet a new set of demands. If AI is leveling access to information, it is fundamentally shifting the source of competitive advantage in financial services. Institutions have long aspired to unlock the full value of their proprietary data, but AI raises the stakes. It places even greater emphasis on how well firms can extract unique insights from their data—and how quickly teams can act on those insights to create value.

The fast follower strategy offers a balanced path forward: minimizing risk while enabling decisive action. It's about placing smart bets on high-impact use cases and committing to long-term, end-to-end transformation—not just chasing incremental gains. That means equipping teams with the right tools and creating secure environments for experimentation. Just as importantly, it requires working with partners who can help lead the transition.

Evalueserve will continue to host conversations like this to take the pulse of AI in banking and surface best practices. In times of change, the strategies that once guaranteed an edge are no longer enough. That puts us all on a shared path to shape what comes next in financial services.

About Our Executive Exchange Series

Evalueserve's Executive Exchange events provide an unparalleled opportunity for senior financial services executives to connect, share insights, and explore innovative ideas in a relaxed setting over dinner and drinks. Our exchanges feature engaging expert-led discussions on trends such as digital transformation and AI.

These intimate, invitation-only events are carefully curated to bring together leaders in banking, lending, and private capital in global financial hubs including New York, Toronto, London, and more.

Learn More