GenAI in retail and commercial banking

Spring 2025 survey summary and findings

Conducted March 2025, published July 2025

EY Parthenon

Shape the future with confidence

Contents

01
Methodology
of survey

02
Executive
summary

03
Survey
highlights

04
Demographics
overview

05
Ernst & Young
LLP contacts

EY Parthenon

Methodology of survey

EY Parthenon

Background and methodology

Demand for novel generative AI (GenAI) solutions is rising quickly; retail and commercial banks are beginning to make significant movements and investments into the space

To better understand how retail and commercial banks are exploring and/or implementing GenAI applications, the EY-Parthenon team conducted the following survey in March 2025, as a refresh to a similar study conducted at the end of 2023:

N=100

- Retail banks (n=50) and commercial banks (n=50)
- Employees focused on client servicing, marketing, onboarding, product strategy and other investment and technology representatives

- Knowledge of the represented bank's GenAI initiatives or direct involvement in teams leading GenAI efforts, with specific expertise in GenAI applications such as ChatGPT, Dall-E, OpenAI and Microsoft Azure

- Sample decision-maker titles included (but were not restricted to) chief strategy officer, chief technology officer, chief lending officer, head of product development, head of marketing, relationship manager, chief risk officer and other positions in the firm directly related to client servicing, client investing, client onboarding and risk

EY Parthenon

Executive summary

EY Parthenon

Generative AI can unlock meaningful enhancements in profitability and efficiency for retail and commercial banks

1 **Banks are investing heavily in GenAI and other automation options:** **71%** of bank respondents have implemented or soft-launched GenAI capabilities, with **61%** seeing strong impacts already and **89%** seeing strong impacts ahead over the next two years

2 **While interest in GenAI and agentic AI is growing, the majority of automation efforts are still focused on non-generative machine learning and RPA use cases:** Only **28%** of current automation use cases are leveraging GenAI or agentic AI

3 **Agentic AI has gained rapid awareness, but development and implementation is still limited:** **99%** of respondents are familiar with agentic AI; however, only **31%** have pursued implementation with a further **46%** interested in the technology

4 **Use case identification is balanced across front-, middle- and back-offices, but front-office leads in implementation:** Each area carries an equal **1/3** of identified use cases, but **43%** of those implemented are front-office while only **23%** are back-office

5 **Investment in cost-cutting and internal applications outpaces revenue-generating and external-facing use cases:** **56%** of identified use cases target cost/time efficiency, with **54%** of all use cases being internal-specific

6 **Both GenAI development and production implementation have experienced high failure rates:** While **45%** of identified use cases move into development, only **16%** make it to implementation, with **40%** of those failing to achieve planned results

7 **Banks have noted data-related challenges as the largest barriers to successful implementation:** While **26%** highlighted regulatory and compliance challenges, **22%** had data privacy concerns and a further **21%** had limited access to high-quality data

8 **Banks are using a hybrid or centralized model with a formal governance committee:** **75%** of banks have a formal governance committee, and **60%** give decision-making authority directly to the executive leadership team (e.g., CEO, CTO)

9 **Banks are moving toward partnerships for development**: While, on average, **38%** of banks surveyed built applications via partnerships over the past two years, **56%** are planning to leverage partnerships over the next two years

Source: EY Parthenon Retail and Commercial Banking Generative AI Survey March 2025 (n=100)

EY Parthenon

Considerations for banks

General considerations

- **Data governance:** Banks should prioritize establishing robust data governance frameworks to ensure high-quality data is available for AI initiatives; this includes defining data ownership and accountability

- **Stakeholder engagement:** Early and continuous engagement with stakeholders is crucial for successful GenAI implementation; involving key stakeholders in planning and development phases helps align expectations and gather valuable insights

- **Ethical AI practices:** Establish formal governance committees to oversee the ethical use of AI technologies, addressing compliance, transparency and bias-related challenges effectively

- **Training and upskilling:** Invest in comprehensive training programs to equip employees with the necessary skills to work with AI technologies, mitigating workforce disruptions and enhancing overall organizational capability

- **Adoption of hybrid models**: Consider adopting hybrid governance models that combine centralized oversight with decentralized implementation to foster innovation while maintaining control over AI initiatives

For retail banks

- **Customer-centric innovations**: Retail banks should focus on enhancing customer experiences through personalized services and proactive fraud detection, leveraging GenAI to develop innovative solutions that meet customer needs

- **Investment in security measures**: Given the high priority on card fraud detection, retail banks should invest in advanced security technologies and processes to protect customer data and enhance trust

- **Mobile banking enhancements:** As mobile banking continues to grow, retail banks should prioritize the development of user-friendly mobile applications that integrate GenAI capabilities for improved customer engagement and satisfaction

- **Exploration of new use cases:** Retail banks should continuously explore new GenAI use cases, such as financial literacy programs and rewards systems, to enhance customer loyalty and engagement
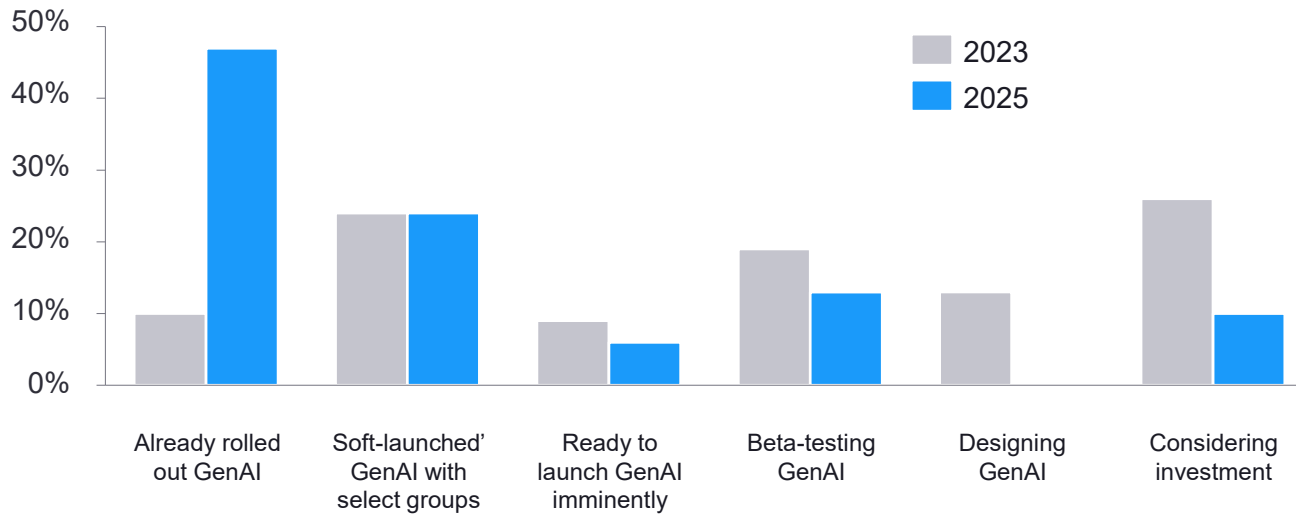
For commercial banks

- **Efficiency in loan lifecycle management**: Commercial banks should focus on automating loan servicing and underwriting processes to improve efficiency and reduce operational costs, utilizing AI-driven solutions for faster decision-making

- **Strategic partnerships:** Collaborate with technology vendors and FinTech companies to leverage external expertise in developing and implementing GenAI solutions, accelerating innovation and enhancing service offerings

- **Risk management enhancements:** Utilize GenAI to enhance risk management practices, particularly in loan underwriting and compliance monitoring, by implementing AI tools that analyze large datasets for better risk assessment

- **Focus on cash management solutions:** Given the emphasis on cash management offerings, commercial banks should invest in AI solutions that optimize cash flow management and provide real-time insights to clients, improving overall service efficiency

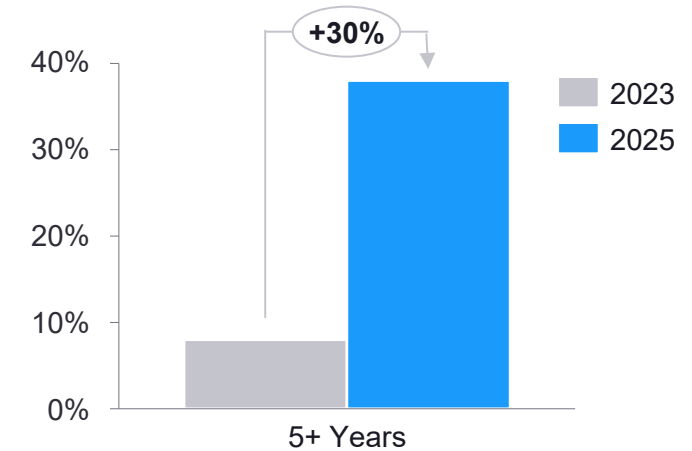EY Parthenon

Survey highlights

EY Parthenon

Since 2023, banks have gained increased confidence in GenAI and have made significant progress in their AI journeys

1 Banks have made significant progress in rolling out GenAI applications, with **47%** of respondents fully implementing them compared to just **10%** in 2023

2 Banks anticipate **full end-to-end automation** more quickly in 2025 than in 2023, with **38%** anticipating this change in 5+ years compared to **8%** in 2023
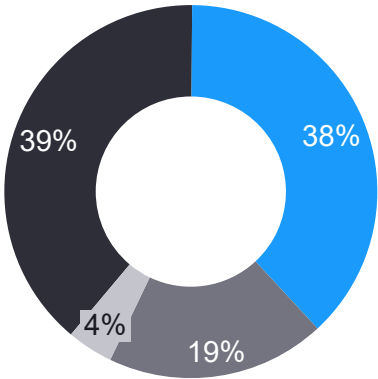

Source: EY Parthenon Retail and Commercial Banking Generative AI Survey July 2023 (n=151), EY Parthenon Retail and Commercial Banking Generative AI Survey March 2025 (n=100)

EY Parthenon

Most banks have experienced 6%–20% in revenue uplift from GenAI; Technology, Customer Service and Finance functions have achieved the most cost savings

1 Banks are currently **experiencing** positive revenue uplift due to GenAI

58%

of respondents experienced between **6% and 20%** in revenue uplift from GenAI applications
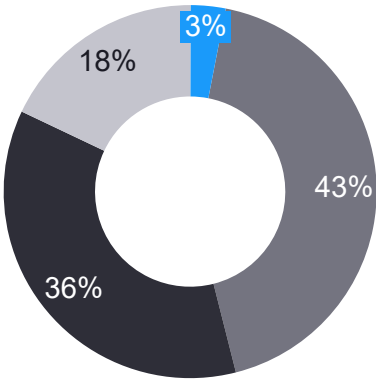

- ■ < 5%
- ■ 11 - 20%
- ■ 6 - 10%
- ■ > 20%

38%
19%
4%
39%

2 Banks are **expecting** higher revenue uplift of GenAI application over the next 2 years

79%

of respondents expect to experience between **6% and 20%** in revenue uplift over the next two years

3%
18%
43%
36%

3 Technology, Customer Service and Finance/Accounting functions have achieved the highest cost savings over the past 1–2 years, with the percentages reflecting the actual cost savings realized by each function

Technology	13%
Customer service	12.5%
Finance / Accounting	12%
Operations	11%
Sales / Marketing	9%

4 Respondents expect Customer Service and Operations to achieve the highest cost savings over the next two years, with increases of 3.5% and 3%, respectively

|	
Customer service	16%
Operations	14%
Technology	14%
Finance / Accounting	11%
Sales / Marketing	10%

Source: EY Parthenon Retail and Commercial Banking Generative AI Survey March 2025 (n=100)

EY Parthenon

While banks are making significant investments, many are still using RPA and machine learning heavily and anticipating future agentic AI usage

1 Banks are actively exploring GenAI initiatives

71%

of respondents have already launched or soft-launched GenAI applications

- 47%
- 24%
- 13%
- 10%
- 6%
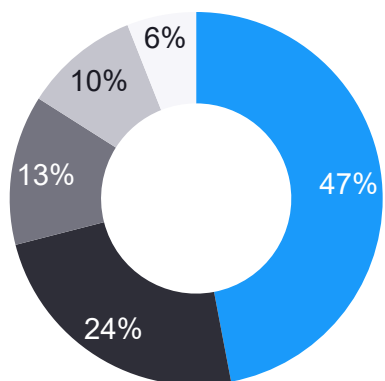
Legend:
- Already rolled out generative AI either internally or in a client-facing application
- Have 'soft-launched' generative AI with select groups across the firm
- Beta-testing Generative AI applications
- Considering investment areas and prioritizing use cases
- Ready to launch a Generative AI application imminently

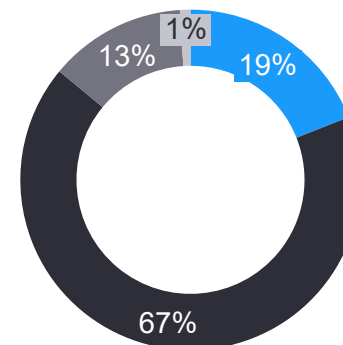**2** Less than a third are using true GenAI (incl. agentic), compared to other automation options

## 28%

of respondents are using GenAI (including agentic AI)

- 8%
- 20%
- 36%
- 36%
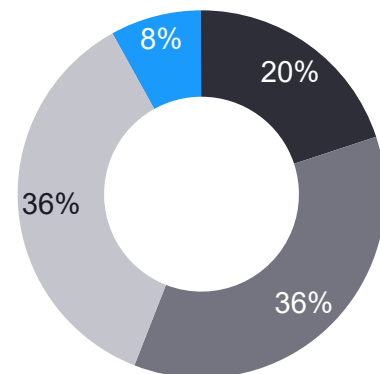
Legend:
- Agentic AI
- Generative AI
- Robotic Process Automation (RPA)
- Non-generative Machine Learning

3 While nearly all respondents are familiar with agentic AI…

- 19%
- 1%
- 13%
- 67%

Legend:
- Very Familiar
- Somewhat Familiar
- Not Very Familiar
- Not Familiar At All

…less than one third have implemented the technology
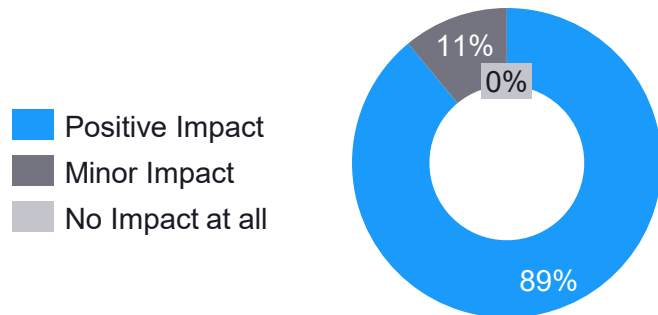

- 31%
- 46%
- 22%
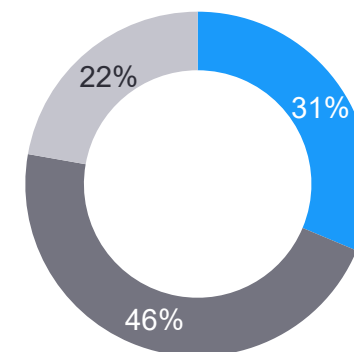
Legend:
- We have implemented Agentic AI use cases
- We are exploring agentic AI use cases but have not implemented any
- We have no plans to implement agentic AI in the next 2-3 years

Source: EY Parthenon Retail and Commercial Banking Generative AI Survey March 2025 (n=100)

EY Parthenon

Though banks continue to show a positive attitude toward GenAI, many have encountered high failure rates from their current investment efforts
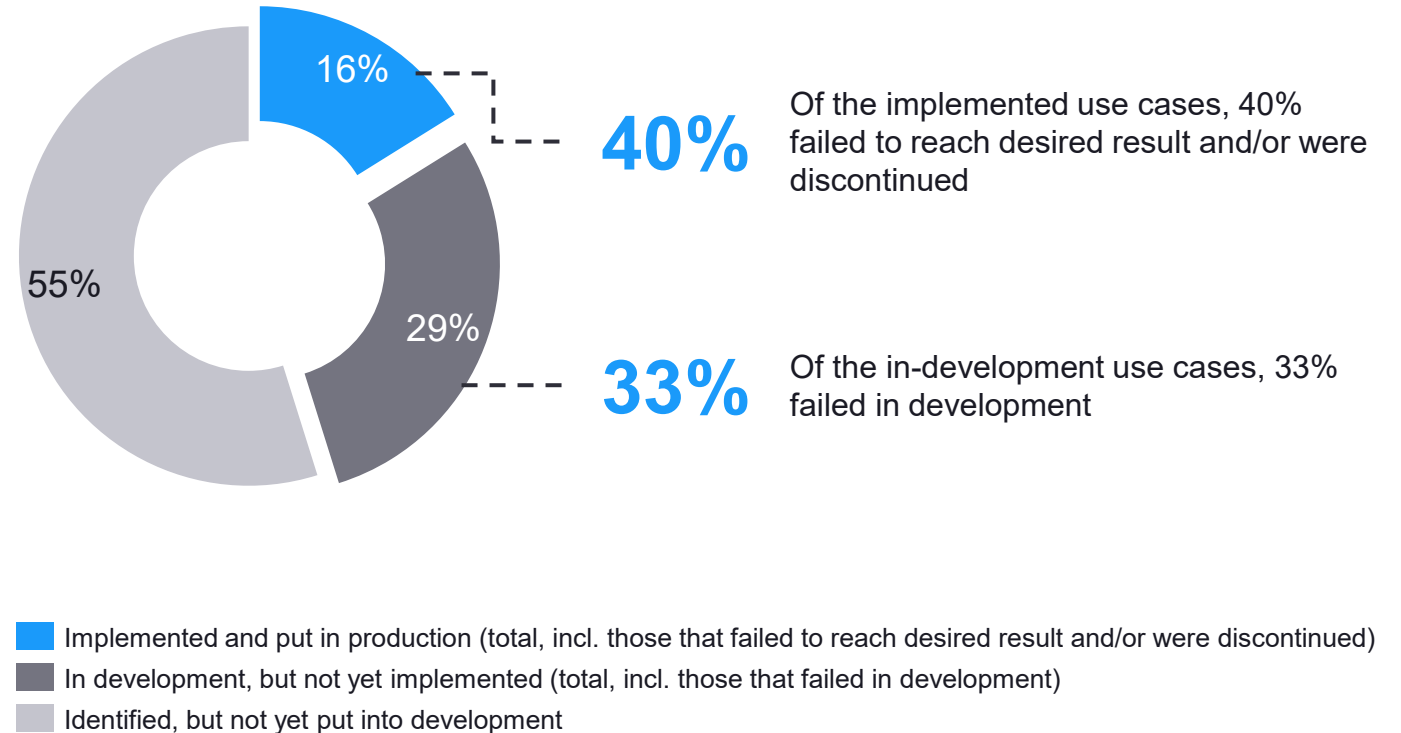
1 Banks have generally had a positive attitude toward GenAI applications over **the past two years**…

- Positive Impact
- Minor Impact
- No Impact at all

11%
28%
61%
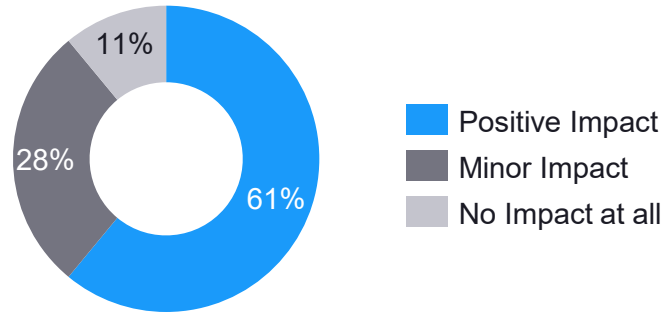
…the positive attitude is expected to continue growing over **the next two years**

- Positive Impact
- Minor Impact
- No Impact at all

11%
0%
89%

2 Banks have developed GenAI use cases to achieve benefits, but struggle with early failure rates

16%
29%
55%

40% Of the implemented use cases, 40% failed to reach desired result and/or were discontinued

33% Of the in-development use cases, 33% failed in development

- Implemented and put in production (total, incl. those that failed to reach desired result and/or were discontinued)
- In development, but not yet implemented (total, incl. those that failed in development)
- Identified, but not yet put into development

Source: EY Parthenon Retail and Commercial Banking Generative AI Survey March 2025 (n=100)

EY Parthenon

Banks plan to increase GenAI spending in the next two years, with the majority sourceing funding from tech budgets and spend on data, computation and storage

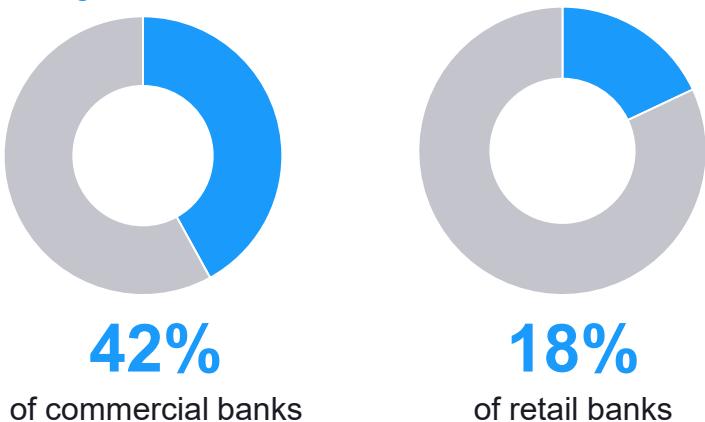**1** Banks invested ~13m in GenAI over the past two years, and they plan to **increase investments to around $21m in the next two years**

~60%
expected increased investment over next two years

3 About two-thirds of US banks source their GenAI spending from their **IT/ technology budget**

6%
9%
20%
65%

- IT/ Tech budget
- Operations budget
- ML/ AI budget
- Business/ Corp Strategy budget

2 In the past two years, **34% of commercial banks invested over $21m** in GenAI initiatives, whereas only **12% of retail banks** made investments exceeding $21m

42%
of commercial banks

18%
of retail banks
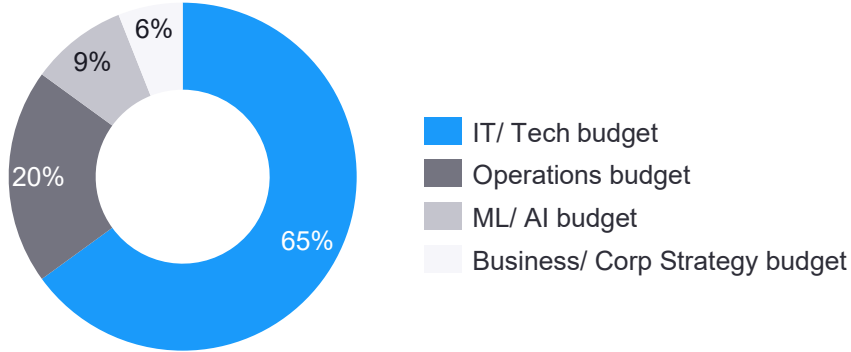
4 **Data, computation and storage** is a key component of GenAI spend followed by **third-party partnership and LLM fees**

Data, computation, and storage	13%
Third party partnership and LLM licensing fees	12%
Assessing and deploying new use cases	11%
Human capital	10%

EY Parthenon
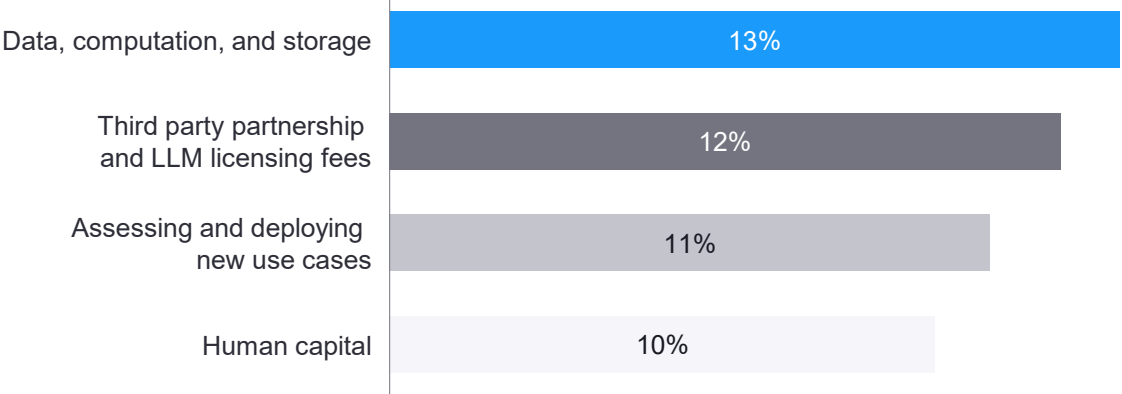
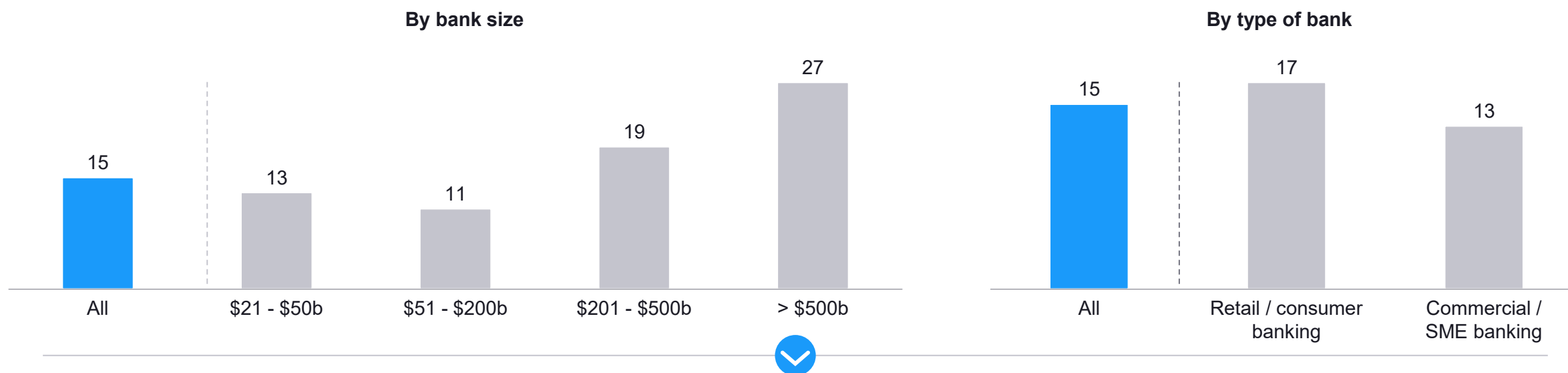# On average, banks expect ~15 GenAI use cases in production over the next two years

? "What is the total number of GenAI models/use cases that your firm expects to implement/put into production in the **next** ~2 years?" (n=100)

Expected GenAI model/use cases to implement in the next two years

By bank size

All	$21 - $50b	$51 - $200b	$201 - $500b	> $500b
15	13	11	19	27

By type of bank

| All	Retail / consumer banking	Commercial / SME banking
15	17	13

- Smaller banks have the fewest use cases planned for production in the next two years

- Largest banks have the most number of use cases planned for production; – **2x** the number of the smallest banks

- The discrepancy in GenAI deployment between banks of different scale may further improve the competitiveness of large banks — this may pave the way for consolidation of smaller banks over the long run

- Retail banks tend to have slightly more use cases planned for production in the next two years compared to commercial banks

Source: EY Parthenon Retail and Commercial Banking Generative AI Survey March 2025 (n=100)

EY Parthenon

The identification of GenAI use cases is fairly balanced across the front, middle and back office, with higher implementation in the front office

? "What percentage of **identified** use cases are spread across the following areas? **Ensure the total percentages add up to 100%**" (n=100)

? "What percentage of use cases **implemented in production** are spread across the following areas? **Ensure the total percentages add up to 100%**" (n=100)
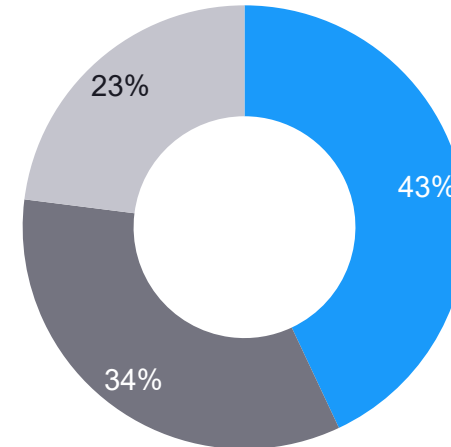
33%
31%
35%
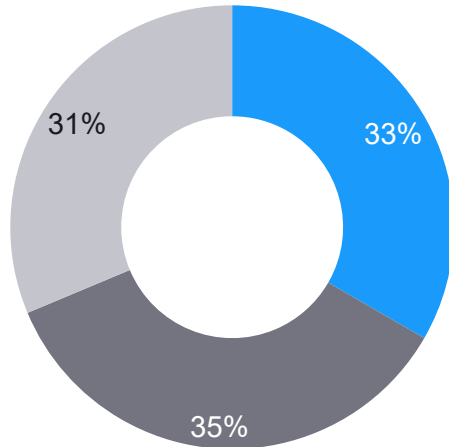
- Front-office use cases (e.g., customer service, sales, marketing)
- Middle-office use cases (e.g., risk management, compliance, reporting
- Back-office use cases (e.g., IT support, human resources, accounting)

43%
23%
34%

- Back-office use cases such as IT support and accounting see more GenAI implementation in the largest banks (28%) compared to the smallest banks (19%)

- This difference could be a function of both cost-saving incentives and larger banks' ability to handle more complex deployment and integrations

- A notable share of smaller banks (50%) has concentrated on front-office use cases, likely because applications like chatbots and marketing are easier to implement than back-office solutions.

- In contrast, larger banks show more implementation of GenAI in back-office areas like IT support and accounting (28%) compared to smaller banks (19%), possibly due to cost-saving motivations and their capacity for complex deployments.
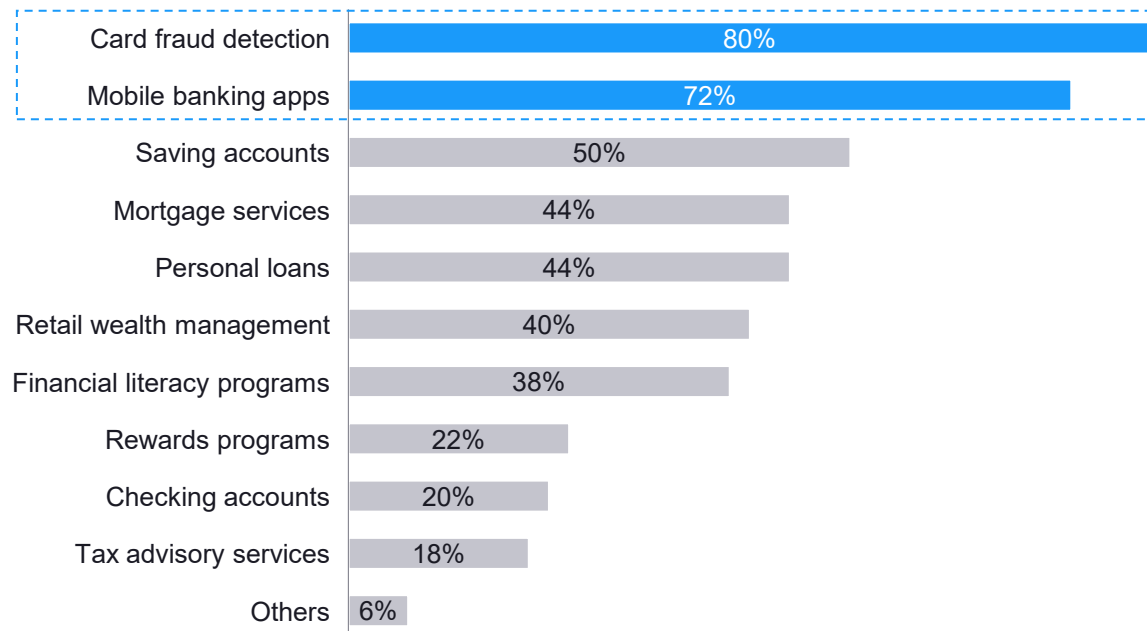
Source: EY Parthenon Retail and Commercial Banking Generative AI Survey March 2025 (n=100)

EY Parthenon

Card fraud detection (80%) for retail banks, Loan servicing (70%) for commercial banks are key use cases that banks are currently exploring

? "What type of generative AI investments or use cases is your firm currently exploring? Please select all that apply" (n=50; **Retail banks only**)

? "What type of generative AI investments or use cases is your firm currently exploring? Please select all that apply" (n=50; **Commercial banks only**)

Retail banks	
Card fraud detection	80%
Mobile banking apps	72%
Saving accounts	50%
Mortgage services	44%
Personal loans	44%
Retail wealth management	40%
Financial literacy programs	38%
Rewards programs	22%
Checking accounts	20%
Tax advisory services	18%
Others	6%

Commercial banks	
Loan servicing	70%
Loan originations	64%
Cash management offerings	60%
Loan underwriting / Auto-approvals	60%
Treasury management	56%
Business advisory services	34%
Commercial real estate financing	20%
Merchant Services	16%
Trade finance	16%
Equipment financing	12%
Others	2%

- **80%** of retail banks are making card fraud detection investments, reflecting a focus on enhancing security measures and protecting customers from fraudulent activities
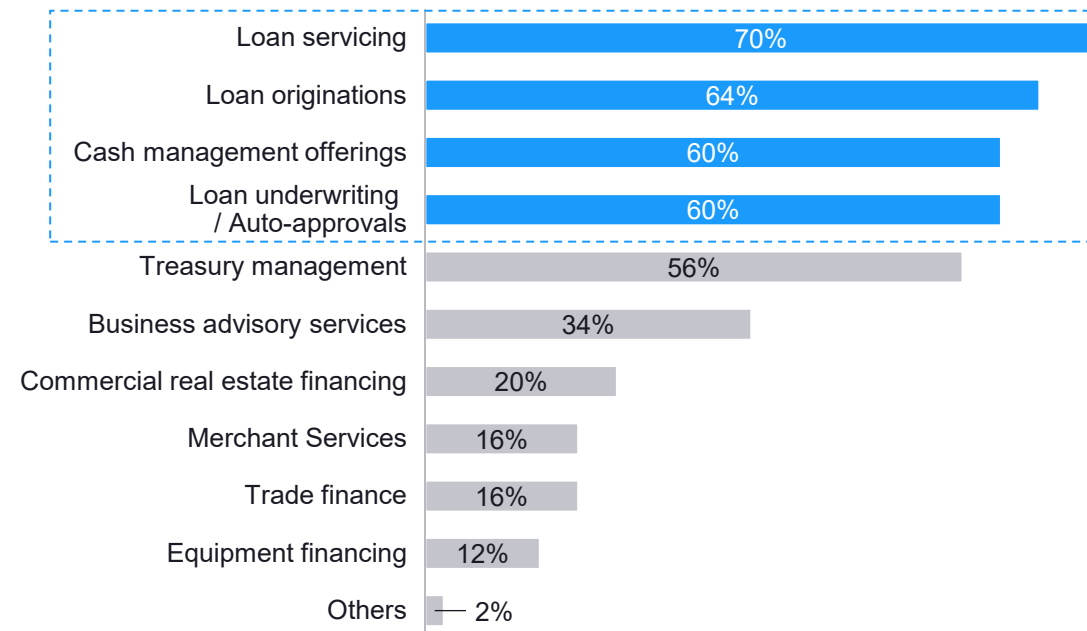
- Significant interest in loan lifecycle services for commercial banks indicates that there is a strong emphasis on improving the efficiency and effectiveness of managing existing loans, enhancing customer experience, and streamlining operations. This also highlights the growing interest in using AI to automate and streamline the underwriting process, making it faster and more efficient for both lenders and borrowers.

Source: EY Parthenon Retail and Commercial Banking Generative AI Survey March 2025 (n=100)

EY Parthenon

75% of banks have a formal governance committee, and 60% have executive leadership team as the primary decision maker for GenAI initiatives

? "How does your organization ensure the ethical use of generative AI technologies, including governance, risk management and transparency?" (n=100)

? "Who holds the primary decision-making authority for generative AI initiatives?" (n=100)
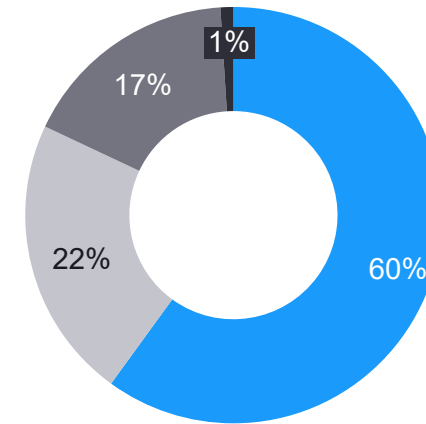

2%
23%
75%
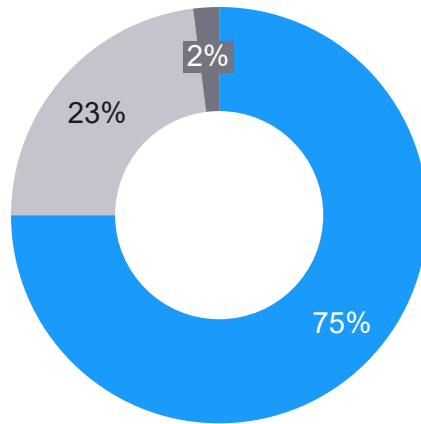
- Formal governance committee with regular risk assessment and public reporting
- Ad-hoc oversight by existing teams with compliance to regulatory standards
- No governance structure or specific measures in place

1%
17%
22%
60%

- Executive leadership team (e.g., CEO, CTO)
- Cross-functional team including stakeholders from various departments
- Department heads or functional leaders
- Dedicated AI governance committee

- Governance committees are standard practice; only **2%** of banks surveyed do not have a governance structure

- Larger banks tend to have more formalized governance processes: **93%** of the largest banks have a formal governance committee compared to **60%** of the smallest banks.

- Executive involvement is consistent across deposit sizes, though smaller banks (<$50b) see lower involvement (**47%**) compared to larger banks (> $500b) at **71%**

- Cross-functional teams are the primary decision-maker more often at smaller banks (**33%**)

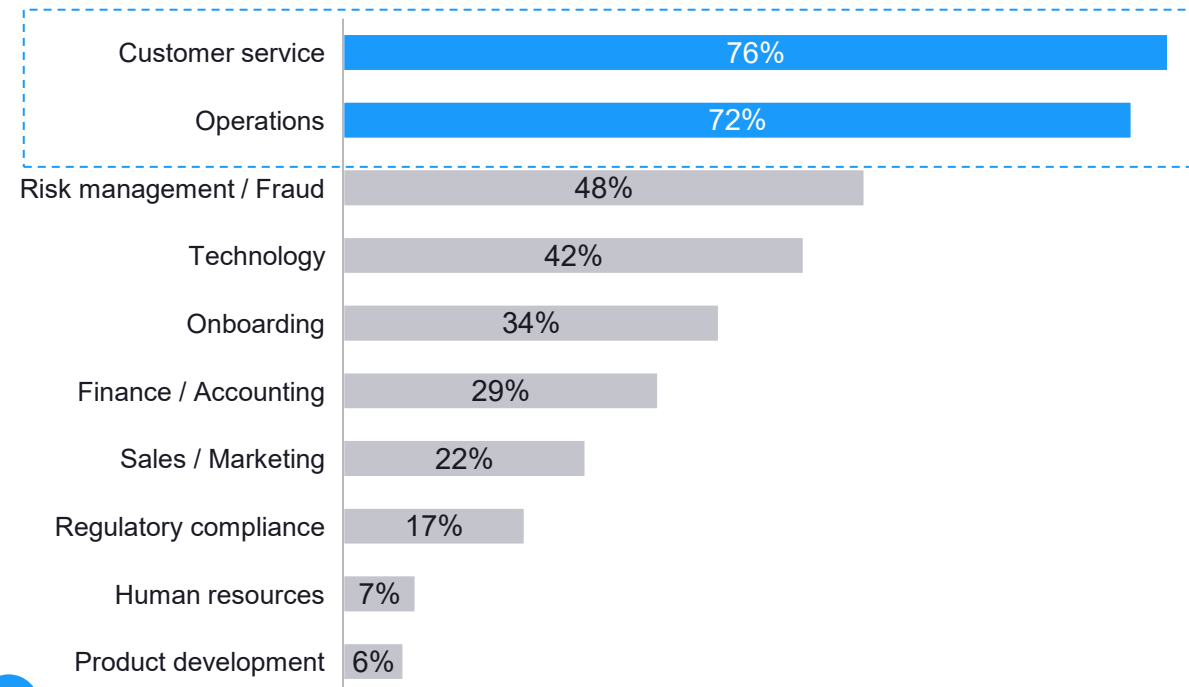Source: EY Parthenon Retail and Commercial Banking Generative AI Survey March 2025 (n=100)

EY Parthenon

GenAI has led to workforce reductions in Customer Service and Operations, while Human Resources have seen less impact

? "Which departments have seen impacts on the workforce (e.g., shift in roles or responsibilities) from implementation of generative AI? **Please select all that apply**" (n=90)
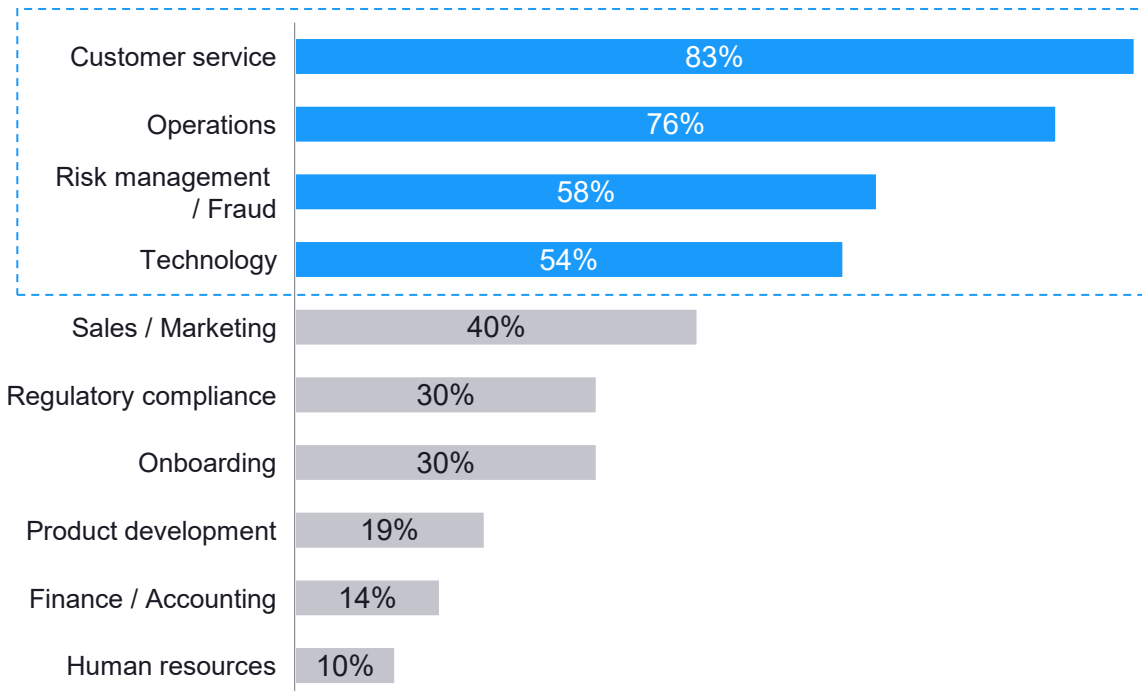
? "Which departments have seen reductions as a result of implementing generative AI? Please select all that apply" (n=90)

Department	%
Customer service	83%
Operations	76%
Risk management / Fraud	58%
Technology	54%
Sales / Marketing	40%
Regulatory compliance	30%
Onboarding	30%
Product development	19%
Finance / Accounting	14%
Human resources	10%

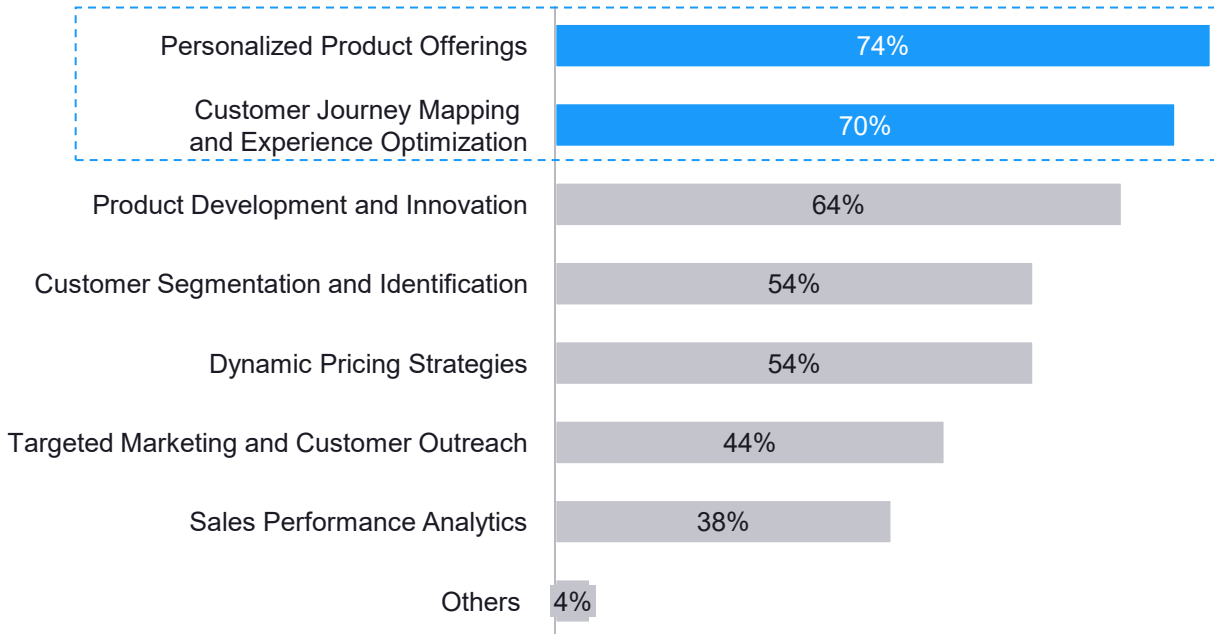| Department	%
Customer service	76%
Operations	72%
Risk management / Fraud	48%
Technology	42%
Onboarding	34%
Finance / Accounting	29%
Sales / Marketing	22%
Regulatory compliance	17%
Human resources	7%
Product development	6%

- Customer service departments have been most impacted by GenAI, with **83%** of banks noting that roles or responsibilities have been directly impacted, followed by operations departments (**76%**), risk management / fraud departments (**58%**), and technology departments (**54%**).

- Over **70%** of banks have also seen direct reductions in workforce in customer service and operations departments. Among departments seeing reductions, human resources has seen the largest scope of reductions, with **11%** reductions/savings in resourcing enabled by GenAI efficiencies, followed by customer service (**10%**), and onboarding (**9%**). Institutions are already seeing near double-digit percentage savings in multiple departments as a result of GenAI implementation.

Source: EY Parthenon Retail and Commercial Banking Generative AI Survey March 2025 (n=100)

EY Parthenon

Priority front office investments include personalized product offerings (74%) for retail banks, and personalized product recommendations (80%) for commercial banks

? "Where have you prioritized front office investments in the past, and where will you likely invest in the future? **Please select all that apply**" (n=50; **Retail banks only**)
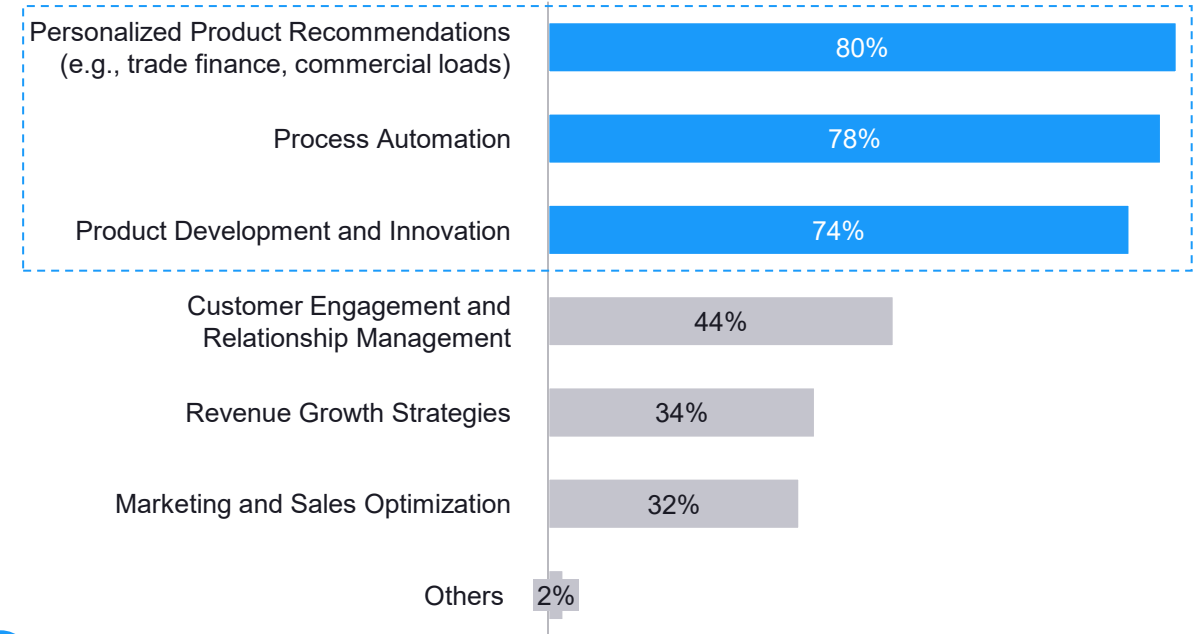
? "Where have you prioritized front office investments in the past, and where will you likely invest in the future? **Please select all that apply**" (n=50; **Commercial banks only**)
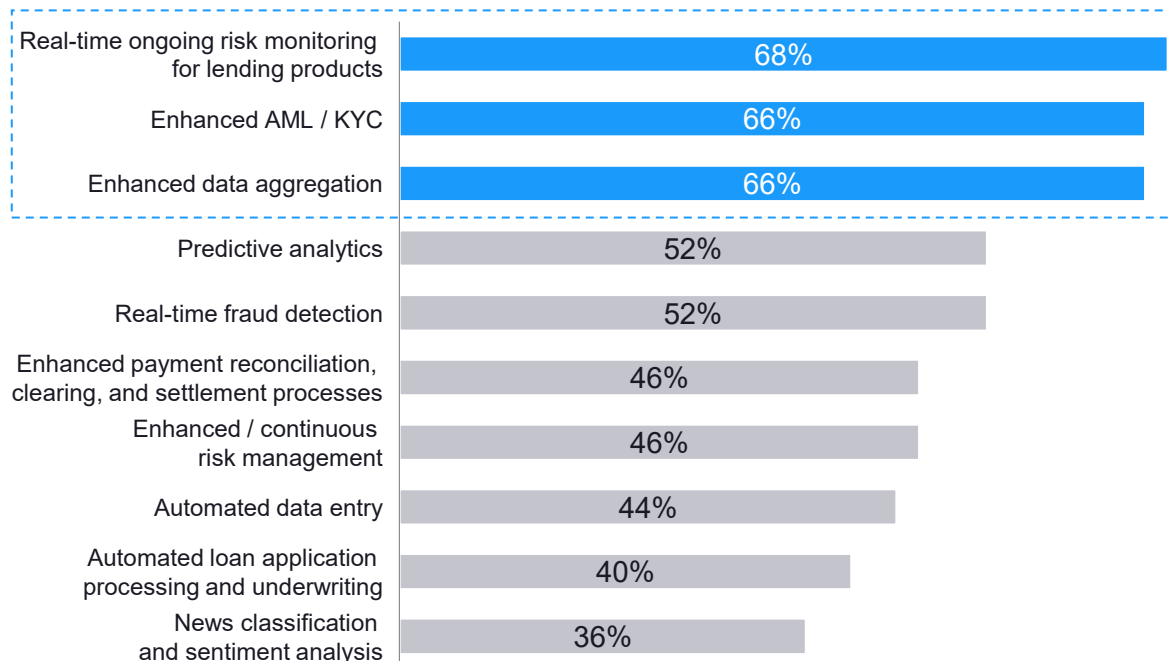
Retail banks

Category	%
Personalized Product Offerings	74%
Customer Journey Mapping and Experience Optimization	70%
Product Development and Innovation	64%
Customer Segmentation and Identification	54%
Dynamic Pricing Strategies	54%
Targeted Marketing and Customer Outreach	44%
Sales Performance Analytics	38%
Others	4%

Commercial banks

Category	%
Personalized Product Recommendations (e.g., trade finance, commercial loads)	80%
Process Automation	78%
Product Development and Innovation	74%
Customer Engagement and Relationship Management	44%
Revenue Growth Strategies	34%
Marketing and Sales Optimization	32%
Others	2%

- **74%** prioritize investments in Personalized Product Offerings, indicating a strong focus on tailoring products to meet individual customer needs, and with **70%** prioritizing Customer Journey Mapping and Experience Optimization, further reflecting a commitment to enhancing the overall customer experience and ensuring seamless interactions

- **80%** prioritize investments in personalized product recommendations, demonstrating that commercial banks also have a strong focus on tailoring offerings to individual customer needs, however **78%** are prioritizing process automation in the front office, a notable difference from retail banking

Source: EY Parthenon Retail and Commercial Banking Generative AI Survey March 2025 (n=100)

EY Parthenon

Priority back office investments include real-time ongoing risk monitoring for lending products (68%) for retail banks, and AML/KYC (72%) for commercial banks

? "Where have you prioritized investments back office functions in the past, and where will you likely invest in the future? **Please select all that apply**" (n=50; **Retail banks only**)

? "Where have you prioritized investments back office functions in the past, and where will you likely invest in the future? **Please select all that apply**" (n=50; **Commercial banks only**)

Retail banks	%
Real-time ongoing risk monitoring for lending products	68%
Enhanced AML / KYC	66%
Enhanced data aggregation	66%
Predictive analytics	52%
Real-time fraud detection	52%
Enhanced payment reconciliation, clearing, and settlement processes	46%
Enhanced / continuous risk management	46%
Automated data entry	44%
Automated loan application processing and underwriting	40%
News classification and sentiment analysis	36%

Commercial banks	%
Augmented AML/KYC capabilities	72%
Enhanced / continuous risk management and monitoring	64%
Process optimization and automation	52%
Automated data aggregation and analysis	50%
Enhanced payment reconciliation, clearing, and settlement processes	46%
Predictive analytics for cash flow and treasury management	46%
Regulatory / legal monitoring and compliance advising	40%
Enhanced commercial loan application processing and underwriting	32%
Data entry and data validation	26%
Market volatility monitoring and advising	18%
Trade finance automation	12%

- Risk monitoring is the primary investment area for retail banks (**68%**), followed closely by enhanced AML/KYC and enhanced data aggregation, each at **66%**
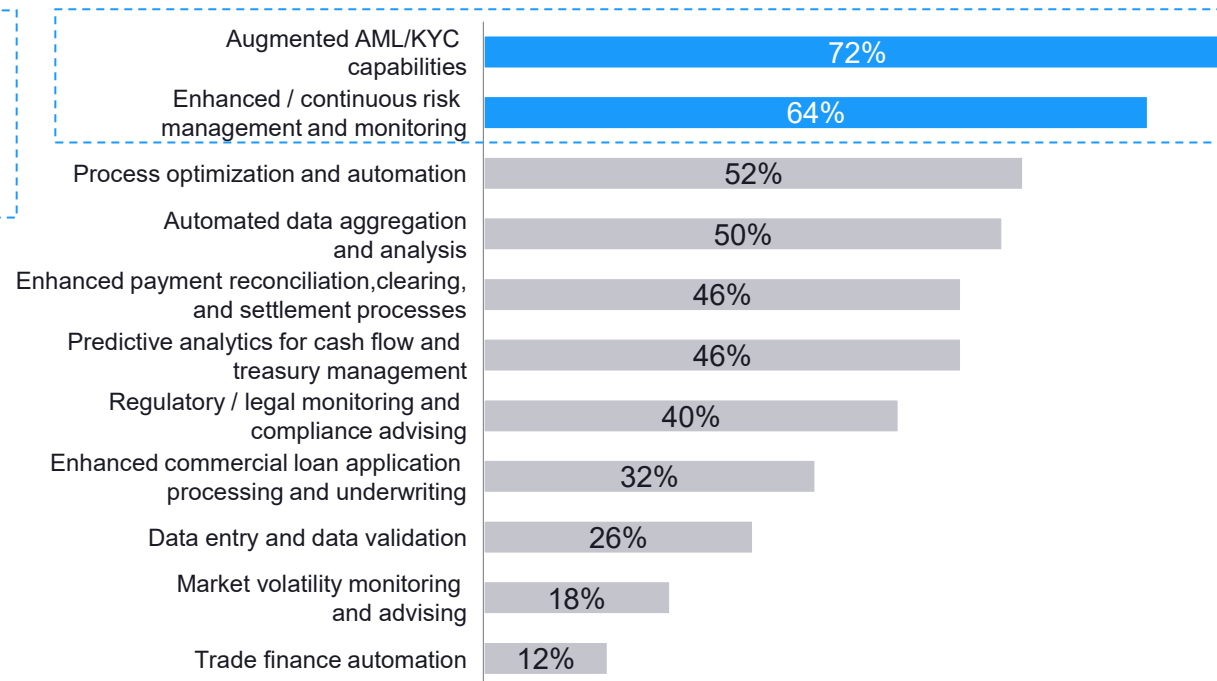
- **72%** prioritize investments in augmented AML/KYC capabilities, highlighting a strong focus on enhancing compliance and meeting regulatory requirements, with **64%** emphasized enhanced/continuous risk management and monitoring, reflecting a commitment to improving risk assessment processes and ensuring ongoing compliance with industry standards

Source: EY Parthenon Retail and Commercial Banking Generative AI Survey March 2025 (n=100)

EY Parthenon

Agentic AI, while not currently deployed, is becoming a future focus

Familiarity

- **36%** of large banks (deposits above $200b) are very familiar with, and have a strong understanding of agentic AI – higher than the **19%** average score for all banks
- Smaller banks (<$200b) have less familiarity with agentic AI's potential to create new banking services or products, which results in more unsure attitude compared with bigger banks (>$200b)

Adoption

- **93%** of banks support the increased use of agentic AI if it resulted in better outcomes for customers and the organization
- The largest banks use agentic AI primarily for increased efficiency and time savings (**43%**)
- Retail banks primarily use agentic AI for enhanced decision-making, whereas commercial banks use it primarily for improved customer experience

Human Oversight

- **99%** of banks believe that human oversight and supervision will be essential in the decision-making processes involving the use of agentic AI in the banking sector

Challenges

- The top four challenges in adopting agentic AI with the banking industries are regulatory and compliance issues (**71%**), data privacy and security concerns (**67%**), lack of trust in AI decision-making (**61%**), and integration with legacy systems (**58%**)

EY Parthenon

Demographics overview

EY Parthenon

Surveyed demographics

Surveyed retail and commercial banking managers are primarily represented by respondents from the US (n=100)

Wholesale (corporate, commercial, or small / medium enterprise (SME)) banking — 50%

Retail (consumer) banking — 50%
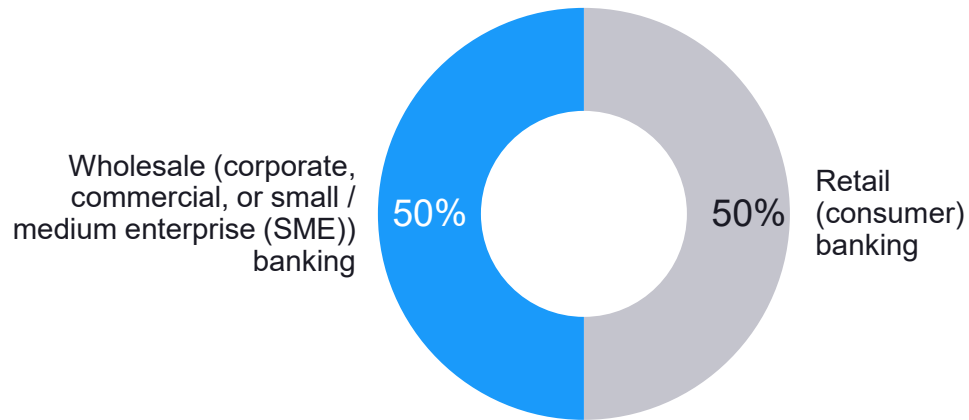
- **All** survey respondents are familiar with their firm's generative AI initiatives and engage with the teams behind them
  - Among the survey respondents, **63%** are part of the generative AI team or leading a specific business line or function

Source: EY Parthenon Retail and Commercial Banking Generative AI Survey March 2025 (n=100)

Banks with less than $200b in deposits constituted ~70% of respondents

? "What is the size of your institution's deposit base?" (n=100)
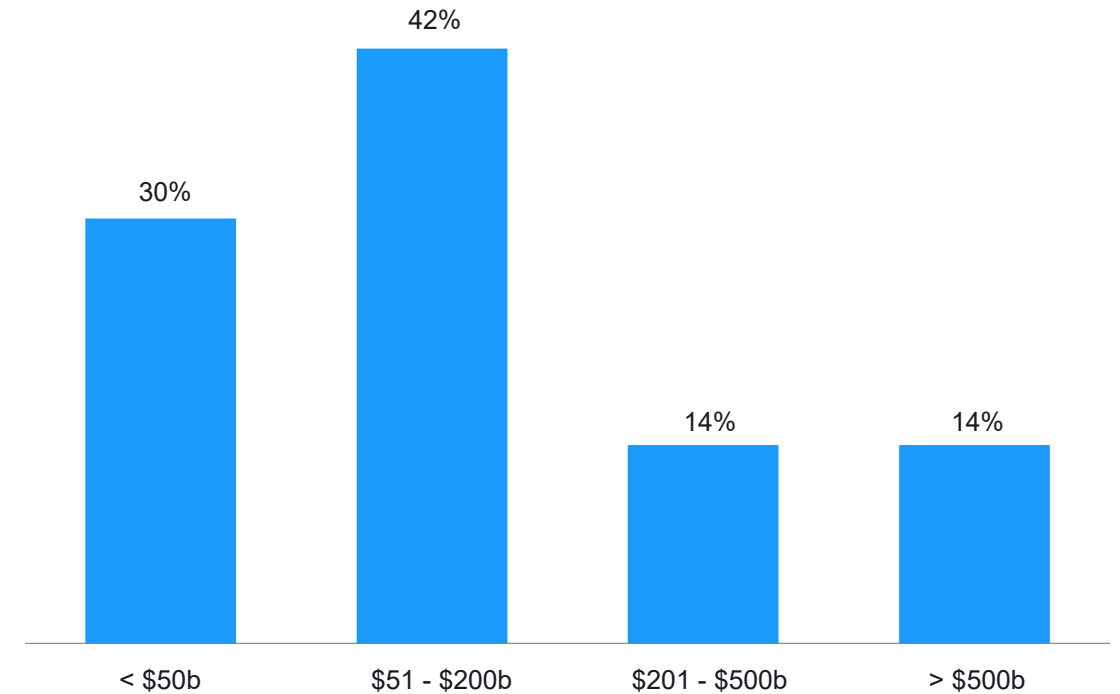
< $50b	$51 - $200b	$201 - $500b	> $500b
30%	42%	14%	14%

EY Parthenon

Ernst & Young LLP contacts

EY Parthenon

Ernst & Young LLP contacts

Authors

Prashant Kher
FS GenAI Strategy Leader
EY-Parthenon
Ernst & Young LLP
prashant.k.kher@parthenon.ey.com

Zachary W Trull
Senior Director
EY-Parthenon
Ernst & Young LLP
zachary.w.trull@parthenon.ey.com

Contributors

Nahom Brhane
Consultant
EY-Parthenon

Yusuf Azizi
Consultant
EY-Parthenon

Benjellica Leslie-Jones
Consultant
EY-Parthenon

Key contacts

Sameer Gupta
EY Americas Financial Services GenAI Leader
Ernst & Young LLP
sameer.gupta@ey.com

EY Parthenon

EY | Building a better working world

EY is building a better working world by creating new value for clients, people, society and the planet, while building trust in capital markets.

Enabled by data, AI and advanced technology, EY teams help clients shape the future with confidence and develop answers for the most pressing issues of today and tomorrow.

EY teams work across a full spectrum of services in assurance, consulting, tax, strategy and transactions. Fueled by sector insights, a globally connected, multidisciplinary network and diverse ecosystem partners, EY teams can provide services in more than 150 countries and territories.

All in to shape the future with confidence.

ey.com