

Understanding Artificial Intelligence to move past the hype



Technology Innovations to Address Wealth Convergence
Trust – Wealth – Brokerage



Where are we today?

- Artificial intelligence as a technology is not new, however, Generative AI (ChatGPT) is a recent development that is adding to the transformative effect
 - Started in the 1950's and gained traction in the 1980's
 - ChatGPT was founded in November 2022
- We are nearing another tipping point with adoption in Wealth Management growing at most firms
- Advances in the technology have have changed the way in which AI is being deployed
 - GenAI to create content
 - Large Language Models (LLMs) to analyze large data sets
 - Natural Language Processing (NLP) for the understanding and generation of human language
- Organizations are looking at AI to accelerate activities and increase productivity by:
 - Enabling scale in the 'right areas' with a positive ROI
 - Providing relevant content at the appropriate time
 - Deliver high quality service in a more effective and efficient manner
- Most organizations are looking to partners to provide AI solutions
- At a minimum, organizations need to understand the risks, identify areas where it can impact your firm and develop a strategy to deploy AI



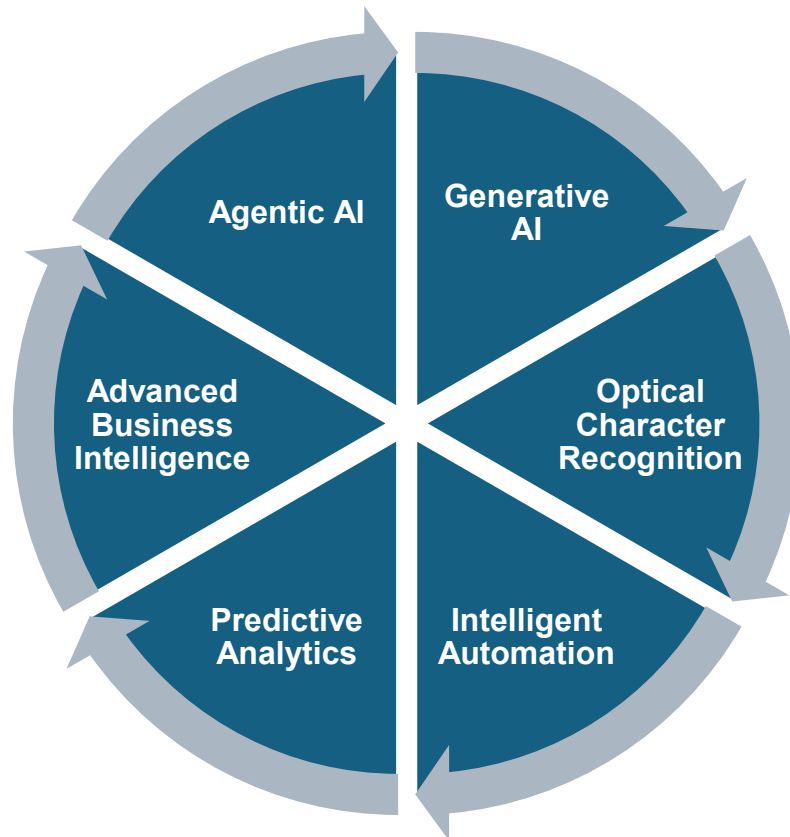
What are we hearing on the streets?

- We found during our 2025 client benchmarking study that 63% of our clients are cautiously optimistic about AI while 23% believe it is the next big thing
 - We also learned that their #2 internal priority was improving front office technology, and they are concerned over the disruption from emerging technology
- According to Charles Schwab's 2025 RIA benchmarking study, 68% of firms reported using AI, with the median firm leveraging it for 3 use cases
- Key Bank found that the top two drivers to AI investment were Improved operational efficiency/productivity (71%) and improved decision making / management of company (60%)
- A study from Snowflake found that 52% of firms struggle with data quality which includes issues of error, bias, irrelevance and timeliness
- Not all the new is positive, according to BCG, the performance gap between AI leaders and laggards is widening fast with agentic AI emerging as a powerful force shaping future-built companies, 60% of organizations ("laggards") reported minimal revenue and cost gains and don't yet have the proper capabilities for scaling AI in place.



Defining the AI journey

Adoption of Artificial Intelligence (AI) and Predictive Analytics is a must to remain competitive in Wealth Management – your AI strategy must be centered on delivering actionable insights and driving efficiency in the delivery of high-quality service



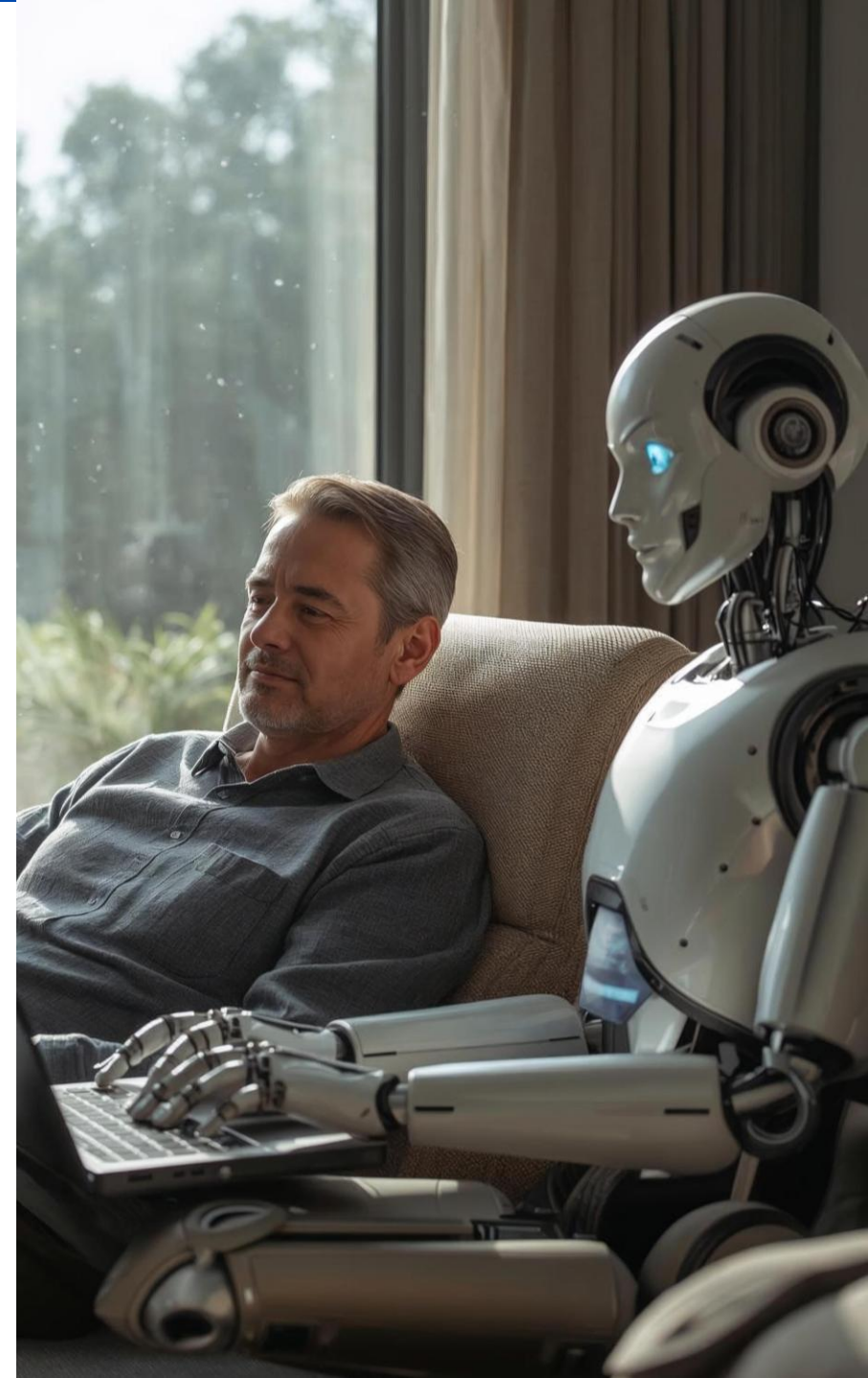
What can AI do to help improve your operating model



Area	Our objective of AI
Front Office/ Advisors	<ul style="list-style-type: none">• Increase client engagement• Add scale to servicing• Address client inquiries on 'first touch'• Allow for differentiated service• Grow and maintain revenue
Middle Office	<ul style="list-style-type: none">• Improved client experience• Lower the cost of each touch point• Enable quicker decision• Increased oversight
Back Office	<ul style="list-style-type: none">• Operational predictability• Expedited processing• Increased automation (e.g., shadow accounting, reconciliation)• Stronger control environment



What are some of the use cases in Wealth Trust



What are the barriers to success?

- Not having a clear business policy on AI usage
- Lack of a comprehensive plan
 - Loosely defined use cases
 - Ignoring the need to generate an ROI
 - Failure to identify how you get to a transformative end state
- Selecting the wrong partner
 - You cannot go it alone
 - Point versus enterprise solution
- Underestimating the challenges with data privacy
- 'Trapped' data
- Insufficient training of the model
- Not fully planning for the data security issues



What should you do next?

- Understand the benefits, costs and risks
- Create or refine your company / division policy
 - Clarify acceptable usage
 - Identify the approach to data security
 - Outline the governance structure
- Define your objective for AI
 - What challenges do you want to address?
 - How can you support your strategy?
 - What can be done to support the delivery of high-quality service?
- Prioritize your use cases based on a target ROI
- Document your requirements including a definition of the prompts when deploying GenAI
- Select a partner who can grow with you
 - What are they using as their LLM?
 - How strong and mature is their approach to cybersecurity?
 - What is their roadmap and how does it align with your objectives?
 - What is the corporate structure and capitalization?



What to learn more?

- Email me at mtropeano@fi-tek.com
 - You can be added to my 'Article of the Week' highlighting a trend or event impacting our industry
- Connect with me on LinkedIn
 - <https://www.linkedin.com/in/mike-tropeano-cfa-aif-34865b7/>



Thank You!

