



Deloitte AI360 Podcast

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Title: S2:E6 | Agentic innovation and AI in financial services

Description: Is regulation a blessing and a curse? Can you turn your greatest liabilities into commercial assets? Ryan Lockard sheds light on the most intriguing real-world applications of AI in financial services.

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Jim Rowan:

All right. Jim Rowan here with Ryan Lockard. Ryan, great to see you. We're going to have a good conversation today about what's happening in AI and financial services. Welcome.

Ryan Lockard:

Thanks for having me, Jim. It's great to see you again.

Jim Rowan:

Good to see you. All right, so let's dive in. You've been working in the financial services space for a very long time. You've got a ton of things that are happening, from an AI perspective. What are some big trends you're seeing in the industry specific to AI right now?

Ryan Lockard:

So when I look across FSI, it seems that there are three major buckets that most of my clients are looking at. There's the risk bucket, the cost bucket, and the product bucket. Inside of each, we can unpack and go through a number of use cases, but just to scratch the surface, risk is typically going to be broken into how do I take risk out of my operations? How do I take risk out of how I adopt AI and things of that nature? And there's also the risk in the sense of how do I prevent fraud? How do I get closer to KYC/AML use cases and such? When we think about cost, a lot of it's going to be around cost mitigation. How can I take cost out of my business? Think about things like developer productivity. Think about shifting some of the more manual swivel chair use cases into things that are much more AI-driven, that allow for digital FTEs to take the tasks that are largely human in the analog space. And then product: How can we build more personalized products for our customers? And also, most of the financial service organizations that I work with are sitting on what used to be seen as a massive liability. Oodles and oodles of debt, a large corpus of legacy code in the mainframe, or just a whole bunch of transactional debt, transactional data, that they have. How can we start thinking about these instead of liabilities as assets? A number of my clients are coming to me today and saying, we're thinking about productizing some of our data. We're thinking about productizing some of the learnings that we have around our mainframe patterns and such. So, to summarize, they're thinking through the risk lens, the cost lens, and the productization lens.

Jim Rowan:

That's really helpful. And one of the things I've sort of wondered about this industry specifically is that it's always been highly regulated, and they've also been adopting, like you mentioned, large volumes of data. They've been using traditional AI methods for a little while too. Has that helped to propel the use of gen AI in the organizations in terms of doing more with some of these use cases?

Ryan Lockard:

The presence of regulation is both a blessing and a curse. It's a blessing in the sense that it forces you to think through and pressure test the AI option. But it also creates the pressure of: "Hey, we're afraid to bring in some of this technology. We're afraid to press the limit a little further." So, typically when I think of the role of regulation inside of AI for FSI, there's two main buckets I think of. Bucket one is a metaphor for when cloud first hit. A lot of the banks and the capital markets and the insurance companies and such were skeptical but optimistic at the same time about how they'd be able to apply cloud in the context of heavily regulated business. And we're very much feeling that today. The other area that I see is well-thought-out business cases, well-thought-out metrics, and making sure that we are creating intentional first movers into the market. Oftentimes we're not seeing wholesale replacement of process or controls in the FSI space with AI. What we're seeing is augmentation or extension of process, or augmentation of controls, so that we're creating additional harnesses or additional value adds inside of the business models.

Jim Rowan:

That's really helpful, and I think you started shedding some light on the process side with AI as well. Like we talk so much about the technologies. Really, you mentioned the value metrics and things like that too. It really comes down to business processes, right? And how you really help the organization think about business processes in the future. I'd be curious to get your thoughts on agentic AI, because it's hard to avoid the topic. Are you bumping into that conversation with clients? I mean, how should financial services AI leaders be thinking about it in the context of some of the things you've shared?

Ryan Lockard:

Without exaggeration, yesterday I had four meetings around agentic AI in FSI directly with clients. Everything from post-trade agentic use cases. There was even some pre-trade agentic use cases. And then going back into the developer productivity space, one of my clients today has already deployed agents in the engineering space, which is near and dear to my heart. Software engineering is sort of my home base. And in that one in particular, they have an agent that is continuously scanning source code to quickly identify vulnerabilities in the source code. Open a scan to understand what the vulnerability is, create code to remediate the vulnerability, open the change request to log the change, create the pull request obviously, and then submit that for human review. There's a team that would do about a hundred vulnerability remediations inside of a sprint—two-week sprint. So now, inside the first two days, they're already surpassing a hundred vulnerabilities because they have the *one* digital worker working alongside the team. So yes, agentic is here—I'd say coming—but agentic is here, in many ways. But what we're starting to do is we're trying, like, we're applying that public cloud cautious optimism of figuring out where are the right places that we can extend our control points inside the banking ecosystems.

Jim Rowan:

Well, that's great. I love the example, real-world example. Agentic is here, and I think organizations that are not moving on this fast enough are really going to be left behind. I think by the time we go to publication on this podcast, we might be a month behind the latest set of agentic capabilities that were released! Maybe with that in the backdrop and all the things that are happening in the environment today, what's your one piece of advice for enterprise AI leaders that they should be thinking about in this space?

Ryan Lockard:

I'm greedy. I'm going to give you more than one. So thing one is your teams are using AI. They're probably using agentic in their personal lives, and they're itching for it in their professional lives. Be sure to create some sort of sentiment analysis of where you can start applying experiments and creating hypothesis and thesis statements around where you can make the work/life balance more enjoyable for your employees because they're craving it today. Two, be intentional with your metrics. It seems so obvious, and everybody I talk to about this always shakes their head because it *is* obvious. But very few people truly execute this. Employ the scientific method in the way that you deploy AI. Have baseline measures. Create static metrics, or calculus, that allows for you to understand what the process time, the cycle time, is of the actions of use cases that you're looking to automate with AI. Then make the change, rerun those calculations a second time—because there's no way that you're going to be able to demonstrate to the exco or to the board or to anybody the productivity increases that you've made unless you have a static baseline with an applied metric that you can then recapture after the change is made. And then third, be vocal. Be the hero in your organization and make those that are adopting to change the heroes with you, and share those win stories because your organization and your clients want to hear these cases of how you're applying AI to make your products, your people, and your offerings more competitive and more digitally native.

Jim Rowan:

Right. I love it. This is great advice. I'm glad you gave us more than just one. So thanks for being generous and thanks for being generous with your time. Really appreciate you sharing what you're hearing in the market and all the great work you're doing with your clients. Take care.

Ryan Lockard:

Always a pleasure.

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