

# Generative AI in Financial Services: Pathways to Value and Industry Collaboration

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# Introduction

The roundtable discussion at the Singapore FinTech Festival on Generative AI in financial services explored its transformative potential, regulatory considerations, and implementation challenges. The conversation underscored the rapid adoption of AI-driven technologies across various financial institutions, with a strong focus on Singapore's regulatory approach, industry collaboration, and the evolving banking landscape.

## The Transformative Potential of Generative AI

The discussion highlighted how Generative AI is reshaping financial services by enhancing customer service, streamlining operations, and improving risk management. Industry leaders shared insights on AI adoption trends, noting that a significant percentage of financial services revenue is expected to be AI-enabled within the next few years. The integration of AI models is driving efficiencies, enabling automation, and fostering innovation across multiple banking functions. Some financial institutions are already leveraging large language models to augment customer interactions while ensuring regulatory compliance.

## Regulatory and Ecosystem Considerations

A key focus of the discussion was the regulatory landscape governing AI in financial services. Participants emphasized the importance of a structured approach to AI governance, citing initiatives that provide frameworks for fairness, ethics, accountability, and transparency. The discussion also touched on open-source toolkits designed to assist financial

institutions in translating policy guidelines into practical AI applications. Regulators highlighted the need for industry collaboration and third-party AI assurance providers to ensure responsible AI adoption.

## Challenges in AI Implementation

Despite its promise, Generative AI adoption faces several challenges. The discussion identified data quality issues, regulatory constraints, and the need for an enterprise-wide approach to AI deployment. Financial institutions are working to improve data architecture and infrastructure to facilitate AI scalability. The conversation also stressed the importance of early regulatory dialogue to prevent fragmentation and ensure alignment between technological advancements and regulatory expectations.

## Singapore's AI Regulatory Approach

Singapore's regulatory approach was highlighted as a model for AI governance in financial services. The discussion detailed the multi-layered strategy, including the introduction of regulatory guidelines, use-case-driven initiatives, and the development of AI testing toolkits. Participants acknowledged the country's proactive stance in fostering AI innovation while maintaining a robust regulatory framework.

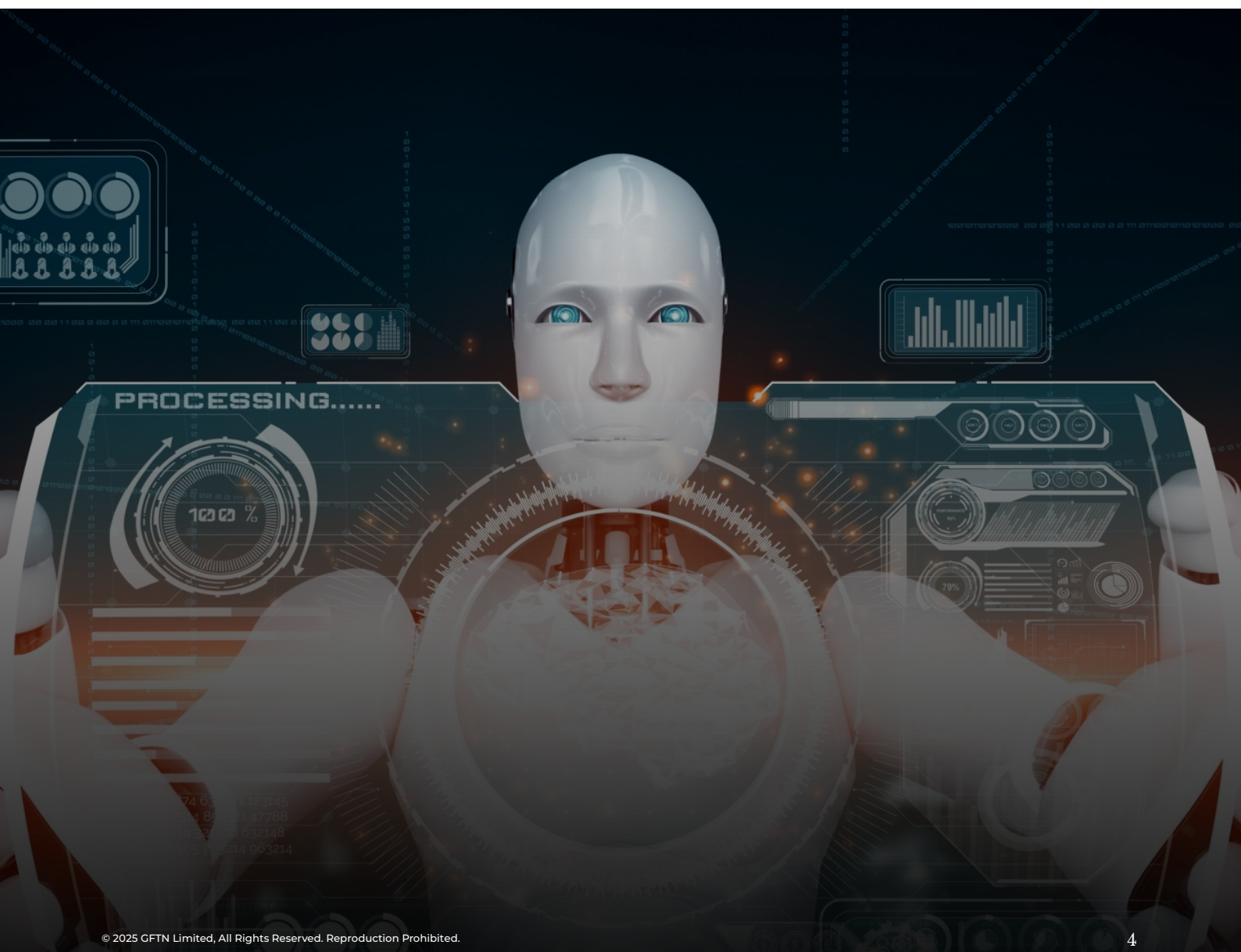
## The Future of AI in Financial Services

The discussion explored the evolving role of AI in financial services, drawing comparisons to advancements in other global markets. In some regions, AI is already driving post-digital banking, where customer interactions are

increasingly automated. Financial institutions worldwide are rethinking traditional banking models, leveraging AI to enhance service delivery and optimize business operations. The conversation concluded with a call to embrace AI's transformative potential, break organizational silos, and adapt to the evolving financial landscape.

## Conclusion

Generative AI is set to revolutionize financial services, offering new opportunities for efficiency, innovation, and regulatory evolution. While challenges remain, collaboration between regulators, financial institutions, and technology providers will be crucial in shaping the future of AI-driven banking. The urgency to adapt to these changes was emphasized, with a shared commitment to leveraging AI responsibly to create a more efficient and customer-centric financial ecosystem.





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