

Corporate & Investment Banking Outlook

— 2025



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Executive Summary

CIB Performance and Outlook

The first half of 2025 confirmed a fragile economic environment. The OCDE projects global growth at 2.9% this year (after 3.1% in 2024), but trajectories diverge: a US rebound (+3.8% in Q2), modest recovery in Europe (+1.6%), limited growth in the UK (+0.3% in Q2), and emerging markets under pressure from new US tariffs (effective average rate at 18.6%, the highest since 1933). Against this backdrop, capital markets revenues rose 13% YoY, but performance dispersion across banks remains pronounced. Structurally, revenue and cost dynamics across geographies have followed similar cycles since FY2023, downturn, recovery, and acceleration, but the amplitudes differ: US banks achieved a steeper rebound in revenues, while European peers exhibited greater volatility in cost efficiency. UK banks remain closer to the European profile.

On the non-financial side, ESG integration accelerates: According to our research, European banks score 36% higher than US peers, with reporting converging toward IFRS S1/S2 despite delays, while investors demand integrated ESG-financial data and deploy GenAI tools to assess double materiality.

From AI to Agentic AI in Banking and CIBs

AI investments topped \$250bn as of 2024YE and could reach \$1.2tn by 2030, with banking alone attracting \$26bn in 2024, set to quintuple by 2030. In CIBs, most use cases focus on cost savings, cutting up to 25% in compliance, operations, and customer service costs, though ROI on revenues remains unclear.

Generative AI is scaling fast: BNP Paribas targets 1,000 use cases in production by 2025YE (c.€500m in value), Standard Chartered has deployed SC GPT to 70,000 staff in 41 markets, and JPMorgan runs 300+ AI use cases within an \$18bn tech budget. Goldman Sachs's Marquee shows how advanced analytics and execution can be monetized, paving the way for agentic AI.

This new frontier promises autonomous decision-making and deeper transformation but also raises risks around trust and compliance, with Gartner warning that 40% of projects may be cancelled by 2027. Success will hinge on robust data governance, cross-functional collaboration, and strong talent strategies, as people remain central to scaling AI effectively.

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CIB Performance and Outlook

A Macroeconomic Context Shaped by Ongoing Instability

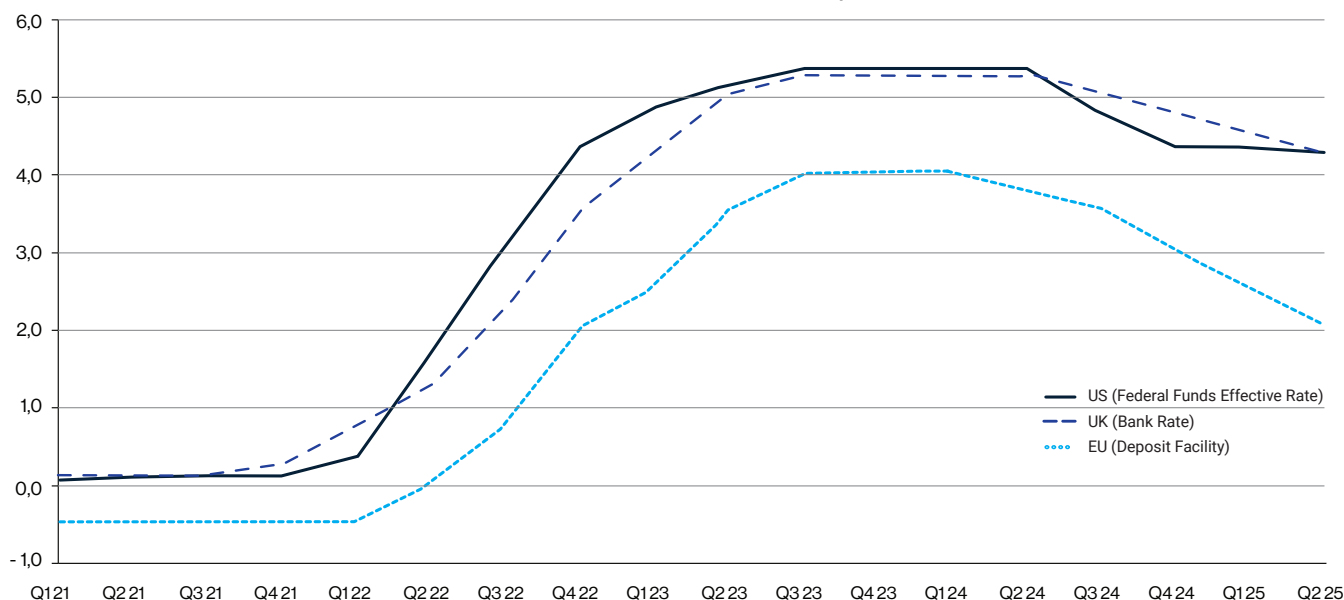
Global economic conditions shaped by sluggish growth and rising tariffs

In H1 2025, the global macroeconomic landscape was influenced by a combination of disinflation, trade policy shocks, and persistent geopolitical risks, each contributing to the economic environment in distinct ways. After nearly two years of broad disinflation, the trajectory has slowed markedly following the introduction of new tariffs by the US administration: by mid-2025¹, the average effective US tariff rate stood at 18.6%², the highest level recorded since 1933.

Against this backdrop, global growth has remained positive but fragile. According to the OCDE, global GDP is projected to grow by 2.9%³ in 2025 (after 3.1% in 2024), while inflation is expected to ease only gradually, from 5.8% in 2024 to 4.9% in 2025. The IMF⁴ similarly anticipates moderate growth and a slow disinflation process, with pronounced divergences between the US, Europe, and emerging markets.

In H1 2025, monetary policy diverged across major advanced economies. In the United States, the Federal Reserve delivered its first rate cut of the year, lowering the federal funds target range to 4.00–4.25%⁵ and signalling that further easing was likely. Federal Reserve Chair Jerome Powell described the decision as an exercise in risk management, emphasizing that the weakening labor market represented a more pressing concern than tariff-driven inflation. The Bank of England opted for a cautious approach, reducing its policy rate by only 25 basis points in July⁶. The European Central Bank moved decisively, cutting its deposit facility by a cumulative 50 basis points between June and September⁷. Across these economies, persistent tariff-driven price pressures and volatile commodity markets continue to limit policymakers' flexibility, suggesting that the return to neutral interest rates will be slower and more uncertain than initially expected.

Central bank interest rates from Q1'21 to present



Source: Respective central bank websites (2025)

¹International Monetary Fund (2025). World Economic Outlook, April 2025.

²Yale Budget Lab, Yale University (2025). The State of US Tariffs.

³OECD (2025). OECD Economic Outlook, Volume 2025 Issue 1.

⁴Organisation for Economic Co-operation and Development (2025). OECD Economic Outlook, May 2025.

⁵Federal Reserve Bank of St. Louis (FRED) (2025). Effective Federal Funds Rate [FEDFUNDS].

⁶Bank of England (2025). Bank Rate History and Data.

⁷European Central Bank (2025). Key ECB Interest Rates: Deposit Facility.

Separately, tariffs saw significant increases during the first half of 2025, particularly in June when tariffs reached up to 50% on products such as steel and aluminum⁸. These measures disproportionately impacted heavy industries including steel, aluminum, and automobiles. Conversely, some export sectors like aerospace, luxury goods, beverages, machinery, and chemicals benefited relatively from these trade dynamics. Concurrently, the US dollar depreciated by approximately 11% from January to June, further influencing shifts in trade flows⁹.

At the same time, geopolitical dynamics have amplified the fragility of the outlook. Armed conflict remains a dominant source of risk, with the war in Ukraine still unresolved and new flashpoints in the Middle East and Africa disrupting energy markets and supply chains. Trade frictions between the United States and China have intensified, reinforcing the perception of a “geopolitical recession” characterized by fragmented global governance and rising economic nationalism. The unprecedented concentration of national elections in 2025 has further amplified policy uncertainty, exposing markets to heightened volatility and sudden shifts in regulatory direction. According to the World Economic Forum’s Global Risks Report 2025¹⁰, interstate conflict, geoeconomic confrontation and societal polarization rank among the most urgent threats in the short term, underscoring the extent to which geopolitics now shapes the macroeconomic outlook.

Global growth has continued to slow, but with significant disparities. The US maintained solid momentum in the aftermath of its 2024 rebound, underpinned by resilient household consumption and ongoing investment in advanced technology sectors¹¹. Yet, this strength is expected to fade gradually as tariff-driven inflation exerts increasing pressure from 2026 onwards. Europe remains in a far more delicate position: output lags behind the US, restrained by weak industrial production and muted household demand¹².

By contrast, emerging markets have so far been buoyed by robust external demand and favorable commodity prices, which allowed them to preserve stronger growth momentum. Yet these gains are now under acute threat. Vietnam, for instance, sends close to 30% of its GDP in exports to the US, making it one of the world’s most exposed economies to tariff shocks¹³. India faces tariffs of up to 50% on labor-intensive sectors such as textiles, jewelry and footwear, putting its export competitiveness at risk¹⁴. Brazil has also been hit by steep duties on steel and other key commodities, adding pressure on its already volatile external accounts. In short, the export-led growth model is under pressure, as rising protectionism reduces the scope for emerging economies heavily reliant on US demand.



⁸White & Case (2025). Trump Administration Increases Steel and Aluminum Section 232 Tariffs to 50% and Narrows Scope

⁹Trading Economics (2025). United States Dollar Index (DXY).

¹⁰World Economic Forum (2025). Global Risks Report 2025.

¹¹Bureau of Economic Analysis (2025). Consumer Spending Data.

¹²International Monetary Fund (2025). World Economic Outlook, April 2025.

¹³Reuters (2025). Vietnam’s US exports account for 30% of GDP, making it highly vulnerable to tariffs.

¹⁴Reuters (2025). Trump’s doubling of tariffs hits India, damaging ties.

¹⁵AP News (2025). Brazil warns US tariffs could strain trade ties.

The US remains resilient but faces looming low growth, while the UK and EU are already weighed down by the macro environment

Real GDP growth by region from 2010



Source: IMF (2025)

The first half of 2025 confirmed the widening divergence among major advanced economies. All three benefited from easing price pressures and the initial steps of monetary loosening, but the underlying drivers of growth remain uneven.

In the US, economic activity showed stronger resilience than expected. After contracting by 0.5% in the first quarter, GDP surged by 3.8% in the second quarter of 2025, its fastest pace since late 2023.¹⁶ Household consumption remained solid¹⁷, supported by wealth effects from high asset valuations¹⁸, while investment in advanced technology sectors continued to provide momentum. However, the outlook is clouded by weak saving rates and tariff-induced inflation, and the recent Federal Reserve rate cut underscores mounting concerns over deteriorating labor market conditions¹⁹.

Europe, by contrast, remains more fragile. The GDP in European Union expanded 1.6% in the second quarter of 2025²⁰, as weak industrial production and sluggish domestic demand limited the impact of the ECB's 100-basis-point rate cuts. Euro area annual inflation was 2.0% in August 2025, a clear improvement from the peaks of 2022-23²¹, though volatility in energy markets has limited the disinflationary impulse. The overall recovery is fragile, relying heavily on easier financial conditions and selective investment efforts, particularly in industrial capacity and defence. Labor market conditions remain stable, though at a lower level than in

the immediate post-pandemic period²², while household consumption shows little sign of revival.

The UK, after years of stagnation, grew by 0.3% in Q2 2025, matching the preliminary estimate and following 0.7% growth in Q1²³. The easing cycle initiated by the Bank of England, amounting to 50 basis points in the first half of the year, has offered some relief, but sticky services inflation continues to erode purchasing power. Business investment has picked up only tentatively, supported by targeted industrial policies, while consumer confidence remains fragile.

Taken together, these trajectories underscore a clear divergence: the US continues to display greater resilience, while the eurozone struggles with entrenched weaknesses despite policy support and sector-specific investment, and the UK remains constrained by low growth and persistent inflationary pressures in services. For banks, this uneven performance will directly shape demand for refinancing, capital-markets issuance, and cross-border advisory in the months ahead. In the US, however, the bond market tells a different story. While the real economy remains resilient, political instability and fiscal concerns have triggered a sell-off in Treasuries, sending prices lower and yields sharply higher. For banks, this means rising funding costs and more volatile mark-to-market valuations, even against a backdrop of solid growth.

¹⁶Trading Economics (2025). United States GDP Growth.

¹⁷BEA (2025). Personal Consumption Expenditures.

¹⁸Federal Reserve (2025). Financial Accounts of the United States (Z.1).

¹⁹Trading Economics (2025). United States Unemployment Rate.

²⁰Trading Economics (2025). European Union GDP Growth.

²¹Eurostat (2025). Annual inflation stable at 2.0% in the euro area.

²²Eurostat (2025). Euro area unemployment at 6.4% in August 2025.

²³Trading Economics (2025). United Kingdom GDP Growth.

CIBs Showed Resilience Despite Unfavourable Macroeconomic Context

CIBs show a rebound alongside ongoing consolidation

The macroeconomic environment provided strong support to several investment banking businesses in H1 2025. According to analyses conducted by Tricumen²⁴, Debt capital markets (DCM) benefited from a refinancing boom in Europe, driven by lower interest rates and strong corporate demand to extend maturities. Mergers and acquisitions (M&A) also experienced a rebound, led by large transactions above \$1bn, the dynamism of private equity, and a revival of cross-border deals. In the US, volumes rose by nearly 15% YoY. Equity capital markets (ECM) remained subdued, with IPO activity still weak, although the pipeline has been expanding and SPACs showed early signs of recovery.

These positive dynamics were constrained by several challenges. Interest rate volatility weighed on valuations and increased instability in credit spreads, while in Europe the persistent weakness of equity markets limited the rebound in ECM.

Beyond these cyclical factors, structural shifts are reshaping the industry. Banking consolidation remains a defining theme. The absorption of Credit Suisse by UBS stands out as the most emblematic operation, while Deutsche Bank continues its internal reorganization to reduce costs and simplify its business model²⁵. Barclays has also adjusted its positioning, cutting back in certain areas and focusing on more profitable segments²⁶.

Alongside these domestic restructurings, cross-border business consolidation, long considered difficult, has begun to re-emerge as part of a broader structural trend. BNP Wealth Management's acquisition of client



portfolios from HSBC Private Banking in Germany²⁷ and BNP Paribas Asset Management's acquisition of AXA Investment Managers²⁸ illustrate this shift: consolidation is increasingly unfolding through a gradual mix of domestic portfolio transfers and selective cross-border business initiatives. These moves can be interpreted as signs of a sector-wide search for scale, efficiency, and competitiveness in an environment marked by margin pressure, regulatory complexity, and digital transformation.

Discussions around the European Banking Union have also revived debate on more ambitious pan-European consolidation. The proposed acquisition of Commerzbank and UniCredit's manoeuvre in Germany, still under regulatory and judicial review, highlight both the strategic rationale and the significant political hurdles such operations face^{29 30}.

²⁴Tricumen (2025). CIB Results Review 2Q25 / 6m25.

²⁵Nasdaq (2025). Deutsche Bank plans workforce reduction, branch closures 2025.

²⁶Alinvest (2025). Barclays' strategic restructuring: catalyst for sustainable growth in investment banking.

²⁷BNP Paribas (2024). BNP Paribas signs an agreement with HSBC to acquire its private banking business in Germany.

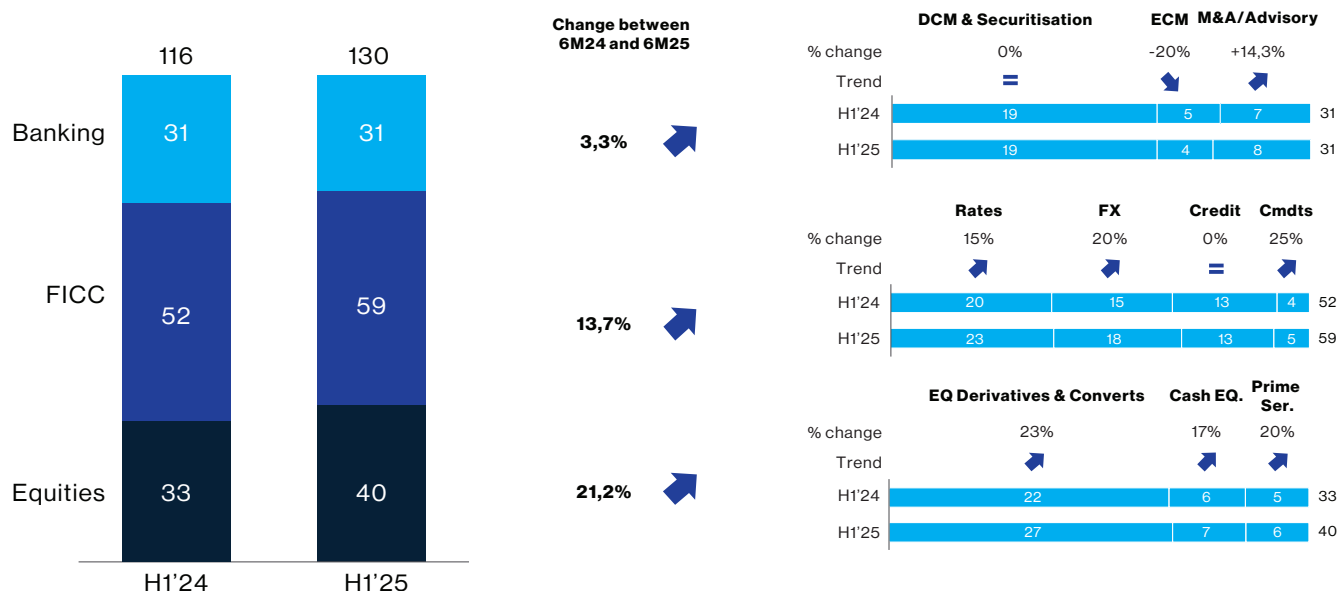
²⁸AXA (2025). AXA completes the sale of AXA Investment Managers to BNP Paribas.

²⁹Fitch Solutions (2025). ECB Approves UniCredit's Stake-Building in Commerzbank, but Significant Execution Risks Remain for a Full Merger.

³⁰BS Capital Markets (2025). The UniCredit-Commerzbank Deal: Navigating Challenges of Homogeneity, Regulation and Political Resistance.

Capital markets rebounded in 2025, though unevenly across regions and products

Capital markets activity and revenue by segment (USD bn)



Source: Tricumen, Eurogroup Consulting analysis

Note: The Tricumen bank panel is based on different banks than the one used in previous analyses

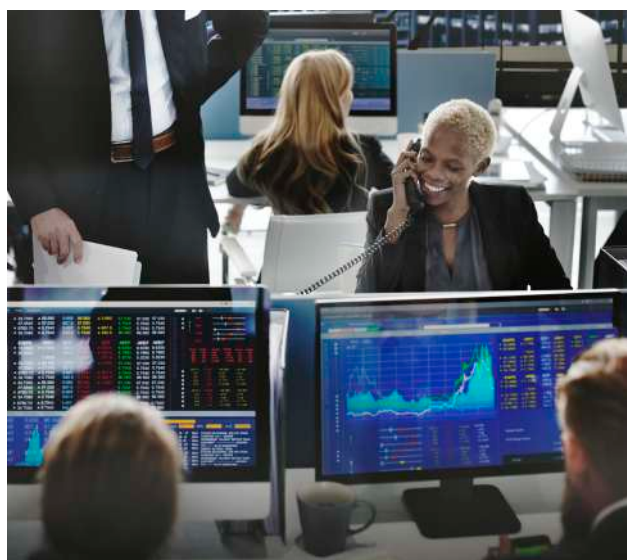
Capital markets activity rebounded strongly in the first half of 2025, with aggregate revenues up 13% YoY (\$130bn vs \$116bn in H1 2024). The recovery was uneven across products: US banks gained ground in advisory and equities, while European peers benefitted from record syndicated loan volumes and strong momentum in FICC.

In DCM, revenues remained broadly stable compared with H1 2024, with high grade and high yield issuance edging higher but offset by weaker activity in other segments. ECM, by contrast, posted a 20% decline YoY, underlining the persistence of subdued IPO markets despite an improving pipeline.

Advisory and M&A were a clear bright spot, with revenues up 14%, supported by larger transactions, strong private equity deployment, and a rebound in US volumes. FICC was the strongest contributor, rising 14% on the back of record activity in FX (+20%) and rates (+15%), alongside higher municipal issuance and recovering commodities revenues (+25%).

Equities also delivered solid results, with revenues up 21% compared with H1 2024. Gains were broad-based across derivatives (+23%), cash (+17%), and prime services (+20%), reflecting strong client demand for hedging, trading and financing solutions.

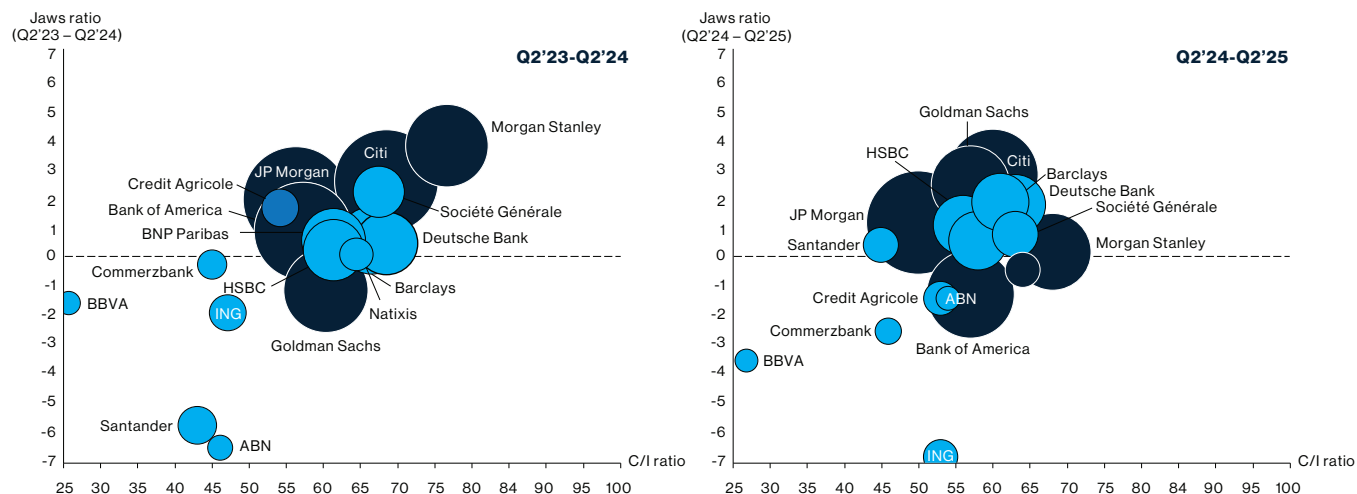
Overall, H1 2025 marked a more balanced market than in 2024: Europe's rebound in FICC contrasted with the US recovery in advisory and equities, underscoring diverging revenue drivers. Heightened volatility and shifting policy regimes acted as catalysts for client demand across issuance, trading and advisory.



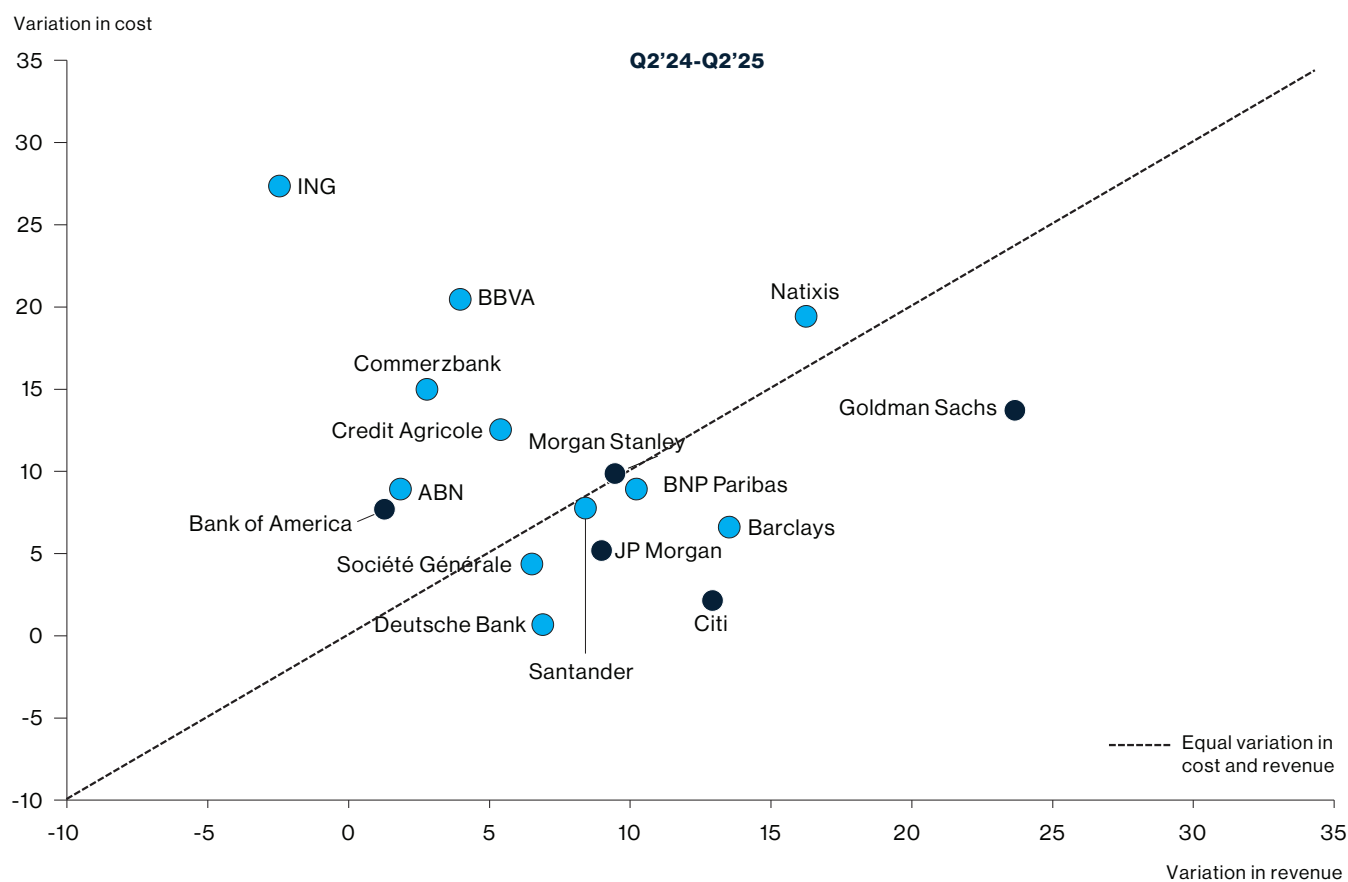
However, CIBs show diverging operational performance

From Q2 2024 to Q2 2025, the operational performance of leading CIBs divides into three main trajectories: leaders in efficiency and growth, banks showing moderate balances, and those facing clear structural, margin or cost challenges.

CIB Jaws analysis



Cost and revenue variation



Source: Quarterly Series / Eurogroup Consulting analysis
Data converted to USD, using FX as of quarter end

Leaders in efficiency and growth

Several American and European banks stand out for their ability to combine strong cost discipline with positive revenue dynamics.

Citi, Goldman Sachs, Deutsche Bank, and Barclays all report positive Jaws ratios ($>+1.5\%$) and cost/income ratios close to or below 60%, confirming their operational leverage and their ability to translate growth into margin improvement.

Moderately balanced performances

A second group succeeds in maintaining a relatively efficient cost base, but without marked revenue acceleration or with only modest improvement in Jaws.

JPMorgan, BNP Paribas, Société Générale, and Santander maintain C/I ratios between 45% and 63%, with Jaws generally ranging from $+0.15\%$ to $+0.91\%$. Their performance reflects operational rigor, but limited top-line growth momentum, notably in a subdued European market.

Banks facing structural or margin challenges

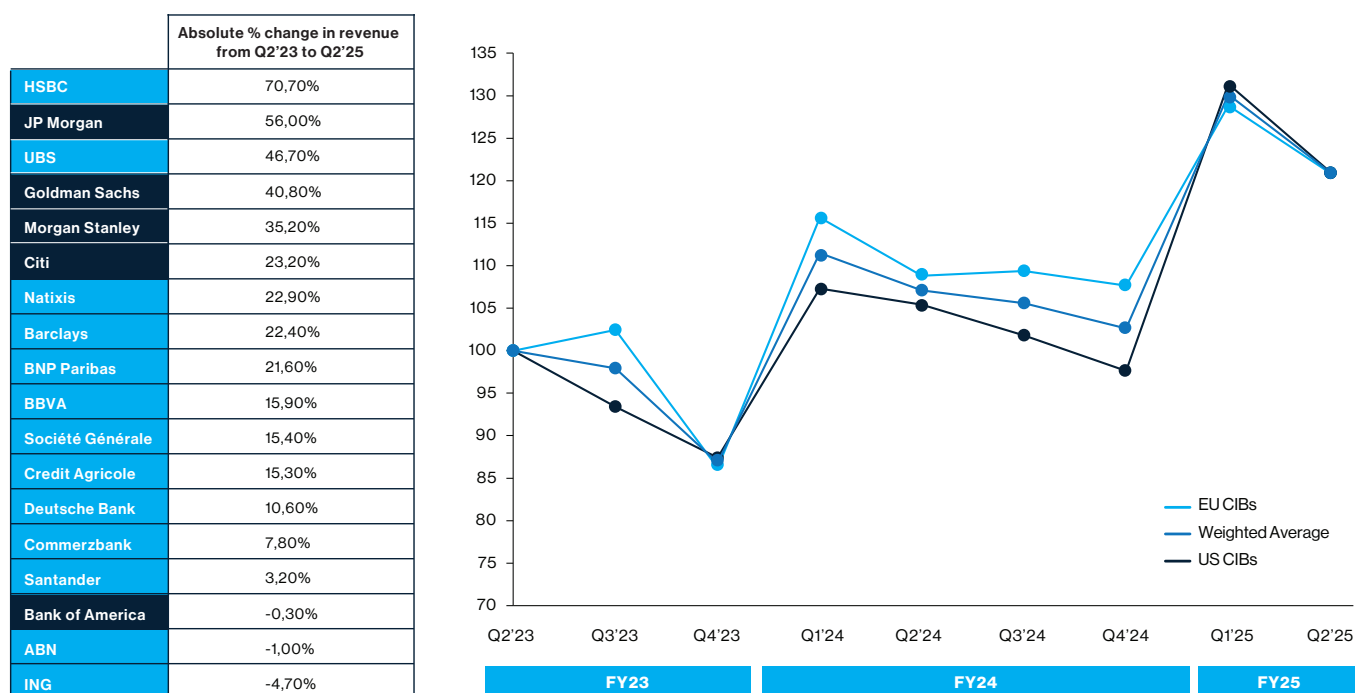
A final cluster experiences significant cost pressures or revenue weakness weighing on their results.



Morgan Stanley and UBS both confront cost inflation, with C/I ratios of 68% and 81%, and Morgan Stanley slips just into negative Jaws (-0.09%), indicating costs are now outpacing revenues.

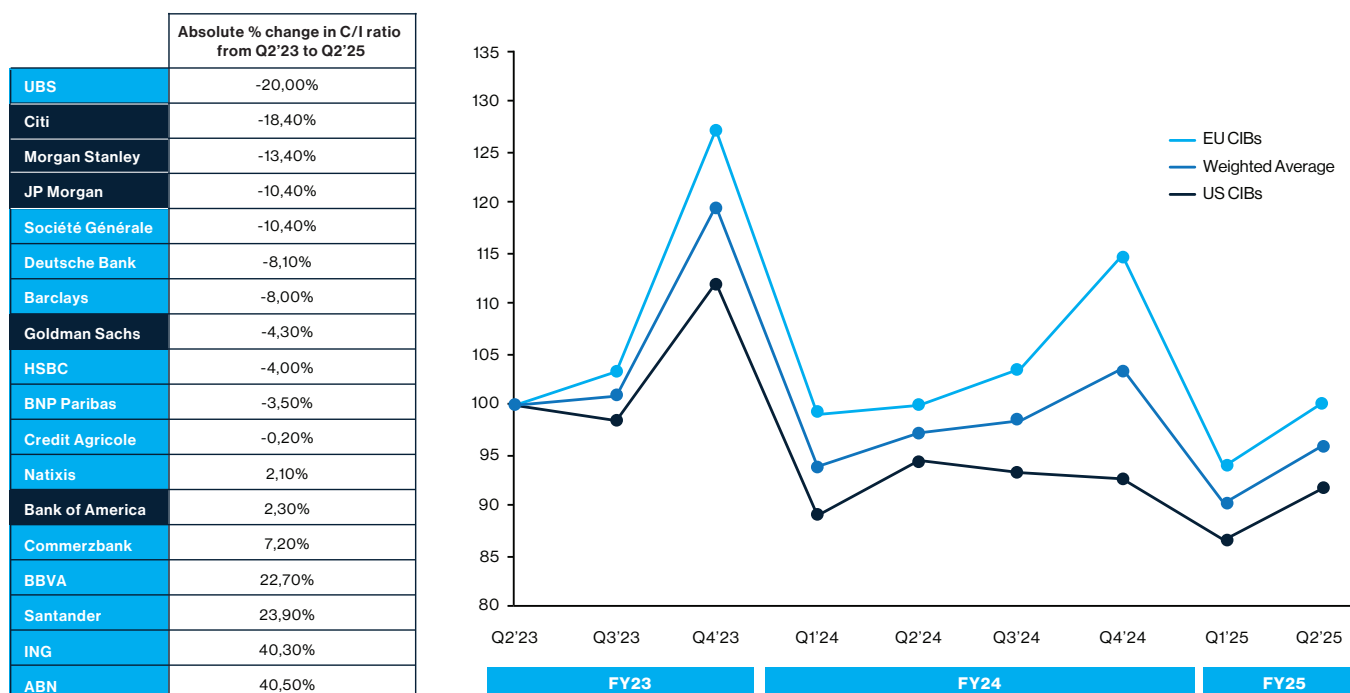
ING, Natixis, ABN Amro, Crédit Agricole, and BBVA face pronounced margin compression with deeply negative Jaws ratios (down to -6.85%). Natixis and ING in particular contend with high cost/income ratios (64% and 53%), while BBVA, despite an exceptionally low C/I (27%), posts a sharply negative Jaws, reflecting insufficient revenue growth.

Evolution of revenue for CIBs by geography (analysis base 100)



Source: Quarterly Series / Eurogroup Consulting Analysis
Data converted to USD, using fixed FX as of quarter-end

Evolution of Cost-to-Income ratio for CIBs by geography (analysis base 100)



Across geographies, revenue and cost dynamics followed broadly similar trajectories between FY2023 and FY2025. All regions experienced a sharp downturn in FY2023, a recovery through FY2024, and a strong acceleration in FY25 before stabilizing. The main distinction lies in amplitude: US banks recorded a steeper rebound in revenues, while European peers showed greater volatility in cost efficiency, with more pronounced swings in their cost-to-income ratios. UK banks remained closer to the European profile, though Barclays stood out with

more stable efficiency gains. Overall, the cycle remains synchronized, but operational resilience appears stronger among US institutions.

Volatility in rates and credit spreads in April and May accentuated revenue dispersion. Some institutions, notably in the US, monetised trading spikes; others struggled to adjust balance sheets quickly enough. This dispersion illustrates that in today's CIB landscape, business mix and cost discipline matter more than ever³¹.



³¹Morgan Stanley (2025)

Beyond Financials – ESG Improvements Amid Regulatory Tightening

The rise in ESG scores reflects efforts to satisfy investor requirements

In recent years, investors have increasingly favoured ESG and SRI-aligned investments, CIBs are reinforcing their ESG commitments accordingly. Analytical tools for assessing the environmental performance of investments are becoming more sophisticated, and double materiality assessments are expected to become the standard in the most advanced regions. While investors aim to reduce long-term portfolio risks and secure protected, resilient assets, they are also increasingly guided by regulatory frameworks. At the same time, CIBs' ESG communications are shifting from statements of intent to demonstrable actions, seeking to decouple their commitments from market trends and political shifts.

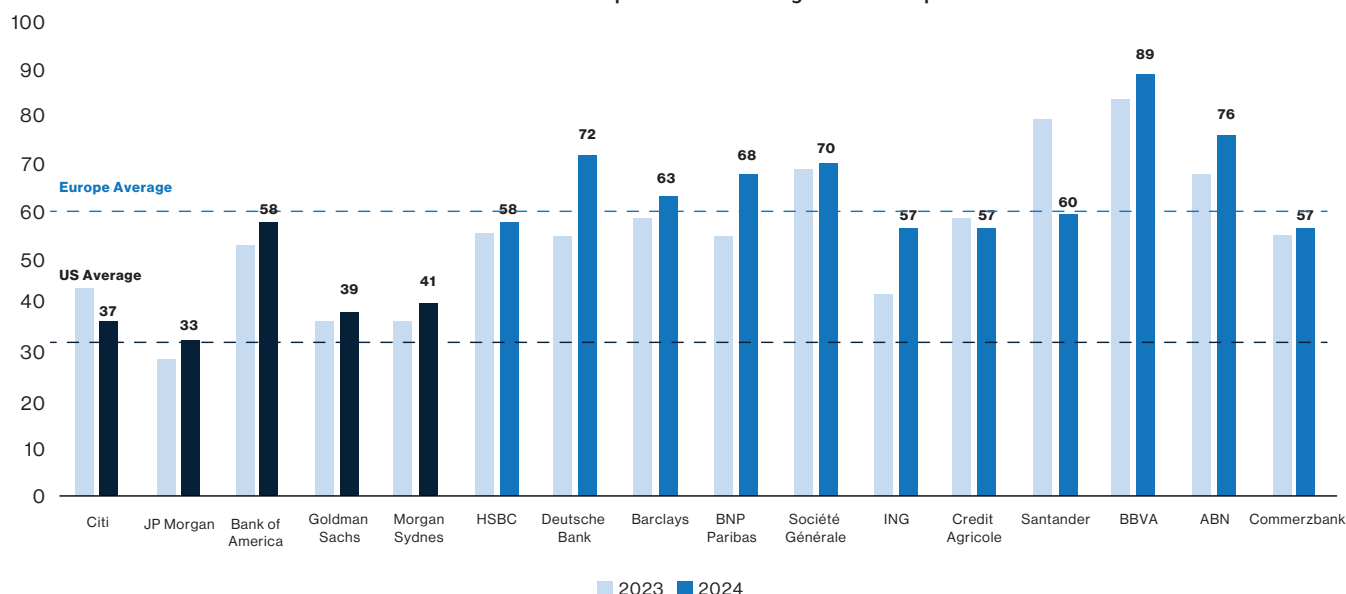
UK and EU banks outpace US banks in ESG scoring, with our sample showing average scores 36.3% higher in Europe and the UK. As regulations in Europe have continued to strengthen (see section below), the ESG score gap is widening compared to the US, with a 29.7% disparity noted in last year's CIB Outlook. We expect this gap to persist, or even broaden, due to two main factors: (1) increasingly stringent regulations for European businesses and active foreign branches, and (2) the ongoing publication of updated 'best practices' to support



European banks in their transition (e.g., ECB guidance aimed at sharing and leveraging best practices across the sector, expected before the end of 2025). Meanwhile, the US market shows moderate progress (+2pts average improvement in ESG scores vs. 2024, +4pts in EU/UK), supported by internal approaches, sectoral frameworks like TCFD, and regional initiatives, particularly in California.

Significant regional differences remain in ESG scoring methodologies and disclosure practices, underlining the need for standardization and harmonization across markets.

Evolution of environmental pillar scores among US and European CIBs



The global regulatory landscape is tightening

Although regulators have paused the strengthening of ESG-related frameworks in various regions amid subdued growth and political turmoil, investors continue to show strong interest in investments that will protect them against future material risks.

The years 2024 and 2025 have seen movements toward standardization of ESG reporting for CIBs and listed companies, facilitating regional and local reporting for multinational enterprises. Many countries are moving toward aligning their reporting frameworks with IFRS S1 and S2. Some countries, notably China and Japan, have developed national standards tailored to local risk profiles, with a view to gradually aligning with IFRS standards. Conversely, there has been a movement to provide fewer ESG elements in external analyses outside standardized frameworks to mitigate greenwashing risks.

In Europe, the US, and the UK, the implementation of mandatory standardized ESG reporting has been paused or delayed:

- In Europe, a one-year delay for further mandatory ESG implementation on SMEs (CSRD and the Omnibus Package) was driven by concerns from EU industries about competitiveness in the context of fragile growth. While businesses have had to deal with partially prepared compliance as deadlines shifted, major

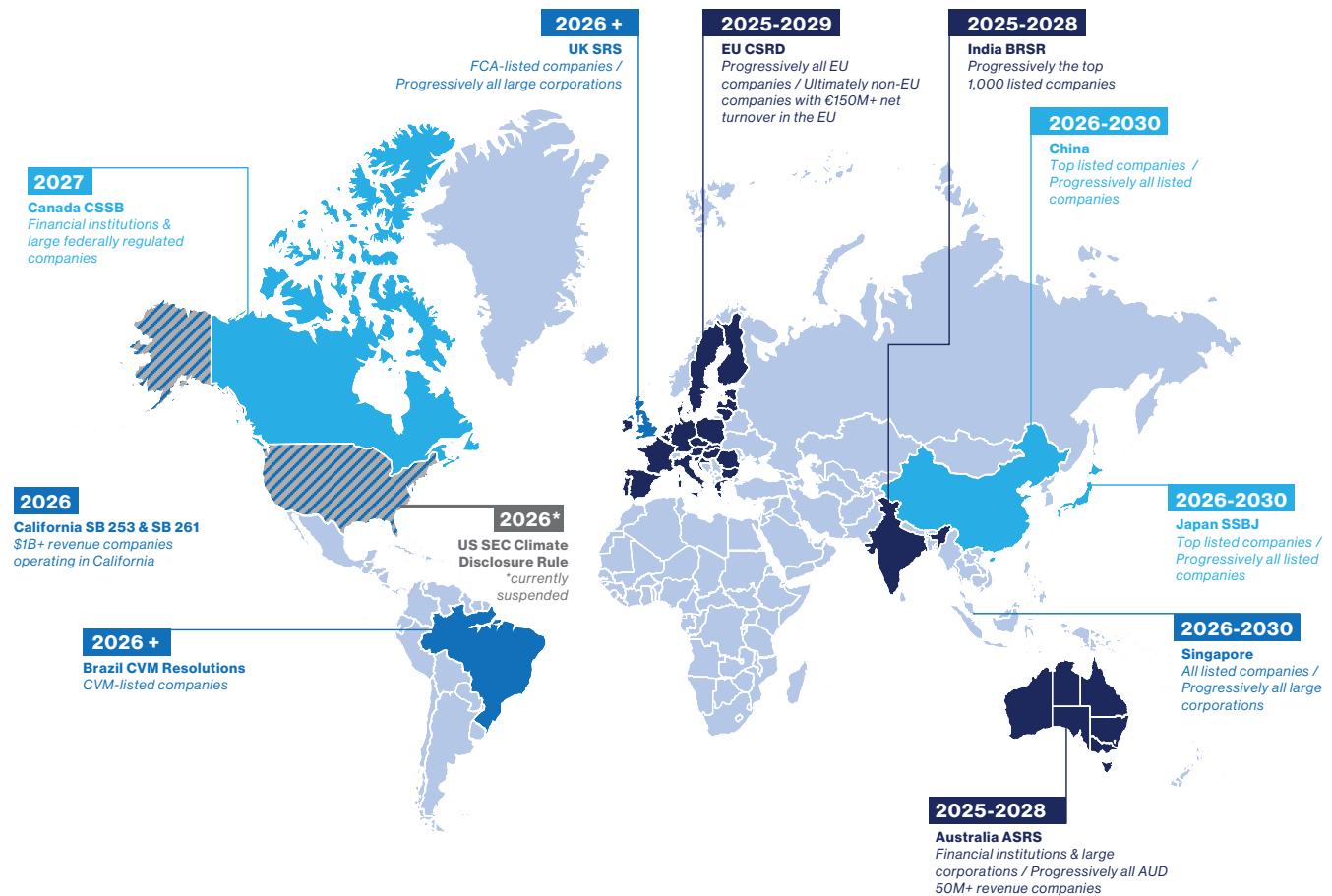
CIBs were already required to submit their first ESG assessments under the new standards.

- The US decided to roll back enforcement of the SEC's climate disclosure rules, facing pressure from 25 states and internal disagreements among commissioners. Anti-ESG legislation following President Trump's election has created an environment in which US investor interest in environmental matters has slightly declined against short-term financial performance alone. However, major US CIBs are already applying voluntary reporting aligned with TCFD and remain among the best in class within the financial sector in the country for extra-financial reporting.
- In the UK, the government launched a consultation on the draft UK SRS S1 and S2, intended to gather stakeholder feedback before final adoption, where CIBs are encouraged to participate actively. If endorsed and implemented in the UK, any UK business operating in the EU would need to comply with both the UK SRS and the EU's CSRD. The release of the ESRS-ISSB Standards Interoperability Guidance will help UK-based reporting companies maintain CSRD compliance for their EU operations.

Although some delays have occurred, companies, especially listed ones, have already complied with EU ESG reporting standards, with reporting obligations accelerating globally from 2026 for the 2025 fiscal year.



First mandatory standardized ESG reporting year (FY prior)



Source: compiled from ³² 33 34 35 36 37 38 39 40 41

To be noted: several jurisdictions already have mandatory ESG disclosure although they don't currently follow a standardized framework based on IFRS. The graph above shows enforcement of new standardized frameworks.

From the perspective of an increasingly integrated and benchmarkable ESG framework, ESG data must be fully incorporated with financial data and can no longer be treated as a standalone reporting exercise. Investors are primarily seeking information that has a direct impact on the business model of their target, and in this regard, they expect reports that are tailored and focused on analysing the potential material consequences for the business models, even though formal materiality analysis is not currently mandatory in all regions.

Accordingly, investor portfolios are likely to continue being constructed with an emphasis on transparency of the ESG information provided, enabling a robust assessment of long-term ESG performance and risks of the businesses. Two key factors for successful ESG integration are the adaptability and flexibility of companies, particularly multinationals, in a context where regional regulatory frameworks will not be fully harmonized for several years. The second is the deployment of available technologies and tools to evaluate ESG performance, most notably generative AI, which could prove decisive in identifying best-in-class investments.

³²EU CSRD (2025)

³³UK SRS (2025)

³⁴US SEC Climate Disclosure Rules (2025)

³⁵California SB 253 and SB 261 (2025)

³⁶Canada CSSB (2025)

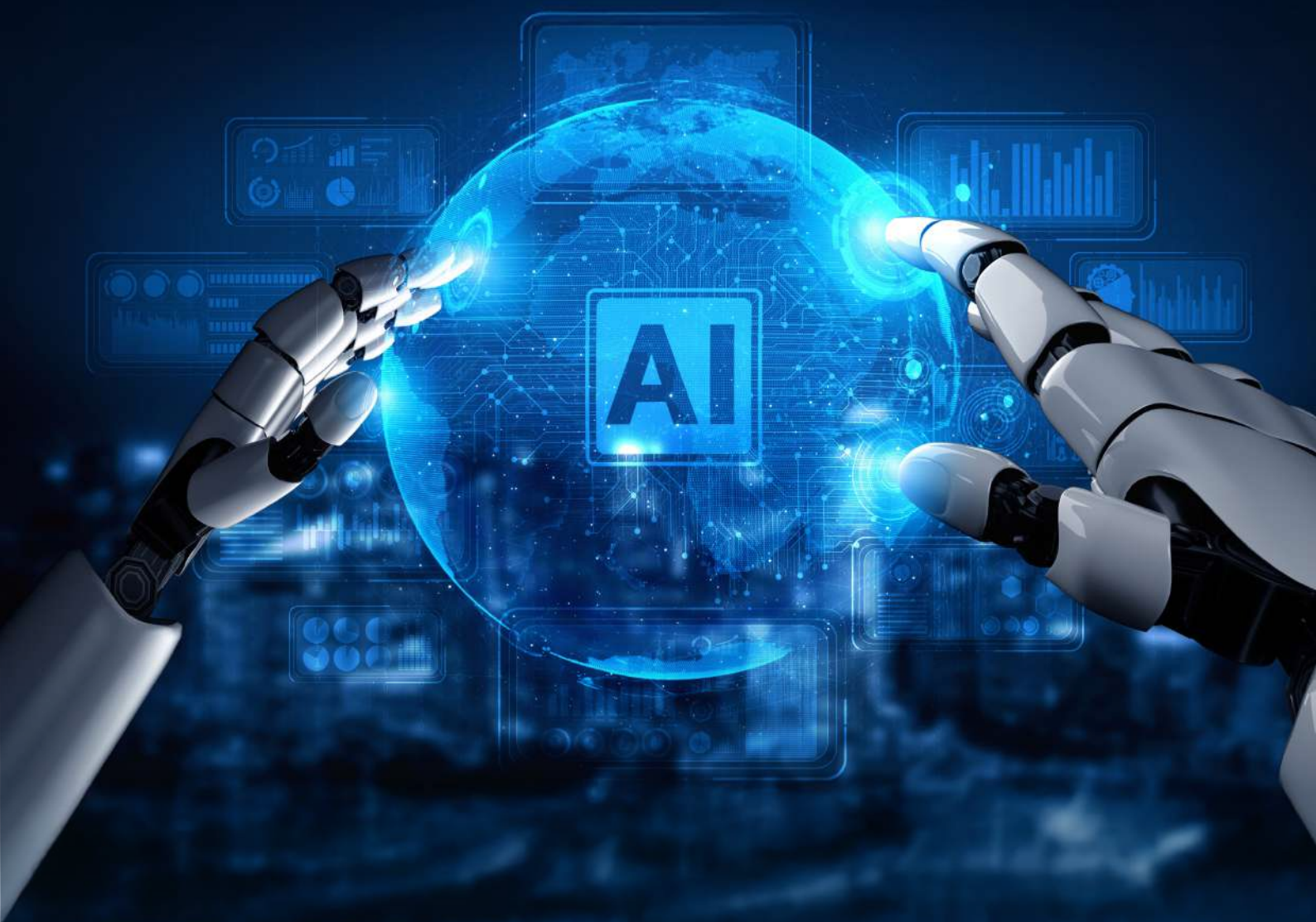
³⁷Brazil CVM resolution (2025)

³⁸Australian ASRS (2025)

³⁹Japan SSBJ (2025)

⁴⁰Singapore mandatory sustainability reporting (2025)

⁴¹India BRSR (2025)



From AI to Agentic AI in Banking and CIBs

The Backdrop: How AI Reached a Turning Point

Over the past three years, investments in artificial intelligence (AI) have accelerated sharply, symbolizing the rapid growth in the number of AI startups worldwide. Annual global AI investments exceeded \$250bn in 2024, with conservative projections ranging between \$800bn and \$1.2tn by 2030⁴². In the same year, AI accounted for roughly one-third of global venture capital flows. The ecosystem now counts over 10,000 funded AI startups⁴³, with the United States leading with over 5,500, followed by China with more than 1,400 and the United Kingdom with over 700. In each of those regions, fundraising activity has surged by nearly 80% over the last two years, highlighted by more than 60 mega-rounds such as OpenAI's \$8.3bn secured fundraise in Q1 2025. In just four years, Nvidia, the leading maker of AI chips, saw its market capitalization surge from around \$700bn to over \$4.3tn, while Anthropic, a major LLM developer, jumped from a valuation of \$18bn in early 2024 to \$183bn by September 2025. Within this landscape, generative AI alone attracts about one-third of global AI investment.

AI in banking already accounted for c.\$26bn of investments in 2024, or roughly 10% of total global AI investments⁴⁴, and is projected to reach up to \$134bn by 2030, representing around 12-17% of the total market⁴⁵. Investment is primarily directed toward two areas: retail banking, which drives the majority of AI and GenAI use cases, and IT and security, which remain essential support functions for technological solutions. Within banking, investment banking solutions now account for about 10% of sector-wide AI investment, reflecting the drive to accelerate analyst productivity and the opportunity for CIBs to rethink their business models. Most AI solutions in the industry are developed in-house, driven by strict confidentiality requirements, the highly specialized nature of operations, and the limited availability of ready-made solutions on the market. Goldman Sachs, for example, launched Legend AI Query, an internally developed generative AI tool connected to the firm's Legend data platform, which allows teams to search and analyse large volumes of internal datasets through natural language queries. At the same time, hybrid approaches are increasingly being adopted to meet the dual demands of scalability and rapid deployment.



Meanwhile, AI adoption in banking is propelled by competition from neobanks and fintech, whose digital native business models are putting pressure on traditional players' margins and continue reshaping the industry. Platforms, such as Revolut or N26, have achieved high user penetration rates in multiple regions by 2025 (over 75% in France, with comparably high levels in the UK and US), offering digital-native products that particularly appeal to younger demographics (the penetration rate exceeds 85% among the

⁴²UN Trade and Development (2025); Statista (2025)

⁴³AI startups that secured over \$1.5 million in private investment over the 2013-2023 period

⁴⁴Precedence Research (2025)

⁴⁵Statista (2025)



25–35 age group)⁴⁶. Traditional banks are responding with accelerated investments to remain competitive, with the largest players such as JPMorgan Chase, Commonwealth Bank of Australia and the Royal Bank of Canada already allocating massive budgets, ranging from \$1bn to \$10bn annually in technology, of which roughly one-third is dedicated to AI. In parallel, smaller CIBs and boutiques are gaining market traction through task automation, intensifying competition.

The entire sector is shifting from research-driven and experimentation to a scale-up mindset, aiming to industrialize AI and generative AI solutions across their operations, with leading players now adopting agentic AI. Agentic AI refers to autonomous systems that can

plan, decide, and act with minimal human input, going beyond traditional AI that only responds to prompts. It offers greater potential productivity gains and deeper strategic transformation, while at the same time amplifying the existing risks and limitations of GenAI.

Despite this strong momentum, expectations need to be measured against operational reality. The scale of investment and record valuations highlight a firm belief in AI's transformative potential, yet the concrete experience of institutions suggests a more gradual trajectory. Large-scale deployment is still at an early stage, productivity gains are unevenly captured, and the return on investment has yet to be fully demonstrated.

\$27bn

of AI investment in
banking expected
in 2025

\$1bn

average annual AI
investment
currently made by
leading banks

10%

of AI solutions on
the market now
target IB

⁴⁶Statista (2025); Financial IT (2025)

As the Dust Settles, Has AI Really Lived up to Its Promises?

Industrialization at scale is still limited

While more than 90% of the financial services industry has invested in AI solutions ⁴⁷, about 25% of players have reached the stage of large-scale deployment of their tested solutions ⁴⁸. Financial institutions have had ample time to conduct strategic assessments, launch POCs (Proof of Concept) and pilots, and allocate investment programs over the past decade, yet only a limited number of institutions have been scaling pilots to full industrialization.

Investor enthusiasm has been evident in the industry, driven by expectations of substantial productivity gains estimated between 30% and 40% depending on the share of the value chain affected and the depth of AI integration across business lines and support functions. The promises of AI return on investment are outlandish, on cost saving and revenue growth, but the delivery so far has lagged behind.

Returns on Investment remain unclear

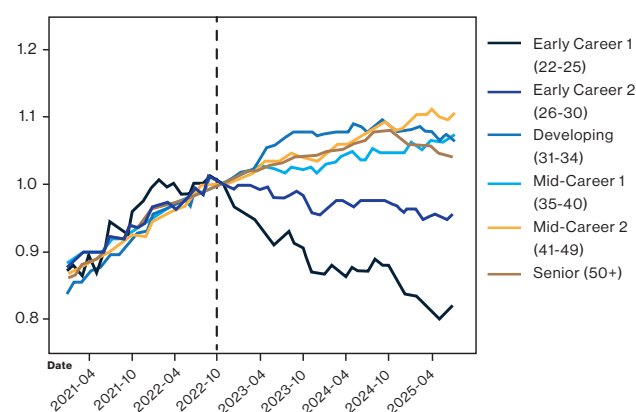
Two main outcomes were expected. The first was a reduction in costs through task automation, particularly by lowering the reliance on junior staff. Much of the debate has centred on the perceived threat to junior analyst roles, with AI now able to automate tasks such as slide creation and updates, meeting minutes and summaries, pitch deck preparation, compliance reviews, and validating financial model outputs. For example, Claude for Financial Services positions itself as a modern, AI-enabled alternative to tools such as Capital IQ or Bloomberg, providing faster, more automated insight generation. Shortcut AI streamlines financial modelling by automating the construction of three-statement models and valuations within an Excel-compatible environment, significantly reducing analyst time. Such tools can help produce high-quality first drafts and accelerate the creation of materials, freeing up time for relationship management, client engagement, and more strategic tasks.

However, the direct impact, particularly on human resources, has been more measured than initially anticipated. JP Morgan, for instance, reduced its operations team by “only” 10%,

whereas Klarna, a fintech company specializing in buy-now-pay-later, went further by restructuring its entire customer service function and sacking 700 workers, only to later rehire many of the employees it had initially let go⁴⁹. So far, real impact has been seen on a handful of industries. Software development has been topping, with a fall in the need for junior developers.

The second expectation was to generate more revenue with the same or lower cost base. Yet, limitations arose in more specialized functions. Technically, AI still struggles with buy-side roles, complex transactions, and contexts requiring deep sector expertise, particularly compared to senior staff. Even in simple unspecialized tasks, AI continues to show high hallucination rates⁵⁰. In 2023, the New York law firm Levidow & Oberman submitted a legal brief generated with ChatGPT that contained fabricated case citations. The judge struck the filing and imposed \$31,000 in sanctions for failing to verify the references. While this example is extreme, the industrialization of AI faces key constraints that limit its spread across the entire industry.

Headcount Over Time by Age Group Software Developers (Normalized)



Source: New evidence strongly suggests AI is killing jobs for young programmers

⁴⁷AI in Financial Services Report, Oliver Wyman (2023); McKinsey & Company (2023)

⁴⁸BCG analysis (2025)

⁴⁹The Economic Times (June 2025)

⁵⁰The New York Times (May 2025)

Key constraints become apparent for many use cases

Important challenges remain when it comes to scaling AI solutions and industrializing them across organizations. The issue is less about fundamental barriers than about a series of structural and cultural frictions. Three recurring constraints can be observed:

1. Banking faces an AI talent shortage and cultural barriers to change

The shortage of qualified AI talent remains one of the most pressing challenges. For years, the US has been the ultimate destination for AI researchers and entrepreneurs, combining the highest salaries and a concentration of opportunities. As a benchmark, salaries for young AI professionals often exceed \$150k in the US, compared with \$100k+ in Singapore or Australia, and closer to \$80k+ in China, Germany or the UK. But this historic magnetism is now being tested: the Trump administration has raised the H-1B visa application fee to \$100k, effective September 21⁵¹, making access to the US market significantly more restrictive for international talent. In contrast, the UK is positioning itself as a more welcoming destination, with Prime Minister Sir Keir Starmer launching a global talent task force to explore reforms aimed at attracting top professionals, including the outright abolition of visa fees for high-level talent⁵².

Competition for high-skilled talents is fierce: Big Tech companies, AI startups, and sector specific companies such

as pharmaceutical and healthcare giants are aggressively going after the same profiles⁵³, all offering high salaries, flexible working conditions, and varied missions. When it comes to training, financial institutions are generally better positioned than most industries to build AI capabilities among their workforces, due to their important resources. Yet, internal adoption and upskilling remain limited, often deprioritized in favour of acquiring external expertise: 1/3 of banks have trained at least 25 % of their workforce in AI applications⁵⁴ while external hiring of AI experts in banking has risen by 13% over H1 2025, led by JP Morgan, Wells Fargo and Citigroup⁵⁵.

Cultural factors can further slow adoption. Acceptance within financial institutions can be lengthy, as some employees fear that AI will reduce or eliminate certain teams. While CEOs and C-suites are generally AI-literate and enthusiastic about use cases, diffusion through the rest of the organization tends to lag due to the operational constraints and realities of the business.

2. Smaller players face significant costs and complexity in implementation

AI solutions require massive volumes of clean, compliant data, significant infrastructure, and great systems interoperability. In banking, these infrastructures are often built and maintained internally, driving costs higher than in other sectors. A recent study shows that about 70-75% of AI investments are handled internally, though institutions vary in how much they rely on outsourcing. It is therefore mainly the largest players that have managed to move beyond pilot phases, mobilizing annual investments of \$1-10bn in technology, with between 20-30% dedicated to AI. As an example, OCBC Bank, headquartered in Singapore, deployed OCBC GPT in less than six months, a generative AI tool for its 30,000 employees worldwide, helping them complete tasks such as writing, research, and claiming to make customer support up to 50% faster.

Smaller players, on the contrary, struggle to replicate this level of spending and access similar capabilities. However, some actors prove agile, deploying AI use cases quickly and effectively. For example, Crédit Mutuel Alliance Fédérale, a mutualist bank in France, offers a notable case of agile and successful AI deployment. Since 2016, the bank has integrated AI widely into its operations, freeing nearly one million hours of administrative work in 2023 alone, to the benefit of 25,000 advisors and improved customer satisfaction. Crédit Mutuel adopted an agile approach from the outset, working with mixed teams (business, IT, and AI experts) and short development



⁵¹American Immigration Council (September 2025)

⁵²Financial Times (September 2025)

⁵³Blue Signal Research (2025)

⁵⁴BCG (2025)

⁵⁵Evident study (2025)

cycles. High-value use cases were prioritized (automation, document analysis, scoring), with continuous evaluation of business and technical performance. Its partnership with Euro-Information (its in-house tech subsidiary) and IBM enabled the industrialization of AI solutions and secured access to sensitive data through sovereign infrastructure aligned with French and EU regulations.

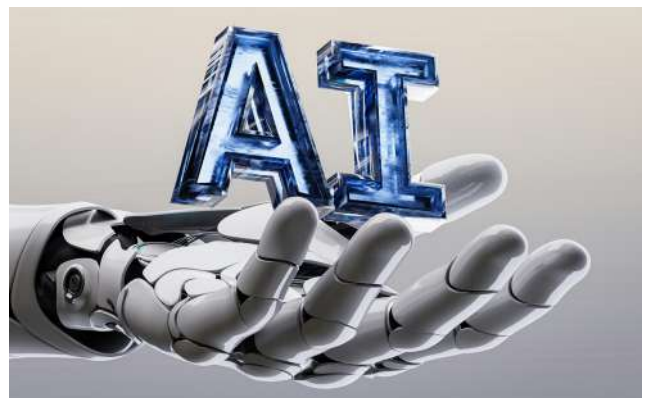
3. Regulatory, compliance, and sovereignty constraints create additional complexity

Regulatory standards vary across regions, resulting in a lack of harmonization that complicates international rollouts. Global banks face stringent frameworks, especially in Europe, with DORA (EU regulation on Information and Communication Technology resilience, applicable since January 2025) and GDPR (EU regulation on data protection and privacy, implemented since May 2018), which increase costs but enable consistent approaches across geographies. The forthcoming enforcement of the EU AI Act in the summer of 2026 exemplifies this challenge: while intended to promote ethical and transparent AI, it introduces yet another compliance layer that financial institutions must deal with. In contrast, local players outside of Europe operating under lighter regulatory burdens, or global leaders, able to absorb higher compliance costs, have adapted more readily. Many mid-tier institutions are caught in between and might be too international to ignore regulation, yet too small to distribute compliance adaptation costs effectively.

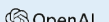
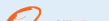
Sovereignty concerns come on top of compliance and regulatory constraints. The US have increasingly imposed restrictions on exports of advanced chips, bringing uncertainty and pushing other regions, particularly China, to accelerate

domestic innovation and develop their own hardware. Both the US and China have concentrated investment in the most profitable parts of the value chain: chips production and cloud infrastructure. China also benefits from access to most rare earth reserves critical for semiconductors⁵⁶, while the US leverages the world's largest startup ecosystem to drive model development and applications. Other regions therefore face greater difficulty positioning themselves on high-value segments. The EU is caught in a "middle-technology trap"⁵⁷, largely due to lower overall investments, as talent specialization remains confined to certain portions of the value chain and market fragmentation prevents rapid scaling.

The gap in AI adoption and technological progress may widen as the field becomes increasingly specialized, concentrating talent, investment, and profits within the same parts of the value chain in specific regions. Companies operating in these high-margin segments have seen their valuations soar on market enthusiasm, even as tangible results sometimes remain limited.



Simplified global AI value chain – value creation and capture as of Q4 2025

	Hardware infrastructure		Software infrastructure		AI applications			
Semi-conductors	Chips	Hardware systems	Cloud services	Fondational models	B2C	B2B	B2G	Integration Users
VALUE DYNAMIC	Value capture	Value creation	Value capture	Value creation	Value capture	Value creation		
PROFIT MARGIN	Very high	High	Medium high	At loss	Concentrated in vertical niches			
LEADERS	   	  	   	   	 	 	  	

Source: Eurogroup Consulting

⁵⁶ China produces over 70% of global rare earth essential to technology manufacturing, Rare Earth Elements Market (2025-2030), Grand View Research

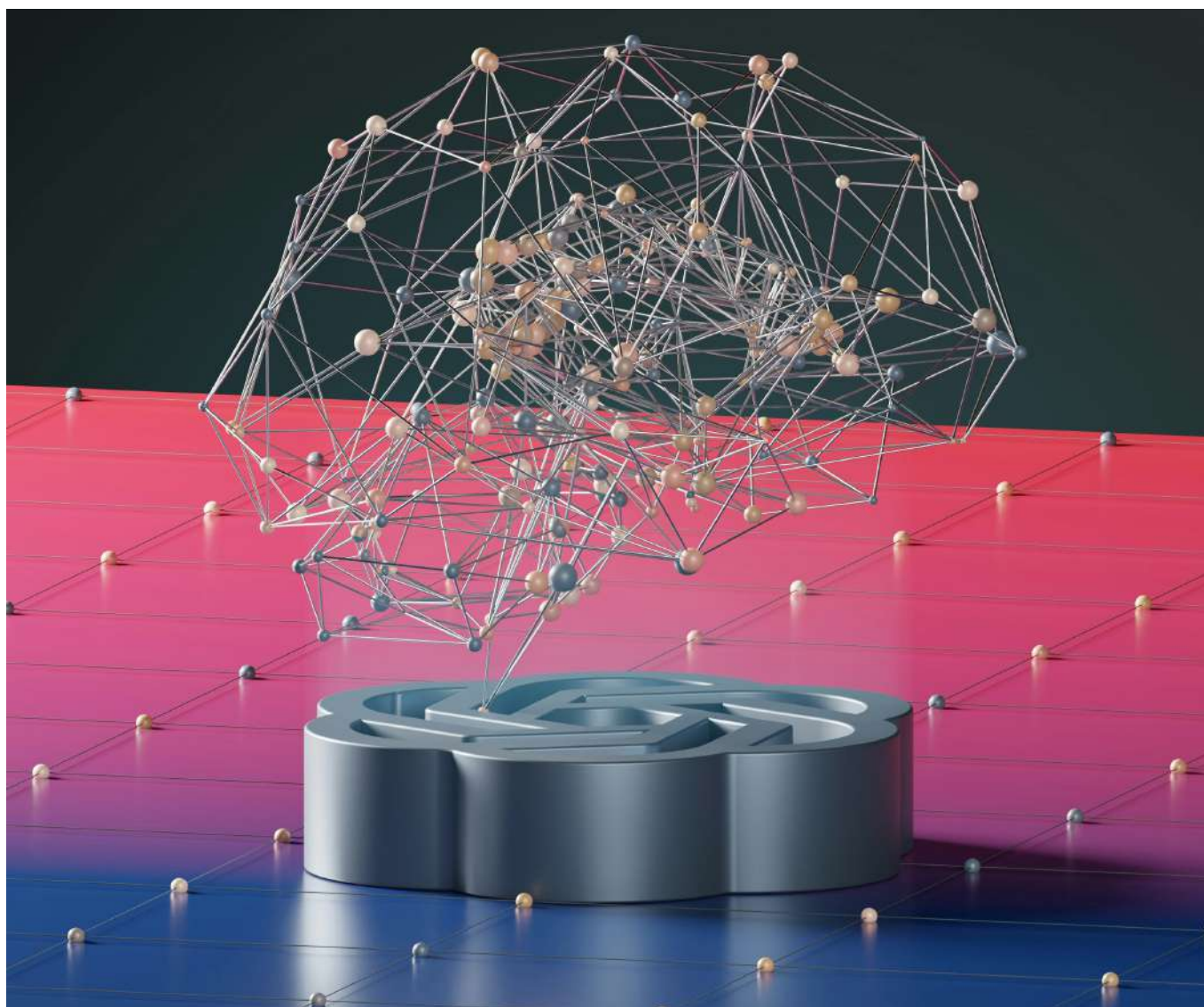
⁵⁷ European Sovereignty in Artificial Intelligence: A Competence-Based Perspective, SciencesPo (2024)

Market actors express fear of a bubble

Signs of a potential AI bubble emerge, as productivity gains take more time than expected to materialize. Valuations across the broader AI ecosystem are rising at an extraordinary pace. The overvaluation of AI startups has become a recurring theme in financial literature. There are now over 370 unicorns (startups valued at over \$1bn) in the AI sector, representing an increase of more than 75% YoY. Some companies have experienced dramatic surges, such as Palantir Technologies, whose valuation has grown by over 1,100% in just three years, a figure described as “bombastic” by its own CEO. At the same time, the market has also witnessed alarming corrections. CoreWeave, a cloud infrastructure provider startup based in the US,

lost \$24bn in value after its stock fell 33% in just two days, while the no-code/low-code AI development platform Builder.ai collapsed from a valuation of \$1.5bn to near zero in less than six months. These vertiginous swings in valuation recall the dot-com bubble, when speculative capital poured into internet startups with unproven business models and inflated valuations in the late 1990s, only to collapse in 2000–2001 as many failed to turn profits, triggering market crashes, bankruptcies, and trillions in lost value.

Yet, rather than a systemic collapse, investors and institutions seem to increase their ability to distinguish between hype and genuine value creation in AI.



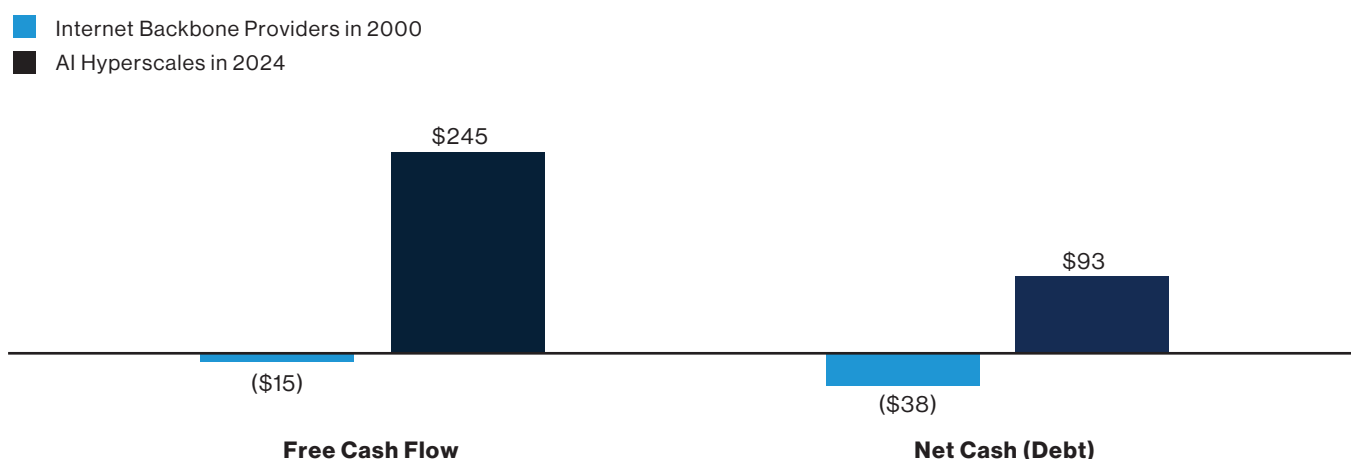
Some Tangible Results Are Undeniable

If it's a bubble, it's different from 2001

Although speculation contributes to today's AI momentum, the sector rests on stronger fundamentals than in past bubbles. Big Tech companies now generate meaningful revenues, sustain solid margins, and deliver operational improvements, setting this cycle apart from the service-driven excesses of 2001. By 2024, Nvidia posted a net margin of around 53%, Microsoft close to 35%, Apple about 24%, and Amazon near 9%, with all four showing stable or rising trends since 2020. Between 1995 and 2000, net margins varied widely across these companies: Amazon operated at consistent net losses, Apple and Nvidia fluctuated between slight losses and modestly positive margins, while Microsoft was already delivering solid profitability. Below is a comparison of the fundamentals of today's tech giants in 2024 versus 2000, highlighting a more stable environment today and suggesting greater resilience of growth in the technology sector.



Fundamental Then and Now
(in Billions USD)



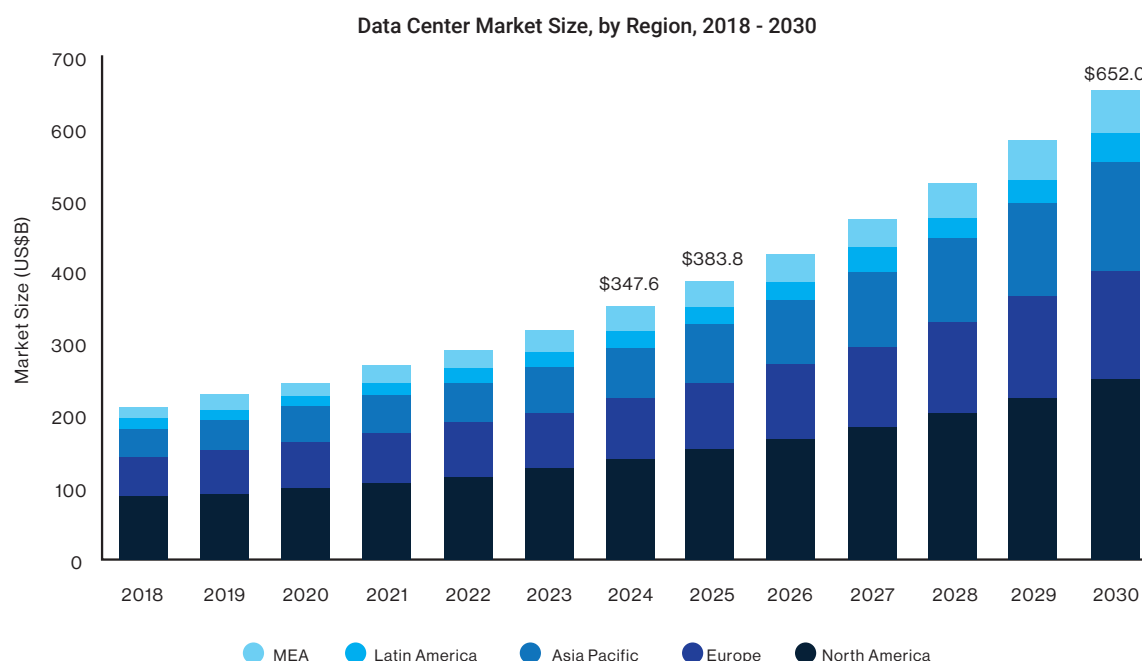
Source: FactSet and company data. Internet Backbone Providers in 2000 include Global Crossing Ltd., Sprint Corporation, AT&T Corp., WorldCom Inc., and Verizon Communications Inc. AI Hyperscalers in 2024 include Microsoft, Amazon, Meta, Alphabet, and Oracle. Free Cash Flow (FCF) represents the cash generated by a company after accounting for operational and capital expenses. Net Cash (Debt) reflects a company's financial position by subtracting total debt from cash and cash equivalents, indicating a surplus (Net Cash) or a shortfall (Net Debt). FCF, reflecting calendar-year data, and Net Cash (Debt) data are aggregated for each group: Internet Backbone Providers as of 12/31/00 and AI Hyperscalers as of 12/31/24 (data post-9/30/24 is based on consensus estimates).

Investment also shifted from speculative applications to critical infrastructure, with significant capital directed into real assets, mainly data centres. This focus on income-generating, mission-critical capacity makes a systemic collapse akin to the dot-com crash or the 2008 real estate downturn less likely and less impactful if it were to materialize.

Data centres represent physical infrastructure assets that generate medium to high and stable returns, supported by

long-term contracts for mission-critical digital services. This anchors investor expectations in tangible, income-producing assets rather than in the speculative service models that characterized the market before 2001. The global data centre market is valued at \$348bn in 2024 and is projected to grow at an 11.2% CAGR to \$652bn by 2030, driven by rising demand from digital transformation, cloud adoption, and emerging technologies such as AI, ML, and IoT⁵⁸.

⁵⁸Data Center Market (2025-2030), Grand View Research



The bulk of demand is driven by hyperscalers such as Amazon, Microsoft and Google, all of which maintain strong balance sheets and profitability. In 2025 these firms continue to commit to substantial multi-year agreements with data centre providers, with individual contracts frequently exceeding \$500m and extending beyond a decade in duration. Looking ahead, hyperscalers' demand is projected to rise from 40 to 60% of total data centre usage by 2030⁵⁹, further strengthening the infrastructure trend. SaaS providers, large media groups and telecom operators also represent key customers, supported by recurring subscription revenues, predictable cash flows and limited customer churn. By contrast, AI startups, although being visible and expanding rapidly, account for only a small share of tenants. Their volatility is outweighed by the scale and financial resilience of hyperscalers, which continue to underpin the sector's long-term stability.

Furthermore, unlike the real estate market in the years leading up to the 2008 crisis, where rising vacancy rates reflected growing instability, data centre vacancy has remained low, averaging 2-8% in the UK, the US, Europe and Singapore⁶⁰ as of Q3 2025, with no indication of a structural upward trend. Most of the higher vacancy rates (10-20%) in Asia-Pacific are primarily due to newly built large-scale facilities expected to be let rapidly. In comparison, rental vacancy rates across real estate housing classes peaked at 10-13% in the US and had been on an upward trend in the last 8 years leading up to the crisis⁶¹. Data centre vacancy is more stable because migration and site selection involve

costly, risky and time-consuming processes, whereas residential leases can be terminated relatively easily. Rental structures also differ significantly. In data centres, payments are always due, and negotiations focus primarily on power usage commitments rather than on concessions such as rent-free periods or payment holidays, which are common in other parts of the real estate market.

Nevertheless, the risk of capital misallocation is real: some AI firms are burning raised cash with little prospect of profitability, raising fears of localized corrections. LLM developers such as OpenAI and Anthropic have confirmed, though not disclosed, net losses for 2025, while data infrastructure providers like CoreWeave and Applied Digital have also reported substantial deficits, \$290m and \$161m respectively in Q2 2025 alone, with both showing an upward trend in net losses.

Real estate developers of data centres are increasingly showing signs of speculative investment, raising risks of geographical misallocation. Some projects are being built further from essential amenities such as power sources, clients, and infrastructure. Ireland illustrates this trend well: it has attracted a disproportionate share of Europe's data centres thanks to its tax regime and connectivity, but the national grid has struggled to keep up, leading regulators (EirGrid) to restrict new connections around Dublin in 2022-2023 due to electricity supply risks. This constraint remains a major difficulty for Ireland in 2025, with ongoing concerns about the country's ability to support further capacity⁶².

⁵⁹Data Center Knowledge (2025)

⁶⁰Global Data Center Trends (2025), CBRE

⁶¹Harvard Joint Center for Housing Studies

⁶²Data Centers in Ireland – Energy Concerns, Mason Hayes & Curran (January 2025)

Selecting the right KPIs is essential to measure success

While physical infrastructure remains the backbone of the AI value chain, AI services are often presented as the primary drivers of value creation for companies. Critics warning of a bubble point to these services as a weak link, arguing that they frequently fail to deliver tangible ROI for users. One example is IBM Watson Health, initially presented as a revolution for medical diagnostics at MD Anderson Cancer Centre, which was never deployed in routine clinical practice. The main reasons were excessive costs, poor integration, negative user feedback, and the absence of clear ROI metrics⁶³. An MIT study found that 95% of GenAI pilots fail to reach industrialization, with companies reporting no additional profit⁶⁴. However, this gap in measured gains often stems from a narrow view of what counts as value creation. The key question, therefore, is what companies truly seek from these solutions, which ultimately comes down to measuring concrete returns. Yet many firms still experiment with AI without a structured measurement framework or defined KPIs, making it difficult to assess real impact. Measuring ROI remains complex, with only about 30% of major global banks reporting AI solution returns to investors⁶⁵. Key KPIs to assess AI implementation ROI include cost savings, FTEs replaced, hours saved, error rate reduction,

and additional revenue generated. KPIs should ultimately lead to a financial calculation of ROI, rather than solely measuring productivity gains.

In banking, cost savings has been the main KPI: rapidly scaling pilots have allowed banks to standardize models and capture economies of scale in data and infrastructure, cutting costs in compliance, operations, and customer service by up to 25%⁶⁶. On the revenue side, successfully implemented AI tools have generated average productivity gains of around 20% across selected use cases in the whole financial sector, mainly in software development and customer service⁶⁷. While these figures fall short of early expectations, they are already substantial. Although these gains do not always translate immediately into higher revenues, they are expected to do so more rapidly than previous waves of innovation⁶⁸. While cost reduction measures are easier to implement and partly already in place, banks now need to sharpen their definition of AI-driven revenue growth. This is even more critical with generative AI (or GenAI), which promises still higher productivity gains.

GenAI is industrialized successfully in some contexts

Major financial institutions are massively deploying generative AI, with measurable results already emerging. In Europe, BNP Paribas illustrates this acceleration. In June 2025, in partnership with Mistral AI, the bank launched an internal “LLM as a Service” platform to scale generative AI across all business lines in a secure environment. They target 1,000 use cases in production by year-end 2025, compared with 800 in 2024, representing about €500m in value creation. Early deployments show tangible impact: Hello bank!’s HéloïZ chatbot now delivers personalized answers in natural language, while automated document recognition in mortgage lending has cut approval times from ten to six days, with a goal of three days by 2026.

In the UK and across emerging markets, Standard Chartered has rolled out SC GPT, an internal generative AI platform. Deployed in 41 markets and accessible to 70,000 employees, it processes hundreds of thousands of prompts and supports tasks ranging from content generation and translation to risk and compliance analysis.

In the US, JP Morgan is among the largest players in terms of scale, and allocates an \$18bn technology budget in 2025, with

AI projected to generate \$1.5bn in annual business value. The bank employs over 2,000 AI experts and data scientists and operates more than 300 AI use cases in production. Bank of America follows a similar path, dedicating \$4bn to AI, around one third of its technology budget. Its virtual assistant Erica handled 2.4bn client interactions in 2025, while more than 90% of its 200,000 employees actively use AI tools, cutting IT service requests by half⁶⁹.

Among investment banks, Goldman Sachs has moved quickly. Internally, its GS AI Assistant is widely adopted across developer and operational teams. Externally, the Marquee platform provides institutional investors with proprietary research, advanced analytics and multi-asset execution through secure interfaces and APIs, updated in real-time and ready for analysis or execution. The platform’s economics rest on three pillars: direct monetization of analytics, higher transaction volumes via embedded execution, and declining marginal costs once the upfront build costs are spread across a larger client base. Marquee is now paving the way toward agentic AI capable of orchestrating workflows end to end without coding.

⁶³Why 42% of AI Projects Show Zero ROI (2025), beam.ai

⁶⁴The GenAI Divide: State of AI in Business (2025), MIT

⁶⁵The AI Journal (2024)

⁶⁶Reinvent banking operations with data and AI, Accenture

⁶⁷AI in Financial Services Survey Shows Productivity Gains Across the Board, Bain & Company

⁶⁸Capital Economics (2025)

⁶⁹Tearsheet (2025)

Agentic AI could be the New Frontier

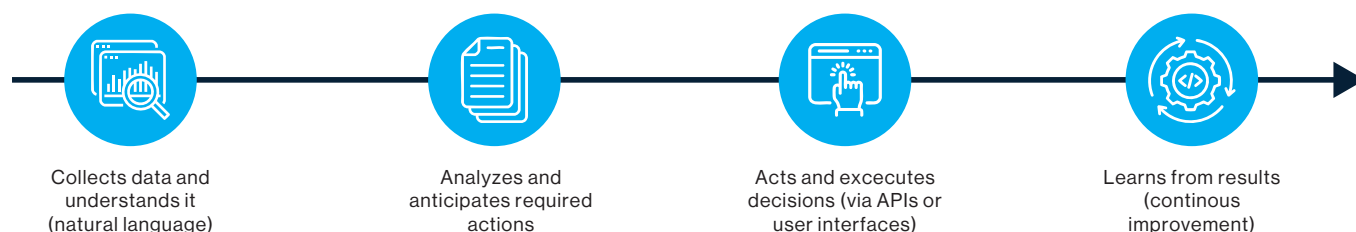
Beyond the current industrialization of generative AI, the next frontier lies in the development of truly autonomous systems with agentic AI. These systems, often designed around multi-agent architectures, can operate independently with only minimal human oversight.

A pioneering example is the UK-based fintech Griffin, a technology-focused bank that provides Banking-as-a-Service infrastructure: API-driven accounts, payments, savings, and compliance tools. Griffin has built a banking infrastructure defined as “agentic-first” from inception. This innovative architecture natively embeds AI agents able to open accounts, execute payments, and analyse

transactions autonomously, while still claiming to adhere to the regulatory and security requirements of the banking sector. Griffin also enables clients to design and prototype fintech applications by leveraging agentic AI through its API and its MCP (Model Context Protocol) Server.

However, significant risks remain and are even amplified by the self-reinforcing nature of AI. Particularly acute are risks related to agentic errors, trust and handling of sensitive data, and regulatory compliance. According to Gartner, these risks could lead to the cancellation of over 40% of agentic AI projects by 2027.

Illustrative representation of the functioning of agentic AI on a typical business process



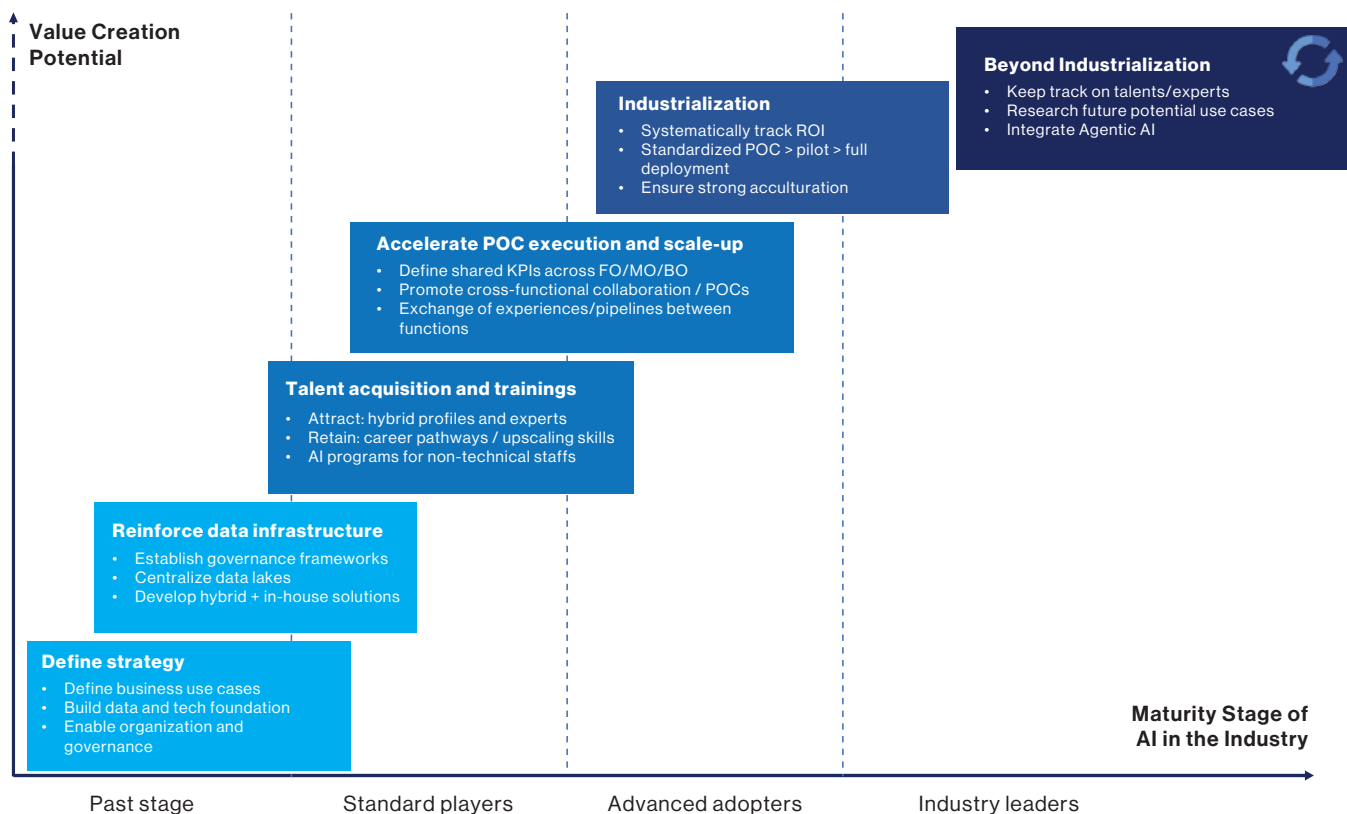
How to Get Started: Successful AI Roll Outs Are Hard and Involve Several Prerequisites

Organizations need to assess their current position and target

To ensure AI pilots evolve into concrete solutions aligned with business strategy, it is essential to define a clear IT roadmap aligned on the business's strategy. In the implementation of the roadmap, flexibility is critical both to keep pace with advances in AI and to ensure that the benefits are integrated across the entire organization, and the right use cases are implemented where they bring the most business value. In our analysis, we identify six successive stages that institutions should establish to remain at the forefront of AI and GenAI implementation, while also preparing to adopt agentic AI when and where it makes sense.



Stage of AI adoption and potential value creation



Source: Eurogroup Consulting

⁷⁰Gartner (2025). Gartner is a leading global research and advisory firm specialized in technology.

Enablers for faster industrialization should be adopted

1. The need to further strengthen data governance and infrastructure

The bank's data must follow clear governance principles to ensure a proper lifecycle, allowing the data to have the right quality (the data is correct, coherent between sources, complete), to be standardized (with definitions shared and mastered by the business) and accessible (used and therefore updated frequently). It is only when the data is governed that an AI solution can be plugged in and deliver actual value.

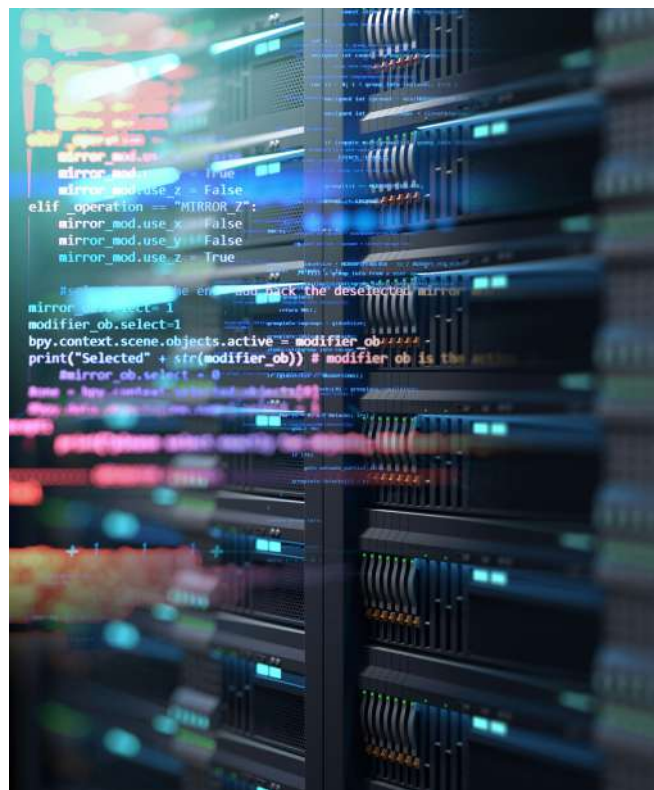
While many players in the industry have already moved beyond this stage, strong data foundations remain essential for any AI program. With the growing volume of data to be processed, it is critical that information is clean, secure, and centralized. AI models now draw on both structured and unstructured data, which must be seamlessly integrated into banks' data infrastructure, requiring continuous adaptation and redesign.

Hybrid infrastructure models, combining private and public cloud solutions, can facilitate data sharing and are particularly valuable for smaller institutions seeking to rapidly narrow the gap with leading players. Relying solely on fully in-house infrastructures is no longer sufficient; breaking down silos and distinguishing between sensitive data that must remain internal and other data that can be externalized is necessary to keep pace. Finally, hybrid infrastructure models provide a more effective response to the scalability challenges encountered during the industrialization of AI solutions⁷¹.

Above all, regulatory compliance requires maintaining the highest possible data standards, to ensure scalability and trust. Banks can use sandboxes to test advanced innovations in a controlled environment, ensuring they can experiment while limiting compliance risks. This approach enables them to validate solutions, obtain early regulatory feedback, and streamline adoption. Institutions using sandboxes often face fewer challenges when moving to full-scale deployment⁷².

2. People are at the heart of successful AI implementation

The war for talent will intensify as banks move to Agentic AI and accelerate the pace of implementation. Institutions will need to rely on a mix of AI engineering experts, highly



sought-after hybrid profiles who can bridge the gap between technical specialists and business teams, and managers capable of driving organizational change effectively. Retention efforts, such as graduate programs and clear career pathways (such as a manager path next to an expertise path), must be complemented with continuous training to deepen insights, unlock new capabilities, and enhance cross-knowledge between AI and finance.

It is equally important to bring the entire organization along in the AI transformation. Training initiatives for non-technical staff should build AI literacy, reduce risks of data leaks, emphasize the value of selected programs as enablers of capacity, and promote a sense of inclusion throughout the process. These initiatives must increasingly focus on the least specialist employees, equipping them with the skills and confidence to become effective and empowered AI users faster.

In parallel, HR planning should anticipate and assess future skills requirements, redeploy staff where possible, create new roles, and leverage existing talent to adapt the organizational structure to the chosen AI solutions.

⁷¹Scalecomputing.com (2025)

⁷²DigitalAPI

3. Enhancing cross-functional collaboration is essential

The slow pace of scaling can be explained in part by the siloed development of POCs. Leading institutions test and implement their solutions across different business lines as soon as they prove valuable. Effective collaboration should take place across the organization, for example via a shared pipeline of POCs, with successful solutions highlighted as best practices to avoid duplication, accelerate adoption, and identify scalable use cases. As an example, Dataiku provides a platform designed to democratize access to data and support enterprises in developing their own AI capabilities with a human-centric approach⁷³. It enables simultaneous collaboration across different teams, while remaining easily accessible to non-technical staff.

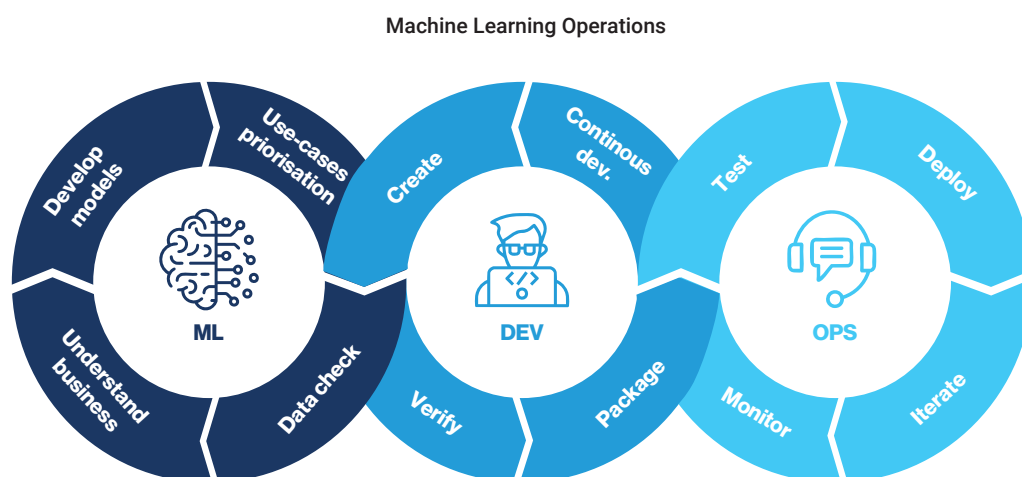
Collaboration across units has proven more effective when AI strategy is driven from the top down and benefits from strong sponsorship. CEOs and C-suite executives are generally enthusiastic about AI's potential and can accelerate acceptance and set a vision and ambitious targets. Increasingly, leadership is embedding AI into strategic goals and planning, but this momentum must cascade throughout the entire organization. In this perspective, leaders have the responsibility to initiate and delegate AI projects across business lines while fostering trust, setting rules (dos and don'ts) and granting a degree of autonomy to ensure flexible and effective integration.

4. Maximizing AI impact through a clear roadmap and defined KPIs

While calculating AI ROI is still underexplored in academic literature, a dedicated framework and tracking all relevant

KPIs can assess the value of AI solutions in place. These indicators should capture cost savings, loss avoidance, revenue uplift, and capital efficiency. They should be customized to fit the needs of each organization, as impact will look different between a wealth manager, a retail bank, and an investment bank. With such a framework, it becomes easier to discontinue solutions that fail to demonstrate a strategic impact within a defined timeframe and to fast-track pilots that prove successful. The active portfolio of AI initiatives can be managed like a portfolio of business units, with each project reviewed quarterly against objective and key results. Selected champions models can then be industrialized and improved continuously. As initial successes are achieved, banks will need to review and refine their KPI selection and monitor them with the same rigor as financial indicators.

Chosen solutions must integrate smoothly into day-to-day operations. To do so, strong change management efforts and appropriate transition systems must be in place to guarantee adoption. This is precisely the role of Machine Learning Operations (MLOps): by implementing robust MLOps frameworks, institutions can more effectively embed AI solutions into existing workflows and scale them. Google researchers began to implement such frameworks after publishing their seminal paper on the "hidden technical debt of machine learning systems" in 2015, with the first structured MLOps frameworks emerging around 2018. Other industries, such as banking, healthcare, and manufacturing, only began to broaden their adoption of MLOps practices after 2021. The integration of AI solutions should be viewed as a continuous loop, moving through stages of validation: alignment with strategic objectives, pilot testing within a single team, cross-functional trials, ROI assessment, operational integration, and medium-term utilization.



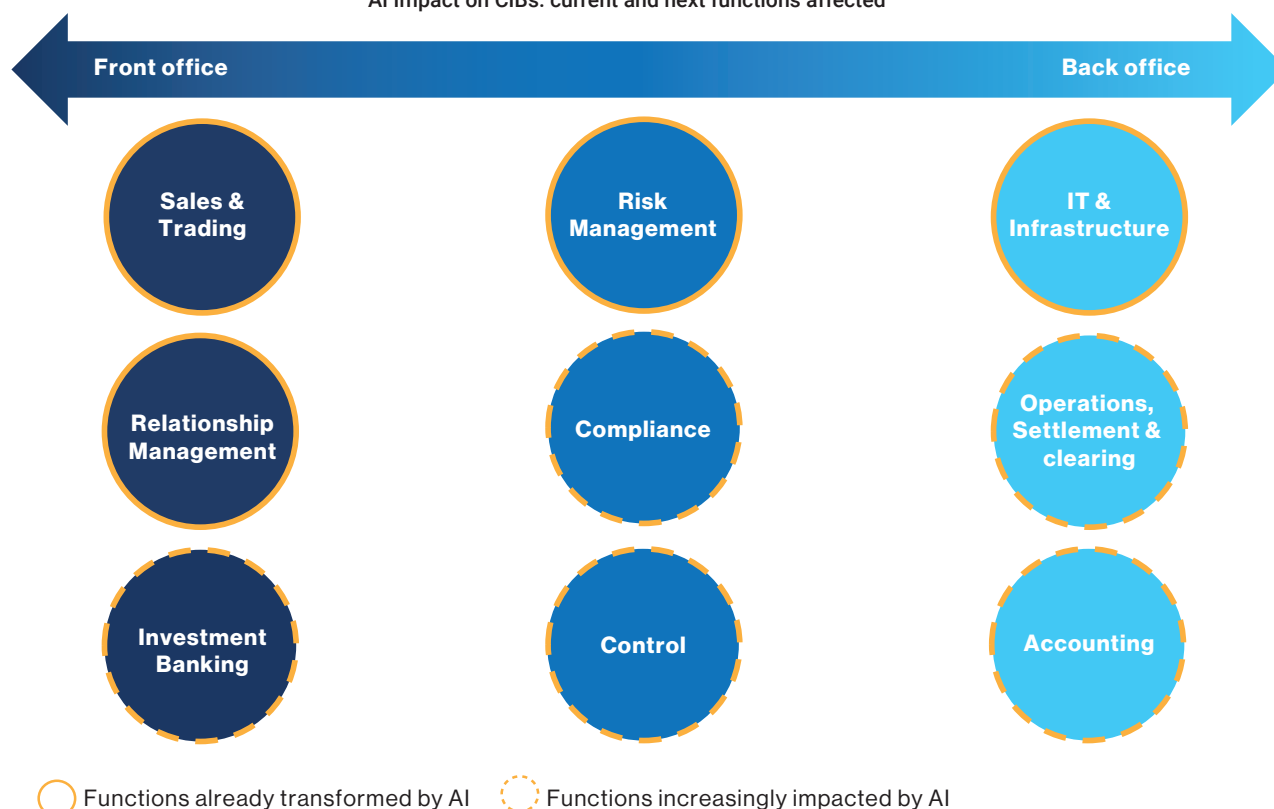
⁷³Dataiku | The Universal AI Platform™

5. Beyond industrialization: a continuous cycle to integrate future AI breakthroughs

Leading CIBs such as Citi, UBS or JP Morgan are actively tracking advances in AI models, including agentic AI and multi-agent systems, and ensure they keep pace by continuously developing and refining pilots. While industrialization is critical to make AI operational at scale, ongoing experimentation remains essential to keep an open mind to avoid industrializing suboptimal solutions, capture future technological breakthroughs and avoid falling behind, especially as each new wave of AI promises higher productivity gains. This is why internal innovation labs remain indispensable and why data lakes and infrastructure must be continuously upgraded. Success will also depend on keeping business teams closely connected with AI experts and IT. While industrialization makes AI operational, becoming AI-native requires elevating the issue to a strategic level: banks must reimagine processes and realign business models, embedding AI at the core of product design, client engagement, risk management, and financial analysis.



AI Impact on CIBs: current and next functions affected



Source: Eurogroup Consulting

AI industrialization is complex, but waiting is not an option. Banks must prepare now by strengthening data foundations, adapting organizations, and fostering cross-functional collaboration. Those who delay risk falling behind, while early movers that align AI with strategy and continuously experiment will secure a lasting competitive edge.

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