



## Press release

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### Taking the pulse on Generative Artificial Intelligence adoption in the Luxembourg financial sector

Faced with the questions surrounding the use of Generative Artificial Intelligence (GenAI), the Association des Banques et Banquiers Luxembourg (ABBL) in collaboration with Société Générale Luxembourg, conducted a second edition of their survey to unveil the current perceptions and trends on the use of GenAI within the Luxembourg financial sector.

#### AI: between myths, misconceptions and perceived opportunities

Implementing GenAI in the banking industry involves navigating various myths, misconceptions, opportunities, and threats. A common misconception is that GenAI can operate autonomously without issues, disregarding the need for robust oversight over the technology to maintain accuracy and reliability of GenAI. There is also a myth that AI implementation is straightforward, ignoring the complexities of integrating AI with existing systems and ensuring compliance with stringent regulations.

GenAI offers obvious opportunities, such as, for example, enhancing data analysis for better decision-making and improving fraud detection through advanced pattern recognition. However, the technology also introduces risks, including algorithmic biases and security vulnerabilities that can be exploited. Furthermore, data protection and ethical concerns arise around data privacy and the fairness of AI-driven decisions.

To take the pulse of progress in this area, the second edition of the survey, after the one conducted in March 2023 explores the uptake of Gen AI tools by banking services professionals.

#### AI: An opportunity rather than a threat

*"The first thing we noticed"*, says Ananda Kautz, Head of Digital, Innovation and Sustainability, *"is a very positive stance on AI"*. 94% of respondents now view AI as an opportunity, up from 76% in 2023. This shift reflects growing optimism about its potential to drive growth and innovation. This self-assured approach to AI is reflected in the implementation plans of players in the banking sector. 81% of surveyed entities plan to implement GenAI for specific use cases, showing strong interest in leveraging AI technologies.

Furthermore, 26% of the respondents indicate they have initiated IA projects in Luxembourg. And further 30% actively participate in projects within their groups. Ananda Kautz: *"The balanced approach between local and headquarters-driven initiatives highlights the collaborative nature of AI deployment ensuring that local adaptation allows for tailored solutions that meet specific market needs in Luxembourg"*. 43% of credit institutions rely on headquarters with local adaptations, indicating a structured yet flexible approach. This ensures consistency in AI strategies while allowing for local customisation.

#### Productivity gains, cost reduction and enhanced decision-making seen as major benefits

Efficiency and productivity gains (87%) are the most widely recognised benefits, followed by cost-reduction (59%). *"The ability of AI to automate routine and complex processes is seen as a major cost-saving measure"*, says Andrey Martovoy, Senior Advisor - Innovation & Digital. Enhanced decision-making (57%) completes the top trio of benefits of GenAI according to the survey. *"Improved data analysis and insights are highly valued across all sectors"*.



As for specific use cases, respondents indicate a focus on virtual assistants, development and coding support and document and data processing.

#### ABBL's role in creating trust and ensuring confidence

*"We must not be blind to the fact that there are still many questions surrounding the implementation of GenAI, and that this movement still involves many challenges. The ABBL's task is to facilitate the adoption of the technology and encourage its members to explore it in a compliant way for the benefit of all stakeholders",* reflects Andrey Martovoy.

One of the major areas of concern is the familiarity of senior management with GenAI, which is improving but still needs to be boosted. 4% of respondents say that their senior management have a good knowledge of the IA field, 87% that they have basic knowledge and 9% that they have no knowledge at all. *"There is room for optimisation in this aspect, because, as always, the "tone from the top" is crucial. I strongly believe that C-level executives with a robust understanding of IA technologies can significantly enhance their company's ability to innovate",* underlines Ananda Kautz.

Other avenues of work are the need for continuous upskilling and clear communication about AI's role, but also the establishment of robust internal governance framework to address concerns related to job displacement, data security, and ethical use.

To do so, the ABBL and more precisely its Digital Strategy Committee (DSC) and the FinTech and Innovation Forum (FIF) play a crucial role. The DSC facilitates strategic dialogue with ABBL members and external stakeholders to drive innovation and digitalisation in Luxembourg's financial services sector. Meanwhile, the FIF provides a platform for direct exchange and collaboration between ABBL members and FinTech firms on matters of mutual interest.

#### About the survey

The survey was distributed to members of ABBL, encompassing CIOs, COOs, CTOs, Chief Innovation Officers, Digital Community and Fintech Circle of ABBL. In total, the survey resulted in 54 participant responses. Responses were collected over a month, from April 24 to May 28, 2024.

In addition to the topics highlighted above, the survey also covers issues such as internal guidelines and policies, the maturity of companies in terms of data and infrastructure, internal governance, policies and training.

The survey also provides a granular view of the state of play among the various players in the banking ecosystem of Luxembourg (credit institutions, other financial institutions, consulting & law firms, market infrastructures, and fintechs & software vendors).

#### About the ABBL

The ABBL's mission is to promote the sustainable development of regulated, innovative and responsible banking services. The ABBL is the largest and oldest professional association in the financial sector. It represents the banking sector in the broadest sense, i.e. the majority of banks established in Luxembourg, as well as regulated financial intermediaries and others in the sector including law firms, consultancies, auditors, market infrastructures, e-money and payment institutions.

The ABBL provides its members with the information, resources and services they need to operate in a dynamic financial market and an increasingly complex regulatory environment. It is an open platform for discussing key industry issues and developing common positions across the sector.

The ABBL activity report can be downloaded here: <https://www.abbl.lu/en/abbl-annual-report-2023-regulated-innovative-responsible>.

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