Stonier Graduate School of Banking

CAPSTONE PROJECT

Playbook for Banks and Wealth Management Firms to Leverage Generative AI Effectively

by

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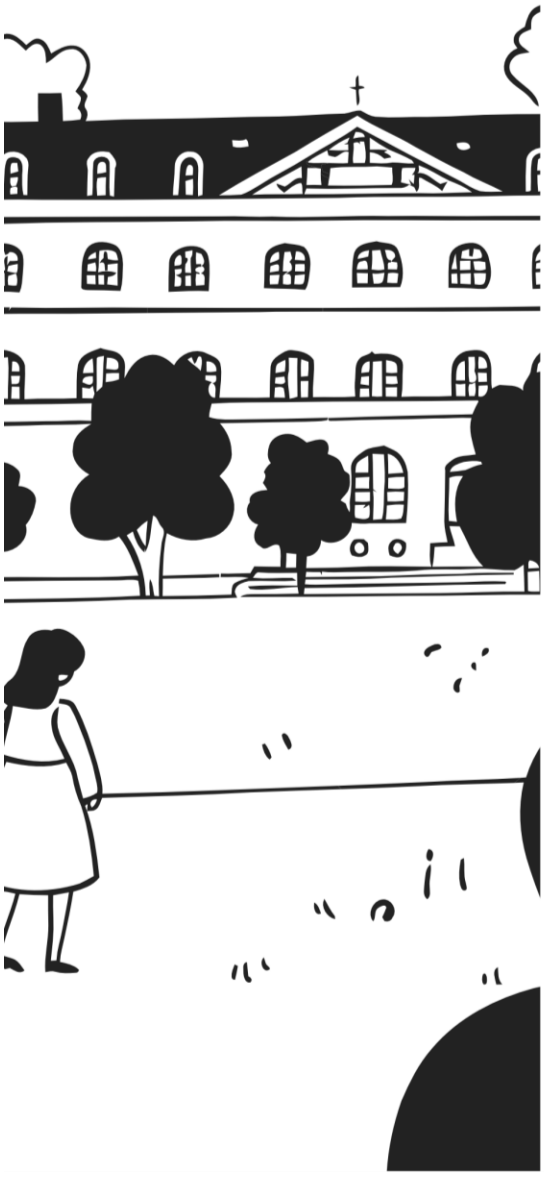

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A Playbook for Banks and Wealth Management Firms to leverage Generative AI

I. Executive Summary

This Capstone project proposes developing a Generative AI (GenAI) Playbook tailored for mid-sized banks and wealth management firms. While large Tier-2 financial institutions are rapidly scaling AI capabilities, many mid-sized firms remain constrained by legacy infrastructure, fragmented data environments, and evolving regulatory expectations. The project addresses this gap by outlining a structured framework—delivered as a consulting offering through Ankura—that enables institutions to adopt GenAI in a controlled, phased manner without requiring a full replacement of existing core systems.

The Playbook responds to a growing industry challenge. Financial institutions are operating under increasing margin pressure while simultaneously facing competition from fintech firms and rising customer expectations for faster, more personalized services. Without a clear governance and implementation framework, many organizations risk falling behind operationally or inadvertently introducing regulatory exposure by using unapproved AI tools.

To address these challenges, the project introduces a tiered transformation roadmap aligned with each institution's maturity level. The Playbook focuses on practical, high-impact use cases, such as automating credit documentation and compliance workflows in banking, and enabling AI-assisted portfolio insights and client communications in wealth management. A central design principle is the use of human-in-the-loop oversight, ensuring that AI-generated outputs support professional decision-making rather than replace it, thereby maintaining regulatory compliance and institutional accountability.

Implementation is structured through a 12–18-month phased approach, beginning with a diagnostic assessment of technology and governance readiness, followed by the development of foundational data and governance structures. The roadmap then introduces controlled pilot programs, scales successful applications into core workflows, and ultimately formalizes the framework into a repeatable deployment model for broader adoption.

The expected impact of this approach extends beyond operational efficiency. Financial modeling within the project suggests that targeted GenAI deployment could reduce manual operational effort by approximately 10–15 percent, while improving customer profitability and revenue growth through faster insights and improved client service. In addition to financial benefits, the framework aims to strengthen institutional resilience by improving risk monitoring, accelerating decision cycles, and allowing employees to focus on higher-value analytical work rather than repetitive administrative tasks.

Overall, Capstone argues that Generative AI should be viewed not as an experimental technology initiative but as a strategic capability for financial institutions. By adopting a structured playbook grounded in governance, phased implementation, and human oversight, mid-sized firms can responsibly leverage AI to improve efficiency, competitiveness, and long-term organizational performance.

II. Introduction and Background

Problem and Opportunity Statement

The global financial services industry is undergoing a fundamental shift from traditional digitization toward cognitive automation, driven by rapid advances in generative artificial intelligence (GenAI), large language models, and agentic systems. Industry research estimates that GenAI could unlock $200–$340 billion in annual value across banking, capital markets, and wealth management. Tier 1 institutions have already begun operating these technologies at scale, embedding AI into credit decisioning, fraud detection, client servicing, and internal productivity platforms.

In contrast, mid-sized banks and wealth management firms face a pronounced readiness gap. While leadership teams recognize the strategic importance of AI, execution is constrained by legacy core systems, fragmented data environments, manual workflows, and the absence of clearly defined governance frameworks for regulated AI deployment. This gap exposes institutions to competitive displacement by FinTechs, operational inefficiencies, and heightened regulatory risk associated with unmanaged or "shadow" AI usage.

This Capstone project, *Building a Resilient Future: A Playbook for Banks and Wealth Management Firms to Leverage Generative AI Effectively*, proposes developing a proprietary GenAI Playbook as a formal Ankura Consulting service offering. Playbook is designed to help financial services clients move from experimentation to controlled, production-grade GenAI adoption. Leveraging Ankura's integrated capabilities across Transaction Advisory Services (TAS), Data & Technology, and Risk & Compliance, the Playbook provides a structured, tiered roadmap that aligns AI innovation with operational resilience and regulatory expectations.

The proposed framework introduces three maturity tiers—from early-stage adopters ("Jaguars") to fully integrated organizations ("Patriots")—and prioritizes high-impact domains such as automated credit documentation, fraud analytics, and AI-enabled wealth advisory. When deployed effectively, this approach can reduce manual operational effort by approximately 10–15% over time and materially improve efficiency ratios, while maintaining robust governance and risk controls.

Ankura Consulting: Organizational Background

Ankura Consulting Group, LLC was founded in 2014 by Roger D. Carlile to build a differentiated, collaboration-driven expert services firm. From its inception, Ankura pursued rapid expansion through both organic growth and targeted acquisitions to assemble multidisciplinary capabilities spanning disputes, forensics, transactions, data, and risk advisory.

A defining milestone occurred in 2018, when Ankura acquired the Disputes, Forensics, and Legal Technology (DFLT) segment and Transaction Advisory Services practice from Navigant Consulting for approximately $470 million.

This acquisition significantly expanded Ankura's scale, technical depth, and presence in complex financial and regulatory engagements. Ankura's ownership structure has evolved to support continued growth.

Madison Dearborn Partners became the majority investor in 2016, followed by a strategic investment from HPS Investment Partners in 2021, valuing the firm at approximately $1.5 billion. Today, Ankura operates as a global independent advisory firm with more than 2,000 professionals and serves over 3,000 clients across 55+ countries.

Mission, Strategy, and Business Model

Mission and Strategic Direction

Ankura's mission is to "Protect, Create, and Recover Value" for clients facing complex challenges related to risk, transformation, disputes, and change. The firm's strategy emphasizes deep subject-matter expertise combined with advanced data, analytics, and technology capabilities.

A current strategic priority is helping clients navigate "Digital 3.0"—an environment characterized by autonomous systems, agentic AI, and increasingly complex regulatory expectations. Ankura positions itself not only as a reactive advisor during crises, but as a proactive partner enabling operational resilience, transaction readiness, and sustainable value creation.

Client Base and Geographic Coverage

Ankura serves a global client base across North America, EMEA, and APAC, spanning financial services, energy, healthcare, technology, and public sector organizations.

For purposes of this Capstone, the primary client segment is mid-sized banks and wealth management firms, typically operating at Tier 2 or below. These institutions face increasing pressure from digital-native competitors and regulatory scrutiny but lack the internal AI engineering capacity and governance infrastructure of the largest global banks.

Business Model

Ankura operates a professional services model that combines:

- Billable advisory engagements
- Fixed-fee and project-based work
- Technology-enabled and repeatable solutions

Within this model:

- Transaction Advisory Services (TAS) remains a core growth engine, advising on M&A, valuation, integration, and transaction readiness.
- Data & Technology capabilities support advanced analytics, cybersecurity, AI governance, and digital transformation.

- The proposed GenAI Playbook represents a shift toward productized consulting—a repeatable, scalable framework supported by tailored implementation services. This enhances margin scalability while reinforcing Ankura's differentiation in regulated AI adoption.

Market Position and Competitive Landscape

Market Position

Ankura is positioned as a leading challenger firm within the global specialty consulting market, particularly strong in disputes, forensics, restructuring, and transaction advisory. While financial disclosures are private, industry estimates place Ankura's 2025 revenue at approximately $750 million, reflecting sustained growth since inception.

In transaction and risk advisory, Ankura competes on agility, independence, and technical specialization rather than audit-driven scale.

Key Competitors

Ankura operates within a competitive landscape that includes:

1. **Specialized Global Advisory Firms**
   Primary competitors include FTI Consulting, Alvarez & Marsal, and AlixPartners, particularly in restructuring, transactions, and complex financial advisory.

2. **The Big Four**
   Deloitte, PwC, EY, and KPMG dominate large-scale digital transformation but are frequently conflicted out of transaction or dispute-related engagements, creating strategic opportunities for independent firms like Ankura.

3. **Strategy and AI-Focused Firms**
   Firms such as Boston Consulting Group and McKinsey maintain established AI practices. Ankura differentiates itself through independence, deep regulatory expertise, and execution-focused delivery in highly regulated environments.

Recent Financial Performance and Growth Trajectory

As a private-equity-backed firm, Ankura does not publish detailed financial statements. However, publicly reported milestones illustrate a strong growth trajectory:

- Revenue Growth: From approximately $50 million in 2016 to an estimated $750 million by 2025
- Valuation: Approximately $1.5 billion following the 2021 investment by HPS Investment Partners
- Growth Drivers: Organic expansion, strategic acquisitions, and increased demand for transaction advisory, operational resilience, and technology risk services

Ankura has successfully diversified beyond its original disputes-focused roots, expanding its Office of the CFO**,** Transactions, and Technology Risk offerings to meet evolving client demand.

Strategic Alignment of the Proposed GenAI Playbook

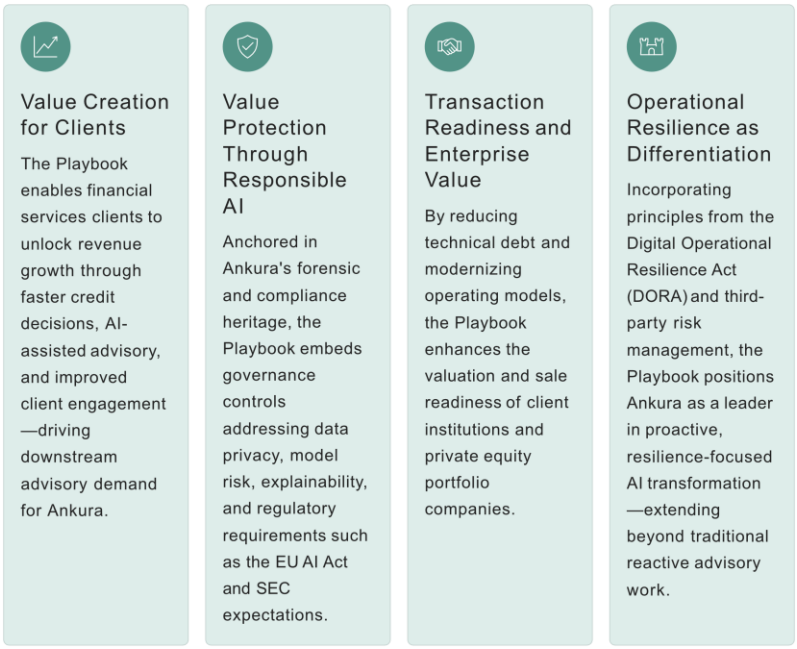
The proposed GenAI Playbook serves as a strategic bridge that directly advances Ankura Consulting's foundational mission to "Protect, Create, and Recover Value" for its clients. Rather than functioning as a standalone technology initiative, the Playbook is intrinsically linked to Ankura's broader "Digital 3.0" growth strategy, representing a shift toward scalable, "productized consulting" that drives demand across the firm's core capabilities.

Specifically, the framework acts as a powerful multiplier across two of Ankura's primary service lines:

- **Value Creation in Transaction Advisory Services (TAS):** Within the TAS practice, the Playbook serves as a critical lever for driving competitive advantage and transaction readiness. By guiding mid-market institutions and private equity portfolio companies through the modernization of their operating models and the reduction of technical debt, the framework directly enhances enterprise valuation. It prepares assets for optimal sale or integration.

- **Value Protection through Risk & Compliance:** Concurrently, the Playbook anchors itself in Ankura's deep forensic and regulatory heritage by emphasizing "Responsible AI". It embeds robust governance controls into the adoption process—addressing data privacy, model risk, and adherence to emerging mandates like the EU AI Act, DORA, and SEC guidelines—ensuring clients can innovate safely without compromising their compliance posture.

Ultimately, this alignment allows Ankura to move beyond traditional, reactive dispute resolution, positioning the firm as a proactive partner in building operational resilience and steering financial institutions safely through the era of cognitive automation.



III. Strategy and Implementation Plan

Overview and Intent

This section outlines the strategy and implementation plan for the proposed Capstone project. The objective is to describe the initiative in sufficient detail so that another professional team or organization could follow the approach and execute the project independently. The discussion addresses the key elements of the initiative—what the project involves, why it is necessary, where it applies, how it would be implemented, and who would be responsible for execution.

The strategy is intentionally designed around a dual-value proposition. On one side, it responds to the growing need among financial institutions to adopt artificial intelligence in a structured and responsible manner. On the other hand, it provides Ankura Consulting with a framework to consolidate and deploy its existing AI capabilities through a more integrated and scalable advisory offering. Together, these perspectives create a pathway that generates value for both the client institutions and Ankura, the advisory firm.

The Ankura Consulting Perspective

Strategic Context and Alignment

From Ankura Consulting's perspective, the GenAI Playbook aligns closely with the firm's broader mission of helping organizations protect, create, and recover value as they navigate increasingly complex operating environments. Traditionally, Ankura's services have been delivered through advisory engagements focused on discrete projects. However, the firm is increasingly moving toward a more scalable model that combines consulting expertise with repeatable technology-enabled solutions.

This project represents a step in that direction by transforming AI-related advisory work into a structured, productized consulting offering.

Integrating AI Initiatives into a Uniform Platform
A central objective of the Playbook is to consolidate Ankura's existing AI tools and pilot programs into a unified deployment framework. The firm has already developed several specialized AI applications, including an AML case-tracking and analysis tool designed to reduce false positives, a customer complaint and dispute-resolution assistant, and an AI-enabled credit underwriting copilot built on the Retrieval-Augmented Generation (RAG) architecture.

Rather than offering these tools independently, the Playbook integrates them within a common architecture that standardizes data ingestion, API connectivity, and model governance. This unified platform allows Ankura to deploy solutions modularly based on the client's level of technological maturity while maintaining consistent risk management standards.

Expanding the Firm's Advisory Services
Packaging these capabilities within the Playbook also strengthens Ankura's broader advisory offerings:

Transaction Advisory Services (TAS):
The Playbook can serve as a tool for improving transaction readiness. By helping institutions modernize operational processes and reduce technological debt through AI integration, Ankura can assist clients in strengthening enterprise value before mergers, acquisitions, or capital events.

Risk, Forensics, and Compliance:
Consistent with Ankura's historical strengths, the Playbook embeds governance considerations such as data privacy, model validation, and explainability directly into the implementation process. This structure naturally supports continued demand for the firm's regulatory, audit, and compliance advisory services.

The Client-Side Perspective (Banks and Wealth Management Firms)

Strategic Context and Alignment

The project is designed primarily for mid-sized banks and wealth management firms. Although these institutions operate under different business models, they face many of the same structural challenges. Most continue to rely on legacy technology environments, operate under increasing regulatory scrutiny, and manage labor-intensive workflows that limit operational efficiency. At the same time, competition from fintech firms and digitally native platforms is increasing, while client expectations are shifting toward faster, more personalized financial services.

These pressures have created a situation where many institutions recognize the potential of artificial intelligence but lack a practical framework for adopting it safely and effectively.

Project Description and Expected Outcomes

From the client's perspective, the project centers on developing and implementing a structured Generative AI (GenAI) Playbook. The purpose of the Playbook is to guide institutions through the responsible adoption of AI technologies without requiring a disruptive replacement of existing systems. Instead of a costly "rip-and-replace" strategy, the Playbook provides a phased transformation framework that enables organizations to gradually move from limited experimentation to enterprise-level AI integration.

For banks, the Playbook focuses on operational areas such as credit decisioning, fraud detection, compliance documentation, and internal productivity tools. These areas represent some of the most immediate opportunities for AI-driven efficiency and risk management improvements within regulated banking environments. While the framework can also support wealth management organizations through capabilities such as advisor enablement, portfolio insights, and automated client communications, the primary focus of this analysis is on banking institutions where operational scale and regulatory complexity create the strongest initial use cases for AI adoption. In both contexts, Playbook establishes a repeatable pathway for implementing AI capabilities while maintaining governance and regulatory alignment.

Expected Client Outcomes

- **Operational Efficiency:**
  Automation of high-friction processes—such as KYC refreshes, reconciliation workflows, and credit memo preparation—is expected to reduce manual operations by approximately 12%, potentially generating annual cost savings of $4 million for a typical mid-sized institution.

- **Revenue Growth:**
  Improved credit turnaround times and AI-driven cross-selling capabilities in wealth management are expected to drive incremental revenue. These improvements could contribute approximately $6 million to additional Net Interest Income (NII) and Assets Under Management (AUM) related fees.

- **Risk Mitigation:**
  The Playbook incorporates a structured AI governance framework designed to address emerging regulatory expectations, including provisions aligned with regulatory developments such as the EU AI Act and the Digital Operational Resilience Act (DORA). By embedding governance into the adoption process, institutions can reduce the risk associated with uncontrolled or "shadow" AI deployment.

Strategy and Implementation Plan

This section presents a strategy and implementation plan for the proposed Capstone project. It is designed to describe the project in sufficient detail such that another professional, advisory team, or organization could follow the outlined approach and execute the project independently. The discussion addresses what, why, where, how, and who of the initiative and establishes the foundation for evaluating the project's financial and non-financial impacts in subsequent sections.

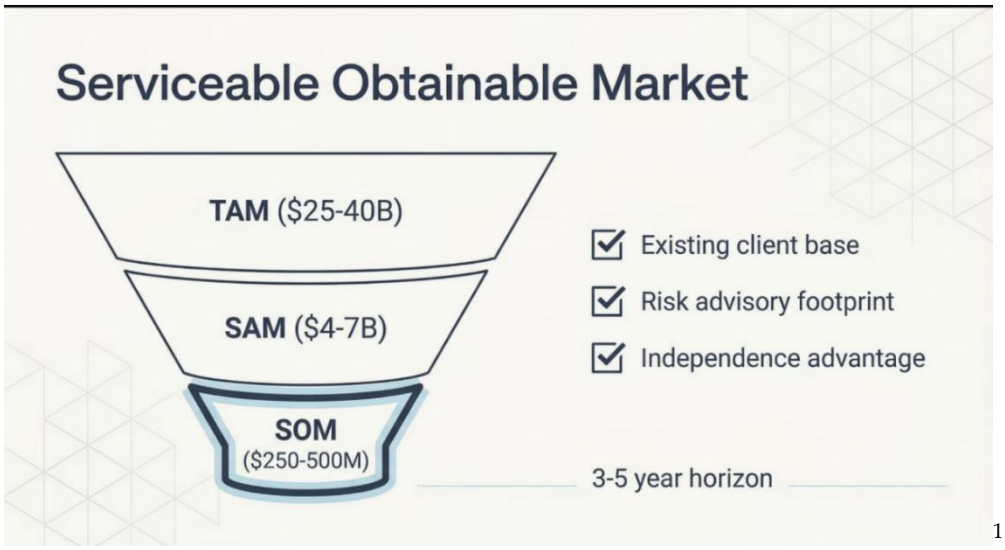
The project is structured to apply to mid-sized banks and wealth management firms, recognizing that while their operating models differ, both face similar constraints related to legacy systems, regulatory oversight, operational inefficiencies, and growing expectations for personalized, technology-enabled client service. These institutions are increasingly required to modernize their operating environments while maintaining strict regulatory compliance and risk management standards.

At the same time, the strategy is intentionally framed from two complementary perspectives: the client institutions implementing the transformation and the advisory firm supporting the implementation. From the client perspective, the focus is on improving operational efficiency, strengthening governance, and enhancing client-facing capabilities through the structured adoption of AI-enabled tools. From the firm's perspective, the strategy reflects how an advisory organization such as Ankura Consulting can develop and deploy a repeatable framework that helps financial institutions modernize while simultaneously expanding the firm's own service capabilities.

In practice, these perspectives are closely intertwined. Many elements of the strategy—such as governance frameworks, implementation sequencing, technology architecture, and risk controls—require collaboration between the advisory team and the client institution. Other elements are more clearly differentiated. For example, the client institution must ultimately integrate AI solutions into its operational processes, internal controls, and decision-making structures. At the same time, the advisory firm focuses on developing the methodology, implementation guidance, and supporting analytical tools necessary to support those transformations. Accordingly, this section discusses both perspectives and identifies where the strategies intersect and where they operate independently.

Overall, the market opportunity for AI-enabled advisory and implementation services in financial institutions is substantial. As illustrated in Figure 1, the addressable market spans a large portion of the financial services sector, with a focused segment comprising mid-sized banks and wealth management firms that are actively seeking modernization but lack the internal scale to build comprehensive AI capabilities in-house. Within this segment, the proposed Playbook framework targets a realistically attainable share over a three-to-five-year horizon by leveraging existing client relationships, Ankura's established risk advisory footprint, and the firm's independence in providing governance-focused advisory services. This positioning allows the firm to pursue a meaningful yet achievable portion of the broader market opportunity. The addressable market spans a large portion of the financial services sector, with a focused segment consisting of mid-sized banks and wealth management firms that are actively

seeking modernization but lack the internal scale to independently build comprehensive AI capabilities. Within this segment, the proposed Playbook framework targets a realistically attainable share over a three-to-five-year horizon by leveraging existing client relationships, Ankura's established risk advisory footprint, and the firm's independence in providing governance-focused advisory services. This positioning allows the firm to pursue a meaningful yet achievable portion of the broader market opportunity.



[1]

Figure 1: Serviceable Obtainable Market

Recognizing this market opportunity, the next step is to determine the most effective strategy for delivering these capabilities to financial institutions in a practical, sustainable way. AS such several alternative approaches were considered before selecting the Playbook-based strategy.

[1] *McKinsey & Company. (2023). The economic potential of generative AI: The next productivity frontier. https://www.mckinsey.com/capabilities/mckinsey-digital/our-insights/the-economic-potential-of-generative-ai-the-next-productivity-frontier*

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Alternative Options Considered

One option was full-scale modernization, involving replacing legacy core systems before AI adoption. While theoretically comprehensive, this approach was rejected due to its high cost, long implementation timelines, and elevated execution risk. For most banks and wealth management firms, core systems are deeply embedded in daily operations, making immediate replacement impractical. Large-scale system replacements often require multi-year transformation programs that disrupt existing workflows and introduce substantial operational risk.

A second option involved decentralized or ad hoc AI adoption, in which individual business units independently pursue AI tools and pilot initiatives. While this approach may initially appear flexible and innovative, it often produces fragmented results. Without centralized governance and oversight, decentralized adoption can lead to inconsistent data standards, duplication of effort, limited scalability, and increased regulatory and data privacy risks. Financial institutions operating in highly regulated environments require clear governance frameworks to ensure that new technologies are implemented responsibly and transparently.

A third option was to delay adoption until regulatory frameworks and technologies further mature. This “wait-and-see” approach was also considered but ultimately rejected. Competitive pressures, technological advancement, and evolving client expectations are accelerating the pace of change within financial services. Institutions that delay modernization risk falling structurally behind peers who are already embedding AI-enabled capabilities into core operational workflows.

The Playbook approach was selected because it allows institutions to modernize incrementally, leverage existing systems, and embed governance from the outset. Rather than forcing a disruptive transformation, the Playbook provides a structured pathway that guides institutions through the gradual integration of AI tools into existing operational environments.

From the advisory firm’s perspective, the Playbook strategy also represents a deliberate shift toward a more structured and scalable service model. Traditional advisory engagements often involve highly customized project work that must be redesigned for each client. While this approach can provide deep insights, it can also limit scalability and create inefficiencies in knowledge transfer across engagements. By developing a structured Playbook, the advisory firm creates a repeatable framework that can be adapted across multiple financial institutions while still allowing customization based on the client’s size, regulatory environment, and technological maturity.

In this way, the Playbook serves not only as a transformation guide for client institutions but also as a knowledge-management and service-delivery framework for the advisory firm itself. The framework enables the firm to capture best practices from prior engagements, standardize implementation methodologies, and deploy multidisciplinary expertise across technology, risk, and operational advisory functions.

Strategic Fit and Competitive Advantage

The project aligns directly with the strategic objectives of banks and wealth management firms seeking to balance growth, efficiency, and regulatory discipline. Rather than treating AI as a standalone innovation initiative, the Playbook integrates AI adoption into broader operating and risk management strategies.

From a competitive standpoint, the project enables institutions to improve speed, accuracy, and personalization without sacrificing control or compliance. Banks gain the ability to process credit and risk decisions more efficiently, while wealth management firms enhance advisor productivity and client engagement at scale. In both cases, the institution moves toward an operating model in which technology serves as a decision-support co-pilot rather than a replacement for professional judgment.

This approach creates a competitive advantage by allowing mid-sized institutions to approximate the service quality and responsiveness of larger competitors while maintaining cost discipline and regulatory credibility. By integrating AI-enabled decision support into core workflows, institutions can respond more quickly to client needs while maintaining transparency and oversight.

At the same time, the strategy provides the advisory firm with an opportunity to develop a differentiated service offering centered on responsible AI adoption within regulated financial environments. Many advisory firms currently provide high-level guidance on digital transformation, but fewer offer structured implementation frameworks that integrate technology adoption with governance, regulatory compliance, and operational risk management. By formalizing the Playbook as a structured implementation framework, the advisory firm can integrate expertise from its technology, risk, and advisory practices while maintaining consistency in governance, model risk management, and regulatory alignment.

Over time, this structure allows the advisory firm to move beyond purely project-based engagements toward a more scalable advisory platform. Instead of approaching each client engagement as an entirely independent effort, the firm can leverage the Playbook to deploy standardized methodologies, analytical tools, and governance templates across multiple institutions.

The Playbook, therefore, serves a dual purpose. For client institutions, it functions as a practical roadmap for responsible AI adoption. For the advisory firm, it becomes a mechanism for delivering repeatable, high-value advisory services across multiple financial institutions. As more institutions adopt the framework, the advisory firm gains additional insights and implementation experience, further strengthening the quality and credibility of future engagements. In this way, the transformation of client institutions and the development of the firm’s advisory platform reinforce one another, creating a mutually beneficial cycle of learning, refinement, and strategic growth. The Playbook therefore serves a dual purpose. For client institutions, it functions as a practical roadmap for responsible AI adoption. For the advisory firm, it becomes a mechanism for delivering repeatable, high-value advisory services across multiple financial institutions. As more institutions adopt the framework, the advisory firm gains additional insights and implementation experience, further strengthening the quality and credibility of future engagements. In this way, the transformation of client institutions and the

development of the firm's advisory platform reinforce one another, creating a mutually beneficial cycle of learning, refinement, and strategic growth.

Required Resources

Successful execution of the project requires coordinated resources across both the client institution implementing the transformation and the advisory firm supporting the Playbook framework. While the responsibilities differ, effective implementation depends on alignment between these two perspectives.

Financial resources include investments in data infrastructure, cloud services, AI tools, system integration, and staff training. Client institutions allocate funding to integrate AI capabilities into existing operations, while the advisory firm invests in developing reusable frameworks, analytical tools, and implementation methodologies that support multiple client engagements.

Organizational resources focus on governance and coordination. Client institutions typically establish oversight through a steering committee consisting of senior leaders from risk, technology, legal, and business functions. The advisory firm supports this structure by deploying multidisciplinary teams with expertise in regulatory advisory, technology implementation, and operational transformation.

Human resources center on training and change management. Institutional staff must be prepared to operate in "human-in-the-loop" environments where AI outputs support, but do not replace, professional judgment. At the same time, the advisory firm provides specialists in data science, financial risk management, and regulatory compliance.

Communication resources support internal adoption within the institution and, where appropriate, external communication of enhanced capabilities. Together, these resources enable the Playbook strategy to be implemented in a controlled and scalable manner.

Process Changes and Operational Improvements

The project introduces meaningful changes to existing processes by shifting institutions from manual, document-driven workflows to AI-assisted operating models.

In banking environments, AI can automate data collection, draft documentation, and surface insights for credit and risk teams. In wealth management firms, AI supports advisors by automating preparation, analysis, and client follow-up activities. Across both settings, governance processes evolve from periodic reviews to more continuous monitoring, with embedded controls designed to support accuracy, mitigate bias, and maintain regulatory compliance.

From Ankura's perspective, the implementation also introduces operational improvements in how advisory services are delivered. Rather than relying solely on highly customized, project-by-project engagements, the Playbook framework allows Ankura to standardize elements of its advisory methodology, including governance templates, analytical tools, and implementation workflows. This enables the firm to

capture institutional knowledge from prior engagements and apply it more consistently to clients.

As a result, Ankura's internal processes become more structured and scalable, allowing advisory teams to focus more on strategic guidance, regulatory interpretation, and complex problem-solving rather than repetitive analytical tasks. Together, these changes support faster project delivery, improved consistency across engagements, and more efficient use of professional expertise on both the client and advisory sides.

Future Opportunities and Constraints

The project opens future opportunities for scalable growth, including enhanced advisory services, improved client retention, and increased transaction readiness. Institutions that successfully implement the Playbook are better positioned to respond to evolving client expectations and regulatory requirements.

At the same time, the project introduces new responsibilities related to model oversight, regulatory interpretation, and change management. These constraints are addressed through the Playbook's governance framework and phased implementation approach.

Role and Professional Growth

My role in this project would be a Project Lead, responsible for overall design, stakeholder alignment, governance, and oversight of execution. This role extends beyond routine responsibilities and requires strategic coordination across technology, risk, and business domains.

Leading this initiative represents significant professional growth, demonstrating the ability to translate emerging technologies into structured, regulated, and value-driven solutions for complex financial organizations.

Stakeholder Identification and Engagement

Successful execution requires approval and buy-in from key stakeholders, including senior leaders in risk, technology, legal, and business units. Engagement occurs through a formal governance structure with defined checkpoints aligned to implementation phases. Stakeholders are involved early to ensure alignment and remain engaged throughout execution.

Chief Risk Officer

Validates Three Lines of Defense model for AI governance and ensures compliance with Model Risk Management principles and supervisory expectations.

Chief Information Officer

Approves technical architecture including cloud infrastructure and API layers while ensuring data security protocols align with DORA and cybersecurity standards.

Business Unit Heads

Define specific use cases and key performance indicators including AUM growth and efficiency ratios to ensure tangible business value delivery.

General Counsel

Ensures alignment with GDPR, CCPA, and EU AI Act regarding data usage, client consent, and regulatory compliance across jurisdictions.

Governance Structure

Steering Committee meets monthly to provide strategic direction, approve scope changes, and authorize progression between major program phases. Executive representation ensures alignment with institutional priorities and risk appetite while maintaining accountability for outcomes and resource allocation decisions.

Engagement Timing

Executive stakeholders engage early during Diagnostic Phase to align on strategic objectives. Technical and compliance stakeholders assume greater involvement during Foundations Phase. Business Unit Heads become primary stakeholders during Pilot Phase for use-case performance evaluation.

2

Implementation Roadmap and Execution Plan

The project follows a phased, step-by-step implementation plan spanning 12 to 18 months. Each phase includes defined objectives, deliverables, responsible parties, and decision checkpoints, enabling another team to replicate the approach if necessary.

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[2] *Institute of Internal Auditors. (2020). The Three Lines Model: An update of the Three Lines of Defense.* https://www.theiia.org/globalassets/site/about-us/advocacy/three-lines-model-updated.pdf

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Pilot Testing and Go/No-Go Decisions

Pilot testing is a key component of the implementation strategy. Initial pilots focus on internal-facing use cases designed to validate model performance, governance controls, and operational feasibility before broader deployment.

These pilots are conducted collaboratively between Ankura's advisory team and the client institution's operational and risk management teams. Ankura provides technical guidance, governance frameworks, and analytical support, while the client evaluates how the solutions integrate into existing workflows and decision-making processes.
Advancement to broader deployment depends on meeting predefined success criteria, with clear go/no-go decision points at each stage. These checkpoints allow both Ankura and the client institution to assess results, address operational or governance considerations, and confirm alignment with strategic and regulatory expectations.

The table below outlines a structured five-phase implementation roadmap for deploying the Gen-AI Playbook, beginning with the initial assessment and governance foundation and progressing through pilot testing and operational integration to full institutionalization across the organization. The implementation is expected to span approximately 12–18 months. Each phase includes defined objectives, deliverables,

responsible parties, and decision checkpoints to ensure disciplined execution and accountability. The final phase consolidates lessons learned into a repeatable Gen-AI Playbook approved by executive leadership for broader institutional deployment.

Flow Element	Phase 0: Diagnostic	Phase 1: Foundations	Phase 2: Gen-AI Pilots	Phase 3: Scale & Integration	Phase 4: Finalization
Timeline	Weeks 1–4	Months 2–4	Months 5–8	Months 9–14	Month 15
Objective	Establish Project Baseline and Scope	Build Secure and Compliant Infrastructure	Validate Use Cases in Controlled Environment	Embed and Scale Capabilities into Core Operations	Formalize and Package Framework
Key Tasks/Milestones	• Map current tech stack & operating model. • Conduct regulatory baseline assessment. • Secure stakeholder alignment.	• Establish secure data lake & API layer. • Draft AI Governance Charter & Policy. • Deploy quick-win RPA bots (e.g., KYC refresh).	• Launch LLM Co-pilot for analysts. • Deploy Gen-AI fraud-alert summarizer. • Establish a secure "Sandbox."	• Integrate Gen-AI into core credit workflows. • Roll out staff upskilling program.	• Publish final Playbook (governance templates). • Package distinct Playbook editions.
Responsible Parties	Project Lead, IT Architects, Risk Team	CIO, Data Governance Lead, Compliance	AI Engineering Pod, Business Unit Heads, Model Risk Management	Project Lead, HR/Training, IT Operations	Project Lead, Marketing, Steering Committee
Decision Gate	**End of Diagnostic Phase** (Output is approved scope)	**End of Phase 1:** Is data infrastructure secure/robust? **Metric:** Successful penetration testing and data privacy audit. (Go/No-Go)	**Mid-Phase 2:** Are pilots accurate and manageable? **Metric:** Human review >95% accuracy; manageable Human-in-the-loop intervention rate. (Go/No-Go)	**End of Phase 3:** Successful integration and compliance adherence. (Proceed to finalization)	**End of Project** (Steering Committee Approval for Public Release)

IV. Financial Impact

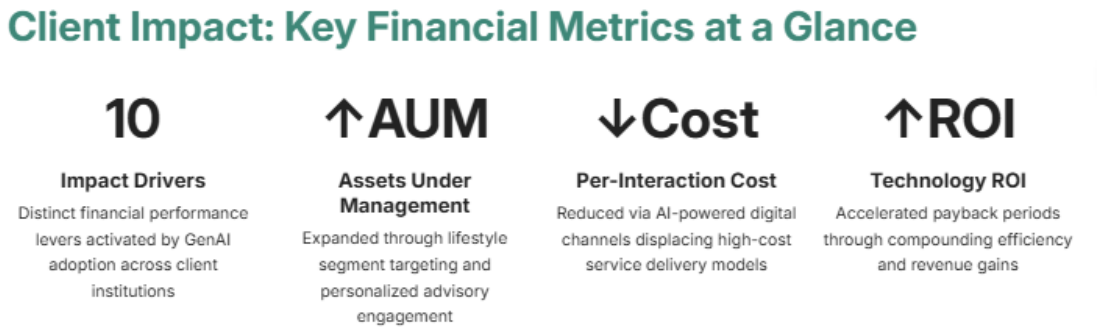
Implementing the Generative AI (GenAI) Playbook produces measurable financial impacts for both financial institutions adopting the framework and advisory firms supporting its deployment. For banks and wealth management firms, the primary benefits emerge through improved operational efficiency, enhanced revenue generation, and stronger risk management capabilities. For Ankura Consulting, this Playbook creates opportunities to scale advisory services, deepen client engagements, and develop repeatable consulting frameworks that can be deployed across multiple institutions.

Taken together, these effects create a mutually reinforcing value proposition: client institutions achieve measurable improvements in profitability and operational performance. At the same time, Ankura enhances its ability to deliver high-value advisory services in a rapidly growing market for responsible AI implementation.

Client-Side Financial Impact (Banks and Wealth Management Firms)

1. Customer Profitability AI-driven behavioral segmentation enables institutions to deliver personalized product recommendations, increasing cross-selling and up-selling opportunities, and improving average revenue per customer.
2. Lifestyle Segment Targeting Advanced analytics allows financial institutions to target better specific demographic cohorts, such as retirees, young professionals, or small business owners. Tailored financial offerings increase engagement, expand assets under management (AUM), and drive fee-based product adoption.
3. Product Profitability Automation of complex financial product services, such as mortgage underwriting or wealth advisory support, reduces operational costs and improves margins by lowering per-product servicing expenses.
4. Delivery Channel Efficiency AI-powered digital assistants and automated service channels reduce reliance on high-cost physical channels and call centers, lowering cost per interaction while increasing digital adoption.
5. Return on Investment (ROI) Operational productivity gains, revenue expansion, and risk reduction collectively improve the overall return on technology investments and shorten implementation payback periods.
6. Revenue Growth and Mix Diversification AI enables new digital advisory services and scalable wealth management offerings, expanding revenue streams and increasing the proportion of fee-based income.
7. Deposit Servicing Cost Reduction Automation of routine account servicing, alerts, and monitoring reduces operational costs associated with deposit management.
8. Sales Growth and Market Expansion AI-supported lead scoring and behavioral insights improve targeting accuracy, increase conversion rates, and accelerate sales cycles.
9. Fee Revenue Expansion Digital advisory services and data-driven client insights allow institutions to monetize new services, increasing non-interest income.
10. Credit Quality and Risk Reduction Predictive analytics identify early warning signals for borrower distress, allowing institutions to intervene sooner and reduce delinquency rates and credit losses.

Collectively, these improvements strengthen both profitability and operational resilience, enabling mid-sized institutions to compete more effectively with larger financial organizations.



Key Financial Metrics and Estimated Impact

The following metrics summarize the potential financial improvements associated with GenAI adoption for a representative mid-sized financial institution.

Methodological Note — Sources and Calculation Basis for Table Figures:
Baseline figures are drawn from publicly available industry data. The ~$100 average annual profit per customer and ~50% unprofitable accounts observation are consistent with McKinsey & Company, State of Retail Banking (2024) and FDIC Quarterly Banking Profile (2024). The ~$4 branch transaction cost vs. ~$0.17 digital transaction cost are widely cited benchmarks sourced from Bain & Company and McKinsey retail banking research. The ~30% net profit margin baseline and ~3.3% NIM on $10B assets are consistent with FDIC aggregate data for insured institutions (FDIC, 2024) and WSFS Financial FY2025 reporting (Simply Wall St, 2026). The ~5% organic revenue growth baseline reflects mid-tier bank norms per McKinsey State of Retail Banking (2024). The ~1.5% 30+ day delinquency rate is consistent with FDIC industry averages (2024). The ~9% RAROE baseline reflects moderate mid-tier bank performance per FDIC and McKinsey benchmarks.

Post-GenAI improvement estimates are author-derived projections informed by the following sources: The 5–10% customer profitability improvement is directionally supported by McKinsey's finding that banks deploying AI in frontline sales achieved 3–15% higher revenue per relationship manager (McKinsey, State of Retail Banking, 2024). The ~10% product margin improvement is consistent with McKinsey's documented 10–20% profitability improvement from AI-based loan pricing and BCG's reported 26% increase in risk-adjusted returns from AI-optimized commercial loan pricing (ITSCredit, 2025, citing McKinsey and BCG). The ~150% GenAI ROI estimate is consistent with Pepper Foster Consulting, The Artificial Intelligence ROI Report, and Columbia SIPA (n.d.), Challenges in Calculating the ROI to Generative AI for Financial Institutions. The +3 percentage point revenue growth uplift is an author projection consistent with Accenture and McKinsey (2025) benchmarks. The 10% delinquency reduction is directionally supported by ECB Banking Supervision (2025) findings on AI credit scoring improvements. Dollar impact figures are illustrative calculations applied to a hypothetical $5–10B asset bank with ~200,000 customers and ~$500M in annual revenue, and are not intended as forecasts for any specific institution.

Metric	Baseline (Pre-GenAI)	Post-GenAI Scenario	Approx. $ Impact (for $5–10B bank)
Past Dues / Loans (30+ day delinquency)	~1.5% of loans delinquent	~1.35% (10% relative improvement) via AI better credit monitoring	Lower provisions: $3–$5M less credit loss expense
Return on Risk-Adj. Equity (RAROE)	~9% (moderate ROEfor midsize)	~10% (improved by ~1 pp) via higher profits, less risk	+$10M risk-adjusted profit (on ~$1B equity)
Customer Profitability (profit per customer/yr)	~$100 profit per customer (avg); 50% of customers barely breakeven	~$105–$110 per customer(5–10%↑) via AI cross-sell & lower service cost	+$5–$10 profit per customer ≈ +$2M (if 200k customers)
Product Profitability (net profit margin)	~30% net profit margin on products	~33% net margin (approx.10%↑) via better pricing, cost automation	+3 percentage points margin; e.g. +$15M on $500M revenue
Delivery Channel Cost (per transaction)	~$4 per branch txn vs $0.17 digital; mixed avg ~$1.50/txn	~10% lower avg cost (more digital use) via AI chatbot, self-service shift	$5–$10M saved in ops costs (fewer branch/call transactions)
Return on Investment (GenAI project ROI)	Low/uncertain ROI(tech projects ~0–50%)	High ROI(GenAI payback ~150% in year 1) via rapid benefits realization	Invest $5M, get ~$7.5M benefits = $2.5M net gain year 1
Revenue Growth (annual)	~5% organic growth (mid-tier norm)	~8% growth with GenAI (+3 pp) via personalized marketing, AI sales	+$15M revenue in Year 1 (on $500M base)
Revenue Mix (% fee revenue)	~30% fee / 70% interest	~33% fee / 67% interest via new AI-enabled fee services	+$10–$15M fee revenue (higher-margin income)
Net Interest Income (annual)	~$300M (NIM ~3.3% on $10B assets)	~$315M(5%↑NII) via AI loan growth & pricing lift NIM	+$15M interest income (pre-provision)
Sales Growth (new loans/accounts)	~5% yearly growth in volume	~8% growth (higher sales productivity) via AI lead-gen, better conversion	More loans/accounts -> contributes to revenue ↑(see above)

Investment Requirements

Successful implementation of generative AI requires strategic investment in technology infrastructure, data management, and human capital. For mid-sized banks and wealth management firms, this typically involves expanding cloud infrastructure, strengthening data architecture, and integrating AI applications with existing core banking systems through APIs.

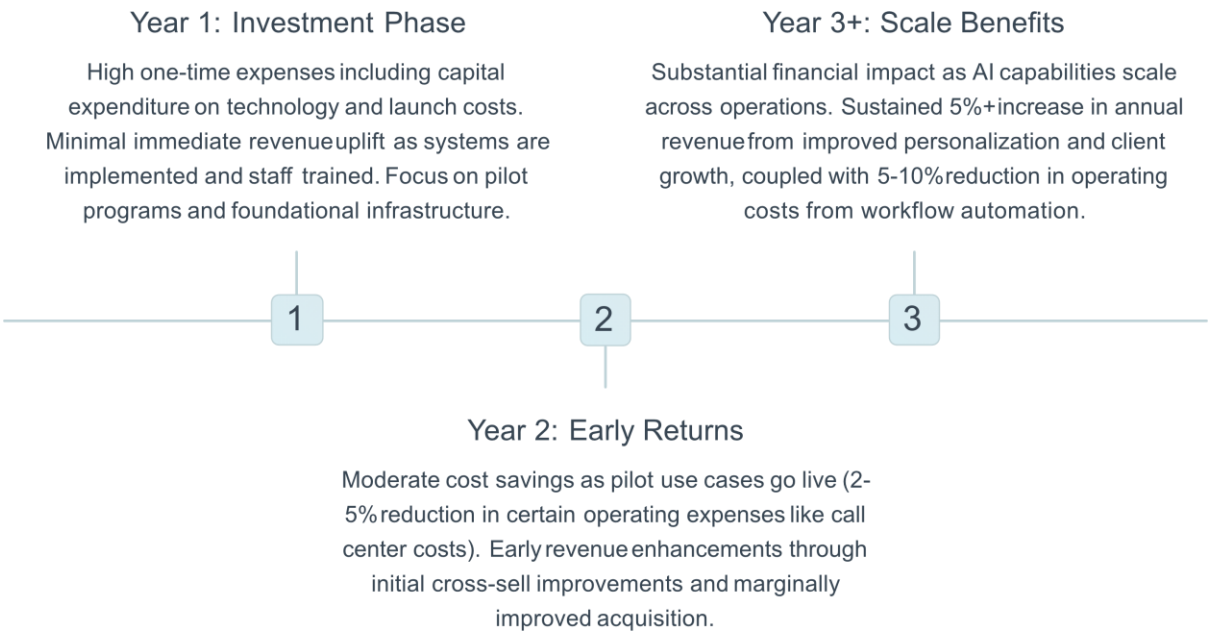
Industry surveys indicate that 90 percent of banking executives now maintain dedicated GenAI budgets, while 75 percent of wealth management firms report planned investments exceeding $11 million for AI initiatives. For a representative mid-sized bank with $5–$10 billion in assets, establishing a secure enterprise-grade AI architecture is estimated to require approximately $5.3 million in capital investment during Year 1, followed by approximately $2.3 million in Year 2 to support system integration, scaling, and model refinement.[3]

A three-year pro forma financial projection illustrates how the financial benefits of these investments typically emerge over time. The first year represents an implementation and learning phase in which infrastructure, integration, and training costs exceed immediate operational gains. Beginning in the second year, efficiency improvements and revenue growth begin to offset the initial investments as AI-enabled capabilities expand across business functions.

[3] *Methodological Note — Sources and Calculation Basis for Investment Statistics:*
The 90% dedicated GenAI budgets figure is an author-derived estimate directionally supported by EY-Parthenon, GenAI in Retail & Commercial Banking Survey (March 2025), which found 89% of banking executives anticipate strong GenAI impact ahead and 71% have already implemented or soft-launched GenAI capabilities; and Temenos/Hanover Research (2025), which found 75% of banks actively exploring GenAI deployment. The precise 90% threshold is not attributable to a single named survey and should be read as a rounded approximation of broad executive commitment to GenAI investment.

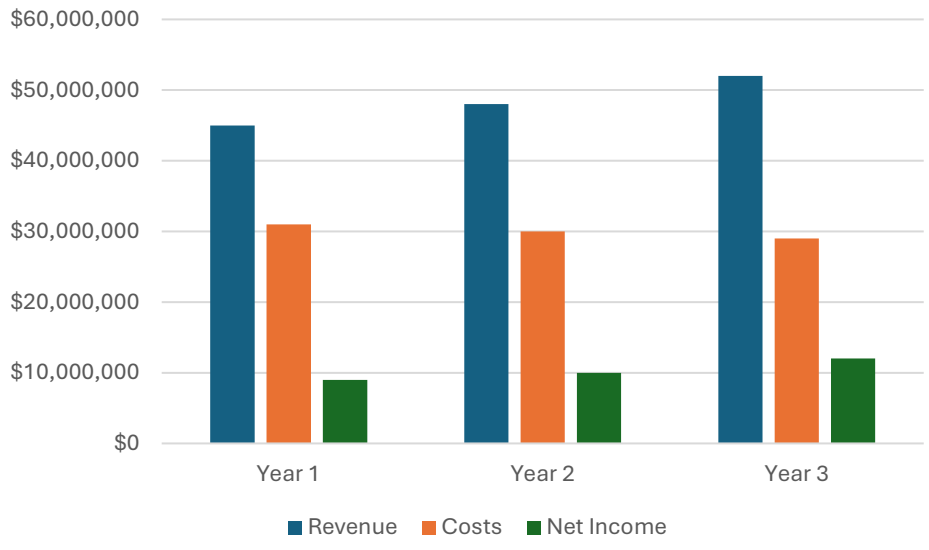
The 75% of wealth management firms allocating over $11 million figure is directionally supported by Wipro Limited (2024), AI in Wealth Management: Navigating an Evolving Data-Driven Landscape, which found that 77% of surveyed wealth management firms report improved decision-making from AI adoption and that AI budget allocations are expected to more than double from 16% to 37% of IT spend within 3–5 years. The specific $11 million investment threshold is drawn from the full Wipro (2024) report findings and is consistent with the scale of investment described therein.

The $5.3 million Year 1 and $2.3 million Year 2 implementation cost estimates are author-derived projections for a representative $5–10 billion asset midsize bank. These figures are constructed from component cost benchmarks including AI platform licensing, cloud infrastructure, data preparation, talent, and governance program costs, and are directionally consistent with investment ranges described in Bain & Company (2024), How Bank CIOs Can Build a Solid Foundation for Generative AI; McKinsey & Company (2025), Scaling Gen AI in Banking; and AWS for Industries, Building an AI Stack for Banking on AWS. These figures are illustrative and not intended as forecasts for any specific institution.



By the third year, the financial benefits become more fully visible as operational efficiencies and revenue gains compound. For example, a 12 percent reduction in manual operations can generate approximately $4 million in annual cost savings, while improved customer targeting and product personalization may contribute an additional $6 million in revenue growth. As illustrated in the projection below, institutions typically reach break-even between months 18 and 30, corresponding to an average payback period of approximately 2.5 years.

This financial trajectory reflects the adoption pattern observed across the banking industry, where organizations initially experience an implementation phase followed by accelerating financial returns as AI capabilities scale across operations.



Although these expenditures represent a significant portion of the technology budget, they serve as a necessary foundation for moving beyond isolated pilot projects toward a sustainable AI-enabled operating model.

Organizations must also determine whether to adopt off-the-shelf AI tools, develop custom solutions, or pursue a hybrid strategy that combines vendor technologies with internal customization. Many institutions favor hybrid approaches because they balance faster deployment timelines with the flexibility needed to adapt AI solutions to institution-specific processes and regulatory requirements.

Risk Evaluation and Scenario Planning

Despite the significant financial benefits associated with GenAI adoption, financial institutions must also consider potential risks. These risks include model errors, data privacy concerns, regulatory compliance challenges, and operational disruptions during implementation.

To address these concerns, institutions should adopt a structured risk management framework that includes rigorous model validation, strong data governance controls, and continuous performance monitoring.

Model and Output Risks

Generative AI models can produce incorrect outputs ("hallucinations") or inconsistent results. Lack of explainability creates uncertainty in high-stakes areas like credit decisions or trading, potentially leading to financial loss or compliance issues. Model risk management frameworks must include rigorous testing and human oversight.

Data Privacy and Security

AI reliance on vast customer data raises confidentiality concerns. Improper handling risks data leakage or regulatory violations. Biases in training data can lead to discriminatory outputs. Industry surveys show 77% of wealth firms identify data privacy and accuracy concerns as widespread challenges in GenAI adoption.

Operational Integration Risk

Complex implementation may face integration failures or delays, postponing benefits. Vendor dependency creates service disruption risk. Scaling too quickly amplifies issues, while overly cautious pilots fail to generate meaningful returns. Balance is critical but challenging to achieve.

Regulatory Compliance

Evolving regulatory environment creates uncertainty. Regulations may require explainability, restrict certain uses, or mandate costly changes. AI-generated content risks violating fiduciary standards or fair lending laws. Nearly 90% of banking leaders report compliance as complex but improving with proper AI governance.

Cybersecurity Threats

AI represents both defense and vulnerability. Criminals can weaponize GenAI for sophisticated phishing or system manipulation. Increased AI reliance means outages disrupt services. Prompt injection attacks can exploit AI systems to divulge confidential information or trigger unauthorized actions.

Human Capital Challenges

Employee anxiety about AI threatening roles can cause resistance or attrition. Citigroup estimates 54% of banking jobs could be impacted long-term. Change fatigue and inadequate communication risk project failure. Mishandling workforce transition harms morale with indirect financial costs.

Importantly, the risk of failing to adopt AI technologies must also be considered. As competitors increasingly deploy AI-enabled capabilities, institutions that delay adoption may face declining competitiveness, reduced market share, and long-term erosion of profitability.

Each identified risk can be managed through careful strategic planning and governance. Our mitigation approach combines technical controls, organizational measures, and cultural transformation to maximize success probability while limiting downside exposure.

Technical Controls	Operational Safeguards	Cultural Enablement
Rigorous model testing and validation	Phased implementation with decision gates	Clear leadership communication
Conservative AI modes with human review	Contingency and fallback plans	Comprehensive training programs
Continuous performance monitoring	Multi-vendor strategy, avoiding single points of failure	Employee involvement in pilots
Strong data governance and anonymization	Robust AI operations monitoring	Upskilling and career development
Secure AI platforms and vendor contracts	High-volume use case targeting	Celebrating quick wins
Algorithmic fairness checks.	Real-time anomaly detection	Executive sponsorship and vision alignment.

Critically, the risk of not investing must also be considered. Failing to adopt AI while competitors advance represents its own form of strategic risk. Banks that delay may become progressively less competitive, losing customers and market share to AI-enabled rivals—ultimately undermining profitability despite avoiding upfront project costs.

Ankura Financial and Operational Impact

From Ankura Consulting's perspective, the GenAI Playbook represents an opportunity to transform traditional advisory services into a scalable consulting platform focused on AI-enabled transformation within regulated financial environments.

1. **Scalable Advisory Framework**
   The Playbook allows Ankura to standardize elements of its advisory methodology, enabling faster project deployment and improved efficiency across client engagements.
2. **Expanded Client Engagements**
   AI transformation initiatives create opportunities for broader engagements spanning technology advisory, risk consulting, regulatory compliance, and operational transformation.
3. **Recurring Advisory Revenue**
   Governance oversight, model monitoring, and regulatory compliance requirements generate ongoing advisory engagements beyond the initial implementation phase.
4. **Technology-Enabled Consulting**

AI tools assist Ankura consultants with documentation, analysis, and reporting, reducing time spent on repetitive analytical tasks and increasing productivity.

5. **Long-Term Platform Development**
   Over time, repeated client engagements allow Ankura to accumulate institutional knowledge, refine implementation methodologies, and develop reusable analytical tools. Playbook, therefore, evolves from a single consulting framework into a broader advisory platform capable of supporting AI transformation across multiple financial institutions.

These complementary outcomes create a mutually reinforcing dynamic: as more institutions adopt AI-enabled operating models, the demand for structured advisory frameworks and governance expertise continues to grow. In this way, the Playbook not only enhances financial performance for client institutions but also strengthens Ankura's ability to deliver long-term value across the financial services industry.

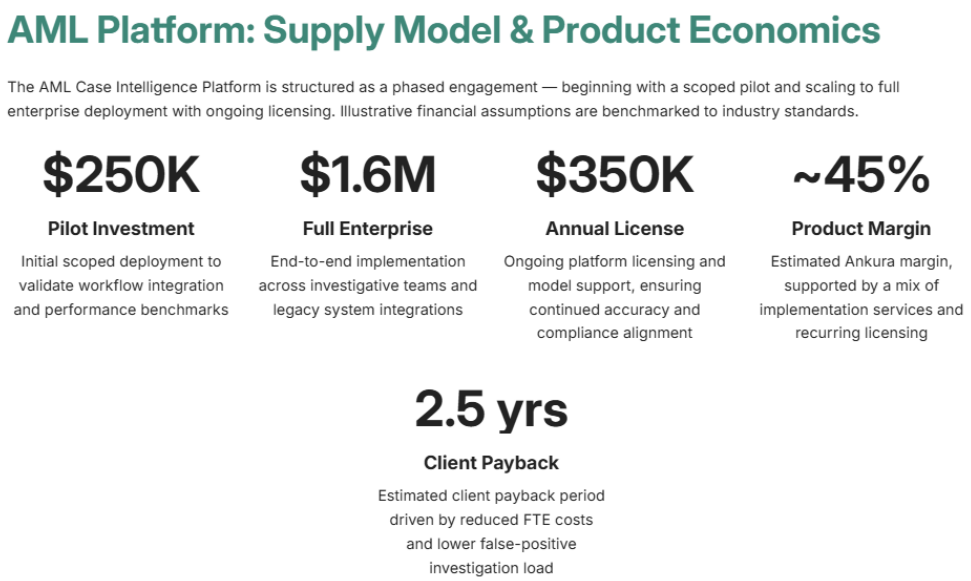
Financial Impact Case Studies

The growing scale of AI investment has created strong demand for practical GenAI solutions tailored to mid-sized banks and wealth management firms. Unlike large global banks that often develop proprietary AI platforms internally, mid-market institutions typically seek solutions that integrate with existing systems while remaining cost-effective and compliant with regulatory requirements.

Case Study 1: Ankura GenAI AML Case Tracking Tool

Ankura has developed a Generative AI solution designed to support Anti-Money Laundering (AML) and Know Your Customer (KYC) operations. The system automatically compiles transaction histories, behavioral indicators, and account relationships when an alert is triggered, eliminating the need for investigators to search across multiple systems manually.
Using large language models and natural language processing, the tool summarizes complex transaction patterns and highlights risk indicators that explain why alerts were triggered. For high-risk cases, the system automatically drafts Suspicious Activity Reports (SARs), accelerating reporting processes by up to 70 percent.

For mid-sized banks, implementing this system typically involves $1.2 million to $2.0 million in capital investment for enterprise deployment. The solution can reduce AML false positives by 30–70 percent and lower overall compliance costs by up to 50 percent, often achieving full payback within approximately 2.5 years.



Case Study 2: Customer Complaint Resolution

Financial institutions have experienced a sharp increase in customer complaints, creating operational pressure on support teams. Ankura facilitates the deployment of AI assistants that transcribe customer calls, analyze submitted documents, and automatically generate draft responses for case managers.

These systems typically require $300,000 to $500,000 in implementation investment and can increase employee productivity by 30–40 percent while reducing case resolution times by up to 90 percent.

Case Study 3: AI-Driven Credit Underwriting

AI-powered underwriting systems use Retrieval-Augmented Generation (RAG) to analyze borrower documentation, financial statements, and internal credit policies. These systems automatically generate draft credit memoranda and risk assessments for underwriters.

Typical implementation costs range from $1.0 million to $1.5 million. At the same time, operational benefits include reducing manual document processing by 50 percent, shortening loan decision timelines from five days to three days, and reducing loan losses by approximately 20 percent through earlier detection of credit risk.

Scalable Platform Development and Strategic Fintech Partnerships

The pilot initiatives and case studies presented earlier demonstrate that the GenAI Playbook can evolve beyond a traditional consulting engagement into a scalable advisory platform for Ankura. By consolidating successful AI use cases—such as AML case management, customer complaint resolution, and AI-assisted credit underwriting—Ankura can replicate proven solutions across multiple financial institutions, reducing implementation time while increasing consistency and impact.

The results observed in the pilot programs illustrate the potential scale of this approach. For example, the AML case tracking tool significantly reduces manual investigative work while accelerating regulatory reporting. Similarly, AI-assisted complaint resolution improves case processing speed and employee productivity, while AI-driven underwriting shortens loan decision timelines and enhances risk detection. These outcomes demonstrate that when AI use cases are implemented through a structured governance framework, financial institutions can achieve measurable operational and financial improvements.

To further accelerate this model, Ankura could pursue strategic partnerships with fintech providers specializing in AI infrastructure, data integration, and compliance technology. Rather than building all capabilities internally, partnerships would allow Ankura to integrate specialized fintech solutions into its advisory framework while maintaining oversight of governance, risk management, and regulatory alignment. This model mirrors the ecosystem approach already emerging across the financial services industry, where consulting firms, technology providers, and financial institutions collaborate to deliver integrated transformation programs.

Under such a structure, Ankura would focus on advisory leadership, governance design, regulatory interpretation, and implementation strategy, while fintech partners provide modular technology components such as AI model infrastructure, workflow automation tools, and data orchestration platforms. This division of roles allows each participant to operate within its area of expertise while accelerating deployment for client institutions.

If successfully implemented, this partnership model could significantly expand Ankura's long-term growth potential. The Playbook would function not only as an implementation methodology but also as the core framework through which multiple fintech capabilities are delivered to client institutions. Over time, this could enable Ankura to establish a repeatable AI transformation platform across mid-sized financial institutions—similar to how firms such as consulting and technology integrators have scaled digital transformation practices in cloud computing and enterprise software.

In this way, the GenAI Playbook creates a pathway toward both expanded client engagements and a scalable consulting platform. As more institutions adopt AI-enabled

operating models, demand for governance expertise, implementation oversight, and regulatory guidance will continue to grow. By combining structured advisory frameworks with fintech partnerships, Ankura can position itself to capture this emerging market while delivering measurable value to financial institutions navigating AI adoption in regulated environments.

Financial Impact Summary

Overall, the financial case for GenAI adoption in mid-sized financial institutions is compelling. AI-driven improvements across revenue generation, operational efficiency, and risk management create measurable increases in profitability while strengthening long-term competitive positioning.

For client institutions, the GenAI Playbook enables sustainable improvements in productivity, customer engagement, and credit performance. For Ankura Consulting, the framework supports the development of scalable advisory services that guide financial institutions through complex AI transformations.

Together, these outcomes demonstrate that generative AI adoption represents not only a technological upgrade but a strategic transformation capable of reshaping the financial and operational dynamics of mid-tier financial institutions.

V. Non-Financial Impact

Organizational Challenges and Implementation Strategy

Implementing generative AI represents as much organizational transformation as technical evolution. Midsize banks and wealth management firms face substantial internal challenges that require meticulous management. Success depends not merely on technology acquisition but on comprehensive people, process, and culture change.

Change Management

Shifting culture toward data-driven decision-making and algorithm trust. Overcoming resistance, skepticism, and change fatigue through clear vision and employee involvement.

Data Readiness

Organizing siloed data across systems. Improving data quality and integration. Building solid foundation for AI effectiveness.

Resource Optimization

Allocating constrained budgets strategically. Prioritizing high-value use cases. Balancing quick wins with long-term transformation.

Skill Development

Building AI competency through training and hiring. Bridging talent gaps in data science and machine learning. Competing for scarce expertise in tight labor markets.

Process Redesign

Fundamentally changing business processes to leverage AI capabilities. Managing parallel operations during transitions. Cross-functional coordination across silos.

Governance Alignment

Securing buy-in from diverse stakeholders. Aligning IT, business units, risk, and compliance. Establishing clear accountability and decision frameworks.

> ***Strategic recommendation:*** *Embrace GenAI adoption with thorough risk management. Set clear contingencies for potential issues, develop early warning KPIs for model errors and user engagement, and stay adaptable to change. This balanced strategy aims to maximize value in optimal and baseline scenarios while reducing risk in adverse cases, enabling the bank to develop genuine resilience via AI capabilities.*

Critical Success Factors

Industry research consistently identifies several organizational hurdles as primary barriers to successful GenAI adoption. In wealth management, 88% of asset managers cite regulatory and compliance complexity as the greatest challenge, while governance readiness, data maturity, and change fatigue rank as top organizational obstacles. These findings underscore that internal readiness is as important as technical capability.

Resource allocation and partnership strategies prove particularly crucial for midsize institutions. Given budget constraints, prioritize use cases that offer optimal value-to-complexity ratios. Consider starting with high-volume, rule-based back-office automation rather than with complex external-facing applications. Leverage vendor partnerships and industry utilities to access expertise and spread costs—62% of firms prefer hybrid solutions combining vendor and in-house efforts.

Compliance-by-design philosophy ensures that regulatory teams participate from project inception, shaping use-case requirements and establishing controls. Maintain thorough documentation of AI training methods, governance controls, and monitoring results to demonstrate responsibility to examiners. This preparatory work prevents hitting regulatory walls later, even if it moderates the initial pace.

4

> *Organizations that achieve the greatest value from AI treat it as a broad organizationa transformation rather than a series of disconnected pilot projects. Research from consulting firms such as McKinsey has emphasized that successful AI adoption requires scaling capabilities across the enterprise and integrating them into core operations rather than limiting AI to isolated use cases (McKinsey & Company, 2023). We embrace this perspective by viewing GenAI adoption not as the installation of a new software tool but as a fundamental transformation of how our bank operates. This transformation touches people, processes, and culture through structured training,*

Stakeholder Impact Assessment

Generative AI adoption creates profound ripple effects across the bank's stakeholder ecosystem—not merely financial impacts but fundamental shifts in experience, relationship dynamics, and organizational trust. Successful implementation requires understanding and proactively managing these multifaceted stakeholder implications.

Employees

AI relieves mundane tasks, enabling focus on meaningful work. Early adopters report 90% improvement in satisfaction. Requires addressing job security concerns through reskilling and clear communication about augmentation versus replacement.

Customers

Experience faster service, personalized interactions, and greater convenience. Trust requires transparency about AI involvement and quality assurance. 82% of banks note improved customer satisfaction and retention after implementing GenAI.

Community

Benefits from stronger, more capable financial institution supporting local economic growth. Risks include digital exclusion if not careful. Corporate social responsibility includes ensuring AI enhances financial inclusion.

Regulators

Scrutinize AI usage for safety and soundness. Responsible implementation can demonstrate forward-looking prudence. AI-enhanced risk management can improve regulatory standing through better fraud detection and compliance monitoring.

Wealth Clients

Demand high-touch personalized service. AI must augment rather than replace human advisors. Enhanced analytical capabilities enable faster, more comprehensive advice that impresses clients and builds confidence.

Shareholders

Seek long-term profitability and competitive positioning. AI investment signals innovation readiness, potentially attracting tech-focused institutional investors. Execution risk requires transparent communication about goals and progress.

[4] *McKinsey & Company. (2023). The state of AI in 2023: Generative AI's breakout year (https://www.mckinsey.com/capabilities/quantumblack/our-insights/the-state-of-ai-in-2023-generative-ais-breakout-year)*

Employees:

The Critical Internal Stakeholder Employees represent the most immediately affected group, experiencing both opportunities and anxieties. When implemented correctly, AI substantially enhances the employee experience by eliminating repetitive workloads and allowing employees to focus on strategic, judgment-intensive activities. Industry feedback consistently indicates AI is "taking work off advisors' plates, not adding value to the relationship.

Positive Impacts

- Relief from mundane, repetitive tasks
- More time for high-value strategic work
- Enhanced job satisfaction and engagement
- Improved work-life balance
- Access to powerful analytical tools
- Opportunities for skill development
- Reduced frustration with manual processes

Potential Concerns

- Job security and role evolution anxiety
- Learning curve for new systems
- Concern about skill obsolescence
- Generational adaptation differences
- Trust in AI recommendations
- Change fatigue from ongoing transformation
- Fear of reduced career advancement paths

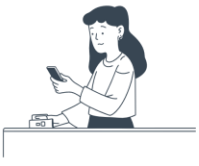
Managing employee impact requires emphasis on reskilling and career development. While 97% of firms report minimal immediate headcount changes, 68% anticipate substantial workforce transformations within five years. Employees will not necessarily face layoffs, but roles and required skills will evolve considerably. Proactive transition management enables smooth workforce evolution rather than disruptive upheaval.

Customers: Enhanced Experience and Trust:

Customers experience AI adoption through improved service quality, personalization, and convenience—often without realizing AI involvement. Goals center on faster response times, tailored offerings, and proactive engagement that increases satisfaction and loyalty. Supporting this objective, 82% of bank leaders noted improvements in customer satisfaction and retention after implementing GenAI solutions.

24/7 Availability

AI-powered virtual assistants provide instant responses to routine questions at any time, improving service accessibility and convenience without proportional cost increases.



Personalization at Scale

AI analyzes customer data to deliver specifically relevant recommendations and insights, increasing engagement and demonstrating attentiveness that customers value highly.

Accelerated Processing

Loan approvals in days instead of weeks, instant account queries, and rapid issue resolution enhance overall customer experience and competitive differentiation.

However, customer trust requires careful management. Transparency about AI involvement, quality assurance through human oversight for complex interactions, and rapid error correction maintain confidence. High-net-worth wealth clients particularly value knowing that AI augments their dedicated advisor's capabilities rather than replacing personal relationships. The metric of success: improved Net Promoter Scores, reduced complaint rates, and higher retention—all tracked continuously through the implementation journey.

Success with stakeholders ultimately determines both financial results and organizational resilience. Employees who feel empowered, customers who feel better served, regulators who see responsible innovation, investors who recognize competitive advantage, and communities that benefit from stronger institutions—these positive stakeholder outcomes reinforce financial gains and establish a foundation for long-term sustainable growth.

Non-Financial Key Performance Indicators:

To comprehensively gauge GenAI adoption success beyond financial metrics, we establish a robust framework of Key Performance Indicators focused on strategic, operational, and stakeholder outcomes. These non-financial KPIs align directly with project goals of improving customer experience, internal processes, employee engagement, and competitive position.

Customer Experience and Lifecycle Metrics

Measuring GenAI's impact on customers spans the complete lifecycle from acquisition through servicing to retention. These metrics provide early indicators of financial performance while gauging relationship health.[5]

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[5] *Talkdesk (CSAT/NPS box)*
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Finextra / Kreger (Complaint Resolution box)
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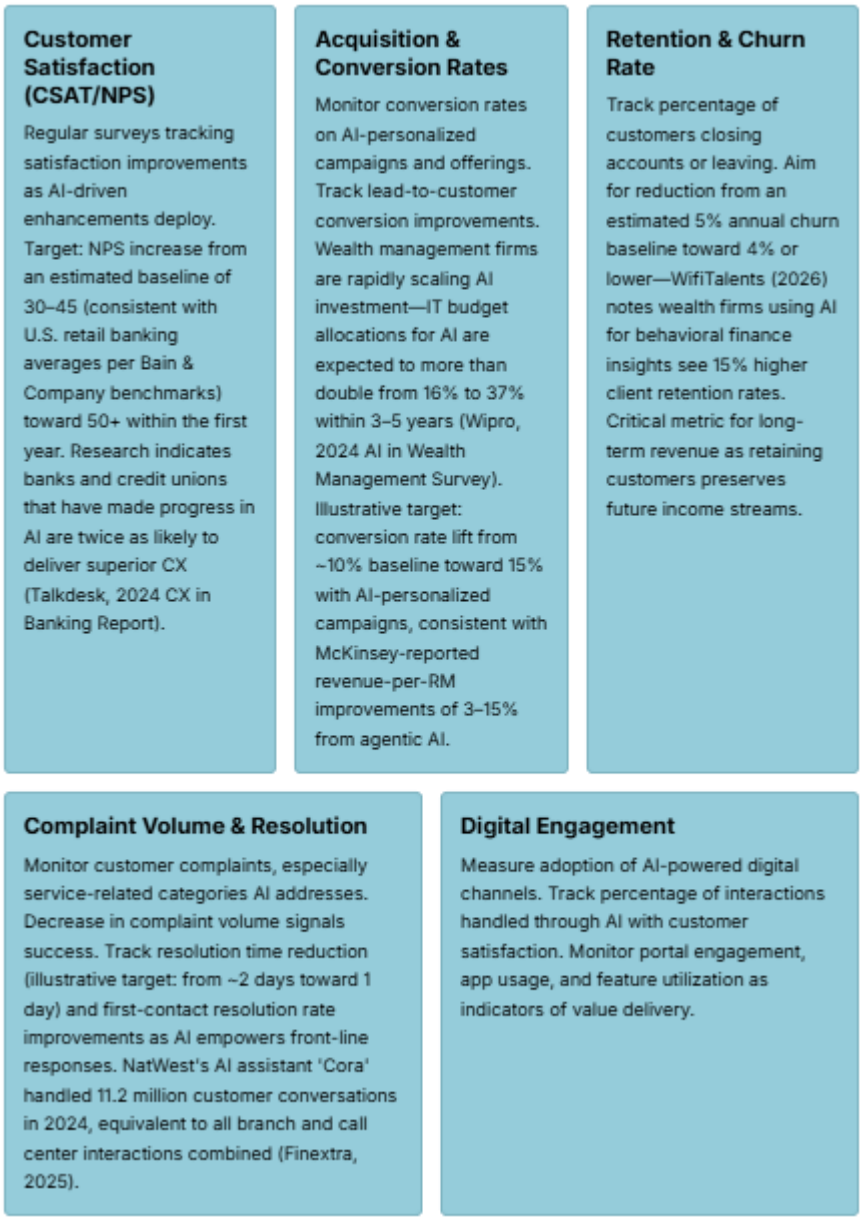

These KPIs assess how GenAI improves internal operations and processes, often correlating with cost improvements, but are measured in terms of operational effectiveness.

Throughput and Turnaround Time

Industry evidence supports significant gains: AI-powered loan processing has reduced timelines from weeks to days (Floowed, 2026), and a global Tier-1 bank achieved 40–60% reduction in manual KYC review time, saving hundreds of analyst hours weekly (LandingAI, 2026). Target: 45–50% reduction in processing time for key workflows, consistent with SmartStream (2025) benchmarks from leading banks.

Error Rate and Quality

Target meaningful accuracy improvements through AI-assisted review. A peer-reviewed study of AI document automation across 1.2 million mortgage pages found compliance errors fell 78% (Mortgage Workspace, 2025); Deloitte reports manual mortgage workflows produce error rates of 10–15%, providing significant room for AI-driven improvement. Track compliance error frequency and audit findings reduction.

→ Employee Productivity

Accenture research projects 22–30% productivity improvement for early AI adopters in banking; McKinsey reports agentic AI delivers 20–40% lower cost to serve for banks that rewire frontline domains. Quantify aggregate hours saved as employees leverage AI capabilities.

→ Innovation Cycle Time

Measure product development and campaign launch timelines. Track how AI speeds innovation from ideation to market. Target: months faster time-to-market for new features through AI-generated code, content, and accelerated testing.

→ Automation Rate

Aim to progressively increase automation rates as AI confidence builds—Talkdesk (2024) reports banks anticipate 81% of support interactions resolved at first contact within three years, signaling the high ceiling for automation. Monitor straight-through processing rates for compliance checks and routine transactions.

[6]

[6] *Floowed. (2026, February 10). Loan processing automation: Cut turnaround time 80%. https://www.floowed.com/insights/loan-processing-automation*

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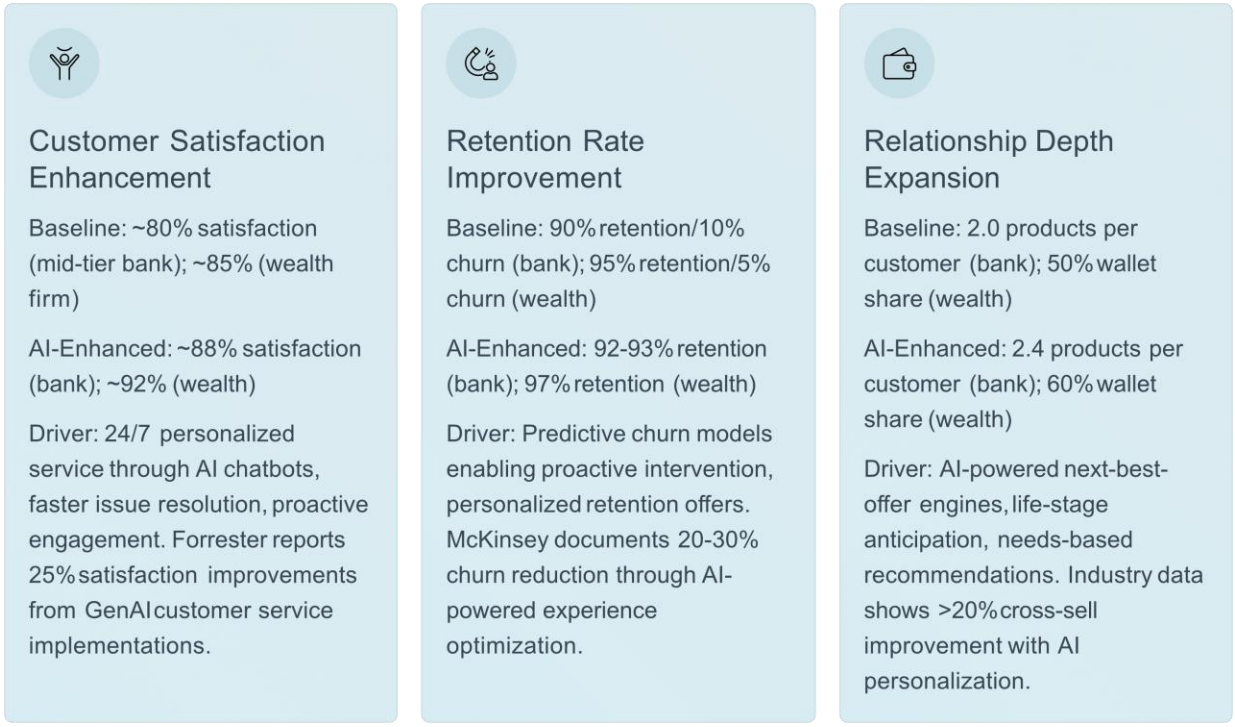
Customer-centric metrics demonstrate how AI adoption enhances relationship quality, loyalty, and lifetime value—outcomes that ultimately drive revenue growth and profitability, as documented in earlier financial sections.

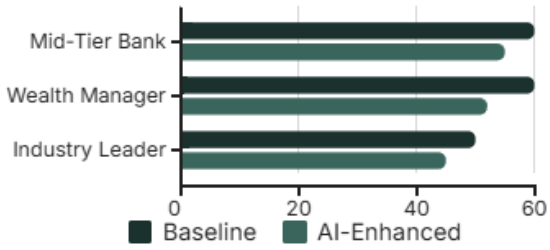
These customer metrics interconnect powerfully: higher satisfaction drives improved retention, which extends customer lifetime value and creates opportunities for deeper relationship building. Together, they form virtuous cycles in which AI enables experiences that strengthen loyalty, which in turn increases customer lifetime value, justifying further AI investment and establishing sustainable competitive advantages.



Internal Process Excellence Indicators

Operational metrics reveal how AI transforms internal efficiency, quality, and innovation velocity, the foundation that enables both cost reduction and customer experience improvements.

Efficiency Ratio Evolution



Lower efficiency ratios indicate more revenue generated per dollar of expense—a critical performance benchmark where 5–10 point improvements prove highly meaningful. Kearney's Retail Banking Radar (2024) documents European banks achieving a 7-point cost-income ratio improvement (60% to 53%) in a single year, providing a real-world anchor for these targets.

Quality and Speed Metrics

- **Service Error Rate:** Illustrative target: 2.0% → 1.0–1.5%; Bank of America's 270 AI models reduced fraud loss rates by 50% (Complete AI Training, 2025), and a peer-reviewed study found compliance errors fell 78% with AI document automation (Mortgage Workspace, 2025)
- **Request Fulfillment Time:** Illustrative target: ~50% faster; TD Bank's AI Prism reduced average service times by 42% (Accio, 2026); NatWest AI tools saved 70,000 staff hours in 2025, freeing 30% more time for client conversations (ResultSense, 2026)
- **Product Development Cycle:** Illustrative target: 25% faster time-to-market; McKinsey (2024) finds best-performing banks achieve 50% more technology output from engineering teams with AI; Goldman Sachs reports 20% developer productivity gains with AI coding tools (Elixirr, 2025)
- **Compliance Processing:** 30–50% faster review cycles well-supported: agentic AI frameworks achieve up to 50% faster compliance processing (JISEM, 2025); LandingAI (2026) documents 40–60% reduction in KYC review time; Muinmos reports onboarding speeds up to 96% faster with compliance costs cut 32% (Fintech.global, 2026)

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[7] *Complete AI Training. (2025, November 11). Bank of America's 270 AI models halve fraud and cut service calls by 60%. https://completeaitraining.com/news/bank-of-americas-270-ai-models-halve-fraud-and-cut-service/*

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Process efficiency improvements prove particularly valuable because they compound—each enhancement enables handling greater volume without proportional increases in cost, creating operating leverage that amplifies as institutions grow. Furthermore, quality improvements (lower error rates) prevent expensive rework and compliance issues while enhancing reputation.

Workforce Engagement and Development

Employee-focused metrics often receive less attention but prove critical to sustainable success. Engaged, skilled workforces drive superior customer outcomes and innovation—making these indicators essential leading measures of long-term performance.

90%	75%	140	30
Employee Satisfaction	**Retention Rate**	**Productivity Index**	**Training Hours**
Target engagement score post-AI implementation(from ~70% baseline)through relief from repetitive work	Improved employee retention (from ~85% baseline) as AI enhances job quality and career development	Employee output improvement (from baseline 100), enabling 30-40% more work with AI augmentation	Annual training per employee increase (from ~20 hours) demonstrating learning culture investment

Workforce metrics deserve particular attention because they represent both outcomes and enablers. High employee engagement results from good AI implementation (tools that genuinely help rather than frustrate), while simultaneously enabling better customer service and innovation. Research consistently shows that workers report higher job satisfaction with AI tools—NatWest's [8] deployment across 60,000+ employees demonstrated measurable engagement improvements alongside 70,000 hours of time savings (Computer Weekly, 2026 [9])—with significantly lower burnout—creating positive

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LandingAI. (2026, February 9). How a global Tier-1 bank transformed client due diligence with LandingAI. https://landing.ai/case-studies/how-a-global-tier-1-bank-transformed-client-due-diligence-with-landingai

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Kearney. (2024). Retail Banking Radar 2024. https://www.kearney.com/financial-services/article/-/insights/retail-banking-radar

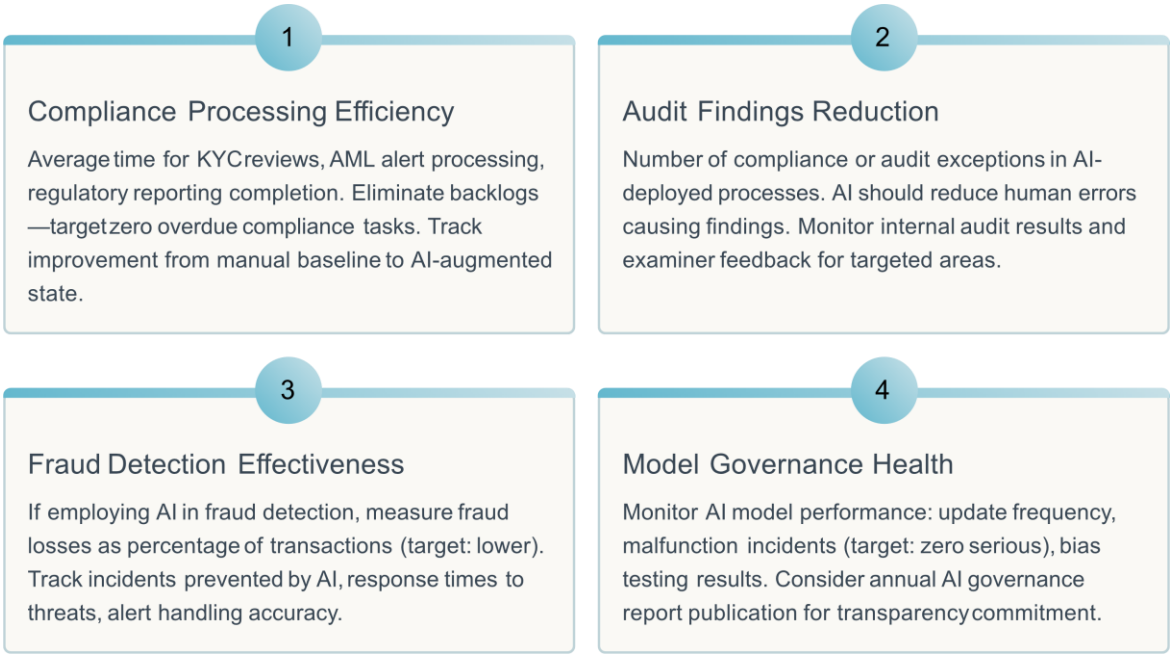
[8] *NatWest Group. (2026). NatWest Group full year results 2025. Retrieved from https://investors.natwestgroup.com*

[9] *Flinders, K. (2026, February 16). NatWest hails progress after £1.2bn spent on tech last year, but true AI transformation to come. Computer Weekly. Retrieved from https://www.computerweekly.com/news/366639140/NatWest-hails-progress-after-12bn-spent-on-tech-last-year-but-true-AI-transformation-to-come*

spirals where satisfied employees deliver better experiences, improving customer metrics, which reinforces organizational success.

Risk and Compliance Efficiency Metrics

While non-financial, these measures prove critical for operational resilience and regulatory standing. They demonstrate how AI strengthens rather than compromises control environments.



Beyond credit risk, generative AI enhances risk management across critical domains for financial institutions' resilience and regulatory compliance.

Risk Domain	AI Application	Measurable Impact
Fraud Detection	Real-time transaction monitoring using pattern recognition and anomaly detection	30-50% reduction in fraud losses; faster detection reducing customer impact
AML/KYC Compliance	Automated customer screening, transaction monitoring, and suspicious activity identification	40-60% faster processing; 25% reduction in false positives; improved regulatory outcomes
Operational Risk	Process monitoring, error detection, and predictive identification of control weaknesses	50% reduction in operational errors; proactive issue resolution before incidents occur
Market Risk	Enhanced scenario analysis, stress testing, and portfolio optimization for investment portfolios	Better risk-adjusted returns; improved Value-at-Risk predictions; faster scenario execution
Model Risk	Continuous model performance monitoring, bias detection, and validation automation	Earlier identification of model drift; more comprehensive testing; reduced validation cycles

These comprehensive risk management improvements collectively enhance institutional resilience while reducing costs. Fewer fraud losses, lower compliance expenses from automation, reduced operational incidents, and better-managed market exposures all contribute to stronger, more stable financial performance. Additionally, demonstrable excellence in risk management improves regulatory examinations, potentially reducing supervisory intensity and associated costs.

> *Risk management and credit quality represent areas where generative AI delivers both offensive and defensive value. Offensively, superior credit models enable profitable lending to segments that competitors cannot serve profitably, expanding addressable markets. Defensively, better risk detection and monitoring prevent losses that would otherwise erode profitability and consume capital. Together, these improvements establish fundamentally stronger risk-return profiles that compound over time as AI systems learn from expanding data sets, creating increasingly defensible competitive advantages in risk-adjusted performance that sophisticated investors, regulators, and rating agencies recognize and reward.*

Market and Competitive Position Indicators

Broader non-financial indicators assess strategic positioning and organizational reputation as a technology leader.

Market Share Evolution

While ultimately translating into revenue, market share itself serves as a non-financial barometer of competitiveness. Track share in target segments—

Innovation Recognition

External recognition through industry awards, client survey perception scores on innovation leadership, and recruitment metrics (increased

local small-business lending and the wealth client market in the region. Monitor share of wallet: the percentage of the client's total assets managed. Target: incremental gains as AI enables superior service.

applicants for tech roles). Qualitative, but reflects successful cultural transformation and brand strengthening.

Long-Term Profitability and Resilience

> *These comprehensive non-financial KPIs will be measured at regular intervals and reported to management via a performance dashboard. We will select 8-10 most critical indicators spanning employee, customer, process, and risk perspectives for strategic scorecard inclusion—similar to the balanced scorecard methodology. Targets will be ambitious yet realistic, benchmarked against industry data and internal baselines. By focusing on holistic value creation beyond profits, we ensure GenAI delivers stronger relationships, better operations, and a more capable organization—outcomes that reinforce financial gains and establish a foundation for sustainable long-term growth.*

Beyond immediate financial returns and operational improvements, the adoption of generative AI positions banks for sustained profitability and resilience. This section analyzes how cumulative GenAI effects contribute to enduring success and the ability to weather future challenges—effectively future-proofing organizations in a rapidly evolving industry landscape.

Compounding Financial Advantages

GenAI financial impact compounds rather than occurring as a one-time improvement. By integrating AI into core business processes, banks achieve structural enhancements in cost and revenue dynamics that persist and strengthen over time. Once AI-driven process automation is established, cost savings occur annually and often grow as volume increases, since AI scales at low marginal cost.

This gradually lowers the bank's cost base relative to peers. A sustainably lower cost-to-income ratio over the long term translates into higher profit margins, providing pricing flexibility and the capacity to invest in growth initiatives. The compounding effect means that each percentage point of efficiency improvement yields returns year after year.

On the revenue side, capabilities such as personalized customer insights and rapid product innovation drive sustained uplift. A successful AI-enhanced customer acquisition today adds revenue not just in year one, but also brings customers that generate returns for years—especially with improved retention. If AI helps deepen relationships (more products per customer, higher share of wallet), increased customer lifetime value feeds long-term revenue streams.

Consider this illustration: if AI-driven improvements yield 10% more profitability per customer annually, driven by higher balances and increased cross-buying, over a decade, this significantly boosts cumulative profits. Banks that effectively deploy AI capture a larger share of customers' financial needs throughout their lifetimes, cementing loyalty and profitability, while competitors struggle with manual processes and generic offerings.

Multi-Dimensional Resilience Framework

Resilience encompasses the bank's ability to absorb and adapt to external shocks—such as economic downturns, competitive disruptions, technological shifts, and regulatory changes. Generative AI enhances resilience across multiple critical dimensions:

Operational Flexibility	Cost Resilience	Competitive Defense
AI provides scalability without proportional cost increases. During customer inquiry surges, AI chatbots handle volumes overwhelming human staff. Banks can launch new programs rapidly during crises or opportunities. Critical processes become less bottlenecked by human constraints as AI operates 24/7, making organizations less operationally fragile.	In economic downturns pressuring revenues, AI-enabled banks maintain service levels with fewer expenses. Variable AI capacity scales down with less financial pain than fixed labor costs. Conversely, during boom periods, scaling occurs without proportional hiring. This flexibility smooths profitability across cycles—a hallmark of resilient institutions.	AI becomes competitive moat against fintechs, big tech, and faster incumbents. Without advanced AI, banks face serious disadvantage—slower, costlier, less personalized. Early AI mastery can establish leadership position that slower adopters struggle to match, with S&P Global noting AI readiness will separate leaders from laggards within five years.

Enhanced Risk Management

AI tools improve risk detection and management—core to banking resilience. AI enhances fraud detection, compliance monitoring, credit risk modeling through early warning signs, market risk analysis via rapid scenario simulation, and liquidity management through stress forecasting. Banks spotting risks sooner and responding faster prove far more resilient to financial shocks. For example, during economic downturns, AI-empowered banks more quickly identify vulnerable borrowers and mitigate exposure compared to traditional institutions, avoiding significant losses critical to long-term survival.

Adaptive Innovation Culture

Beyond defensive capabilities, resilience includes adaptability—seizing new opportunities and pivoting when needed. GenAI adoption instills innovation culture and continuous improvement mindset. Employees accustomed to integrating new technology, analyzing data, and iterating processes become more change-agile for future evolutions. This cultural shift outlasts initial projects, making organizations ready to respond to emerging competitors or technologies. Adaptability itself represents strategic resilience—ensuring relevance and effective strategy pivots rather than rigidity.

Sustaining Competitive Advantage

As AI becomes ubiquitous, today's advantages risk becoming tomorrow's table stakes. Differentiation lies in execution excellence—data quality, seamless integration, and human expertise combined with AI to create superior outcomes. Simply possessing AI tools proves insufficient without strategic implementation. Long-term planning emphasizes continuous improvement and updating of AI capabilities. Reinvesting gains into AI research and development, adopting advanced models and techniques (such as agentic AI performing complex multi-step autonomous tasks), and expanding into new use cases maintain a competitive lead. Strategic plans treating GenAI not as a one-time project but as an evolving core competency ensure sustainable advantage.

$1T	5-10%	10-15%
Industry Potential	**Revenue Growth**	**Cost Reduction**
McKinsey estimated AI could deliver up to $1 trillion in additional value to global banking annually[10]	Expected annual increase by Year 3 from personalized offerings and improved retention	Potential operating expense savings in targeted functions through intelligent automation

Note: Industry potential figure sourced from Biswas et al., McKinsey & Company (2020), AI-Bank of the Future: Can Banks Meet the AI Challenge? Revenue growth and cost reduction figures are author-derived projections for an illustrative mid-tier bank, directionally consistent with McKinsey (2025), Accenture, and SmartStream (2025) benchmarks cited elsewhere in this paper.

Governance evolution parallels AI usage sophistication. Resilience includes resilience against AI risks—avoiding model drift, maintaining ethical standards, and preventing algorithmic bias. Periodic review of AI models, retiring or retraining underperforming systems, and incorporating next-generation explainable techniques, when possible, keep the AI ecosystem healthy and trustworthy. This prevents scenarios where tools become outdated or introduce new risks that compromise future profitability.

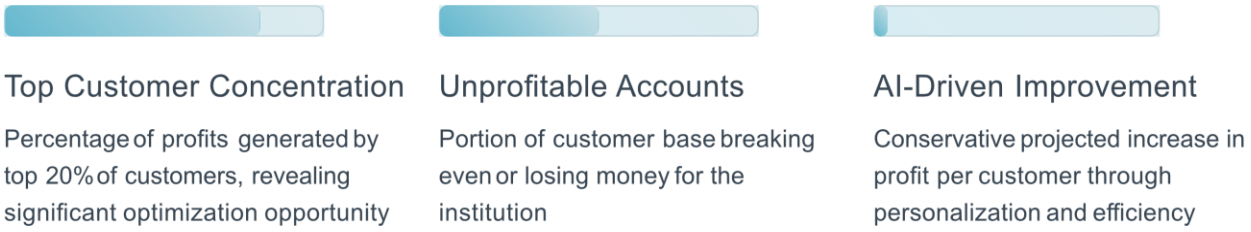
> *In conclusion, generative AI adoption represents not merely a finite project with a bounded payoff, but a strategic transformation that enhances long-term profitability through sustained higher revenues and lower costs, while building resilience via agility, improved risk management, and competitive adaptability. It prepares banks to thrive in future financial services landscapes where digital competence defines winners and losers. By acting decisively now and executing effectively, we expect to realize significant financial gains in coming years while emerging as durable, innovative institutions capable of navigating whatever the next decades bring—truly building resilient futures on foundations combining generative AI capabilities with human ingenuity and strategic wisdom.*

Customer Profitability Transformation

Generative AI's financial impact becomes most visible through improvements in customer and product profitability metrics. For midsize banks and wealth management firms, these measures help reveal how AI-driven personalization, automation, and advanced analytics translate into measurable financial outcomes. Customer profitability—the net profit generated from an individual relationship after accounting for

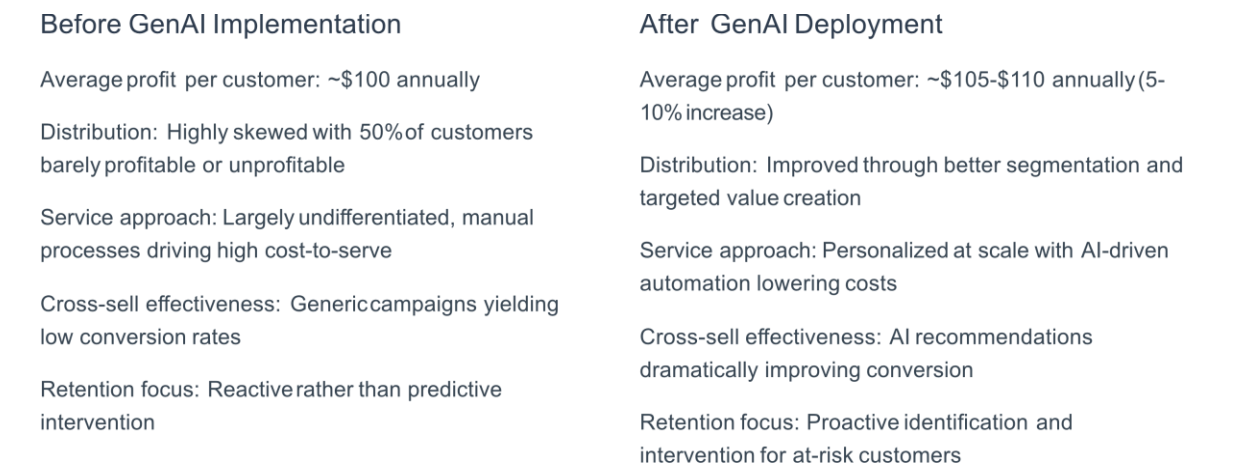
[10] *McKinsey & Company. (2020). AI-bank of the future: Can banks meet the AI challenge? https://www.mckinsey.com/industries/financial-services/our-insights/ai-bank-of-the-future-can-banks-meet-the-ai-challenge*

the revenues earned and the costs required to serve that customer—provides an important indicator of relationship value and targeting effectiveness. In retail banking, profitability is often uneven across customer segments. Industry research indicates that a large share of banking relationships generate limited economic value. For example, studies from McKinsey & Company show that 40–60 percent of retail banking customers are unprofitable, meaning the cost of serving these accounts exceeds the revenue they generate (McKinsey & Company, 2024)[11]. At the same time, many banks struggle to generate sufficient revenue per customer to offset rising servicing costs, underscoring the importance of improving customer profitability through personalization, automation, and data-driven insights.



Note: 80% top customer concentration reflects the widely observed Pareto distribution in retail banking profitability, consistent with McKinsey & Company, State of Retail Banking (2024) and FDIC Quarterly Banking Profile (2024). The 50% unprofitable accounts figure is an industry benchmark drawn from McKinsey retail banking research. The 5–10% AI-driven improvement is an author-derived projection directionally supported by McKinsey's finding that banks deploying AI in frontline sales achieved 3–15% higher revenue per relationship manager.

GenAI drives improvements in customer profitability through multiple mechanisms. AI-powered customer insights enable targeted cross-sell opportunities that increase revenue per relationship, while virtual assistants and intelligent chatbots dramatically reduce servicing costs for lower-value segments. McKinsey research demonstrates that banks that deploy AI in frontline sales achieve 3-15% higher revenue per relationship manager, alongside substantially lower cost-to-serve ratios.



[11] *McKinsey & Company. (2024). The state of retail banking: Profitability and growth in the era of digital and AI.* https://www.mckinsey.com/industries/financial-services/our-insights/the-state-of-retail-banking-profitability-and-growth-in-the-era-of-digital-and-ai

Dollar Impact Example: For a bank with 200,000 customers, a conservative $10 increase in average annual profit per customer generates $2 million in additional pre-tax profit annually. This compounds over time as AI systems learn and improve, with customer lifetime value expanding through reduced churn and increased product adoption.

Product Profitability Enhancement

Product profitability—measuring net profit margin or return on allocated capital for specific banking products—reveals how effectively institutions monetize their offerings. Midsize banks historically achieve approximately 25–30% overall net profit margins, though this varies significantly across product categories — WSFS Financial, a representative mid-size bank, reported a net profit margin of 28.3% in FY2025 (Simply Wall St, 2026), consistent with FDIC industry data showing aggregate ROA of 1.08–1.20% for insured institutions (FDIC, 2024).

Generative AI enhances product profitability through multiple value levers: optimizing pricing strategies using real-time data and competitive intelligence, reducing product servicing costs through intelligent automation, improving risk selection to minimize losses, and enabling profitable add-on services through cross-sell identification. Early adopters report meaningful profit margin improvements on commercial loans through AI-based deal scoring and dynamic pricing optimization — McKinsey notes banks integrating advanced analytics into loan pricing have increased profitability by 10–20%, while BCG documented a 26% increase in risk-adjusted returns from AI-optimized commercial loan pricing (ITSCredit, 2025, citing McKinsey and BCG).

Product Category	Baseline Margin	Post-AI Margin	Improvement Driver
Commercial Loans	~30%	~33%	Better pricing, faster underwriting, risk optimization
Wealth Advisory	~35%	~38%	Scaled personalization, advisor productivity gains
Deposit Accounts	~25%	~28%	Reduced servicing costs through automation
Payment Services	~40%	~43%	Volume growth from improved UX, fraud reduction

Note: Baseline product margin figures are illustrative estimates informed by FDIC Quarterly Banking Profile (2024) and McKinsey State of Retail Banking (2024). Post-AI improvements are directional projections consistent with McKinsey (10–20% profitability improvement) and BCG (26% risk-adjusted return improvement) findings on AI-driven loan pricing optimization.

Dollar Impact Example: For a bank generating $500 million in annual revenue across key products, a 3 percentage point improvement in average profit margin (from 30% to 33%) adds approximately $15 million to annual pre-tax profit. This improvement stems from the combined effect of better pricing discipline, operational efficiency, and strategic product mix optimization enabled by AI insights.

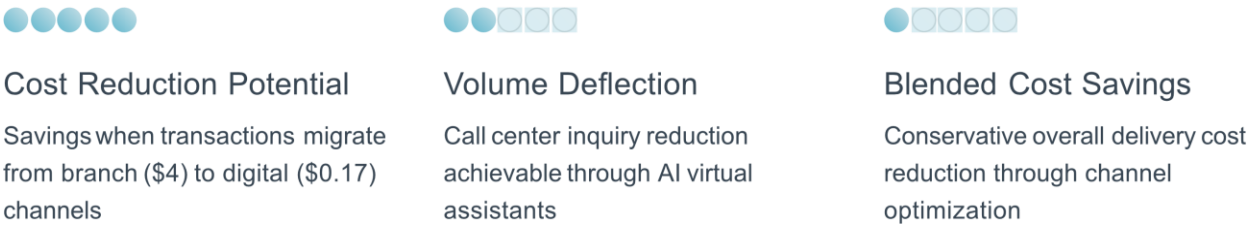
> *Together, customer and product profitability improvements form the foundation of GenAI's financial value proposition. By simultaneously increasing revenue per relationship and improving margins per product—while reducing servicing costs—AI creates multiple reinforcing paths to enhanced profitability. These gains compound over time as machine learning models incorporate more data and organizational capabilities mature, establishing sustainable competitive advantages in increasingly digital-first financial services markets.*

Operational Efficiency and Cost Optimization

Generative AI's transformative impact on operational efficiency represents one of the most immediate and measurable benefits for financial institutions. Through intelligent automation, process optimization, and resource allocation, banks and wealth managers can fundamentally restructure their cost bases while simultaneously improving service quality and speed.

Delivery Channel Cost Transformation

Delivery channel costs—expenses associated with serving customers through different channels, including branches, call centers, ATMs, and digital platforms—vary widely and significantly affect overall efficiency. Industry benchmarks reveal striking cost disparities: branch teller transactions average approximately $4 each, call center interactions cost roughly $2.50, ATM transactions cost about $0.85, while online or mobile transactions cost merely $0.17.



Midsize banks historically maintain higher proportions of branch and call center usage compared to digital-only competitors, driving elevated cost-to-serve ratios. Before widespread digital adoption, typical banks experienced 60-70% of transactions through branches, yielding average transaction costs in the $2-$3 range. While digital adoption has grown to approximately 50% at progressive institutions, baseline delivery costs remain substantial, reflected in efficiency ratios often around 60% (expenses as percentage of revenue). McKinsey's (2022) analysis of digital and physical channel

balancing in retail banking confirms this pattern, noting accelerated digital adoption following pandemic-era behavioral shifts.

Pre-GenAI Channel Mix

- Branch transactions: ~50% of volume (McKinsey, 2022)
- Call center: ~25% of volume
- ATM: ~15% of volume
- Digital (online/mobile): ~10% of volume
- Blended average cost: ~$2.50 per transaction (weighted from industry per-channel benchmarks)
- Annual transaction volume: 50 million (illustrative mid-tier bank)
- Total annual channel costs: ~$125 million

Post-GenAI Optimized Mix

- Branch transactions: ~35% of volume
- Call center: ~15% of volume (AI deflection; Bank of America achieved 60% call reduction, Complete AI Training, 2025)
- ATM: ~15% of volume
- Digital (AI-enhanced): ~35% of volume
- Blended average cost: ~$2.10 per transaction (weighted from industry per-channel benchmarks)
- Annual transaction volume: 50 million (illustrative mid-tier bank)
- Total annual channel costs: ~$105 million [12]

Dollar Impact: A ~16% reduction in overall delivery channel costs through AI automation and channel migration saves approximately $20 million annually on this illustrative basis. Furthermore, shifting just 5% of branch interactions to AI-powered self-service channels generates several additional million dollars in personnel and operating expense savings for a midsize bank.

Process Efficiency and Automation Metrics

Beyond channel costs and ROI, GenAI delivers measurable improvements across numerous internal processes, yielding efficiency gains that directly enhance profitability and competitive positioning.

[12] *Channel mix percentages are illustrative, informed by McKinsey (2022) digital/physical channel analysis. Per-channel cost benchmarks consistent with Gallup (2013) and industry estimates. Blended costs are author-calculated weighted averages. Transaction volume is illustrative for a mid-tier bank*

Process Metric	Baseline Performance	Post-GenAI Performance
Loan Processing Time	5 days average application to decision	3 days (40% reduction through automated document analysis)
Customer Service Resolution	2 days average for standard inquiries	1 day (50% faster through AI triage and response drafting)
Compliance Report Generation	40 hours manual preparation per report	15 hours (60%+ reduction with AI-assisted compilation)
KYC File Processing	50 files per week (manual review)	110 files per week (120% increase through automation)
Advisor Research Preparation	30 minutes per client meeting prep	10 minutes (saved time reallocated to client interaction)

> *These operational efficiency improvements collectively drive the 5-10% cost reductions and productivity gains projected in financial models. More importantly, they free up organizational capacity for growth—enabling institutions to handle greater volume and complexity without proportional increases in cost. This operational leverage becomes increasingly valuable as markets evolve and customer expectations for speed and personalization intensify positioning AI-enabled institutions to outperform competitors constrained by legacy manual processes.*

Conclusion

Generative AI represents a transformational opportunity for midsize banks and wealth management firms—not merely an incremental technology upgrade but a fundamental reimagining of how financial institutions create value, serve customers, and compete in increasingly digital markets. Our comprehensive analysis demonstrates that GenAI adoption, when executed strategically, delivers compelling returns across financial and non-financial dimensions while building institutional resilience for an uncertain future.

The Compelling Value Proposition

The financial case for GenAI adoption proves robust even under conservative assumptions. Midsize institutions can expect 5-10% improvements in customer and product profitability through personalization and automation, 3-5% acceleration in revenue growth through enhanced sales effectiveness, and 5-10 percentage-point improvements in the efficiency ratio through intelligent process optimization. These gains translate into material bottom-line impact— potentially tens of millions of dollars annually for institutions with $5-10 billion in assets—while simultaneously enhancing customer satisfaction, employee engagement, and competitive positioning.

1

Strategic Imperative

GenAI adoption transitions from optional to essential. Institutions delaying risk progressive competitive disadvantage as AI-enabled peers capture disproportionate market share.

2

Phased Approach

Start with high-value, manageable use cases demonstrating quick wins. Scale systematically based on demonstrated results and organizational readiness.

3

Governance Foundation

Establish robust AI governance from inception. Responsible implementation with strong controls mitigates risks while building stakeholder confidence.

4

Cultural Transformation

Technology enables but culture determines success. Prioritize change management, training, and communication to drive adoption and maximize value.

5

Continuous Evolution

Treat GenAI as evolving capability requiring ongoing investment, not one-time project. Commit to learning, iteration, and scaling based on results.

Critical Success Factors

Analysis of successful implementations reveals consistent patterns distinguishing leaders from laggards. Organizations achieving superior outcomes share common characteristics worth emulating:

Strategic Alignment

- Clear executive sponsorship and board-level commitment
- Integration with overall strategic plan and mission
- Cross-functional governance ensuring organizational alignment
- Realistic timelines acknowledging transformation complexity
- Adequate budget treating AI as strategic infrastructure investment

Execution Excellence

- Rigorous use case selection prioritizing value and feasibility
- Phased implementation with clear go/no-go decision gates
- Strong data foundation and quality management
- Comprehensive testing and validation before scaling
- Continuous monitoring and rapid iteration based on results

People and Culture

- Transparent communication about AI objectives and implications
- Comprehensive training programs building AI literacy across organization
- Active employee involvement in design and pilot phases
- Clear career development pathways addressing role evolution
- Celebrating successes and learning from setbacks publicly

Executive Conclusion and Strategic Path Forward

Based on the financial analysis, risk considerations, and industry benchmarking presented in this report, midsize banks and wealth management firms should proceed with adopting generative AI while establishing strong governance, model oversight, and risk management frameworks. As competitors continue to expand their AI capabilities and client expectations evolve toward faster and more personalized services, the strategic cost of delaying adoption increasingly outweighs the implementation risks.

The financial services sector has reached a critical transition point. Generative AI has progressed from experimental technology to a practical tool that can improve operational efficiency, strengthen risk management, and enhance client engagement. Institutions that successfully integrate AI with human expertise will be better positioned to deliver scalable, high-quality financial services while maintaining regulatory discipline.

For midsize institutions, the path forward requires balancing opportunity with execution discipline. Adoption will require meaningful investment in technology infrastructure, data management, and workforce capabilities, as well as thoughtful change management across the organization. However, the potential benefits, including improved profitability, stronger customer relationships, and more efficient operations, provide a compelling strategic rationale.

Ultimately, the central question is no longer whether generative AI will reshape financial services, but how effectively institutions can integrate it into their operating models. Firms that move forward deliberately, combining innovation with prudent risk governance, will be better positioned to capture the long-term advantages of an increasingly AI-enabled financial ecosystem.

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APPENDIX A

Ankura Consulting Introduction

Ankura Consulting Introduction

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Table of Contents

Ankura Overview

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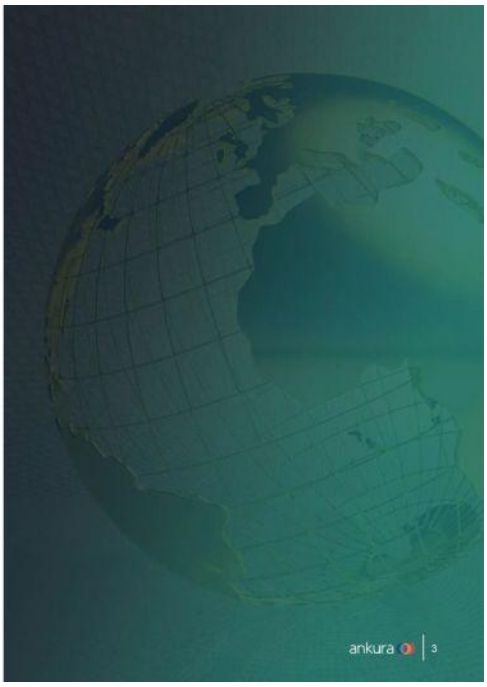


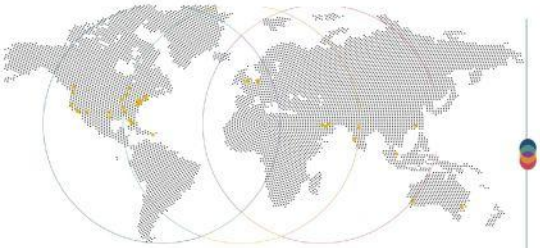
About Ankura

We are a global advisory firm committed to helping our clients *Protect, Create, and Recover Value.*

- **We are a trusted advisor** to banks, companies, governments, regulators, and law firms around the world.
- Ankura leverages **highly specialized and skilled teams** and **industry expertise** to solve complex and mission critical challenges for clients with transparency and efficiency.
- Ankura's brings industry leading experts and technology-enabled solutions to **solve highly complex and high-stakes issues for our clients.**

Our Global Reach

35+ offices globally. 35+ languages spoken.



Abu Dhabi • Ann Arbor • Atlanta • Baltimore • Boston • Chicago • Dallas • Delhi • Doha • Dubai • Fairfield • Frankfurt • Hong Kong • Houston • Irvine • London • Los Angeles • Miami • Mumbai • Nashville • New York • Perth • Philadelphia • Phoenix • San Francisco • San Juan • Seattle • Singapore • Sydney • Tampa • Toronto • Vancouver • Washington, DC

By the Numbers

2,000+ Full-Time Employees	**650+** Consultants with Industry Certifications
280+ Senior Managing Directors	**3,000+** Clients being served

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Ankura Expertise
TURNAROUND & RESTRUCTURING
Our accomplished team, with cross-industry financial and management expertise, adeptly guides organizations through distressed situations.
TRANSACTIONS
Partner with a consulting firm that offers unparalleled support across a variety of transaction types.
RISK, FORENSICS & COMPLIANCE
A risk-tailored compliance and ethics program is essential to maintaining regulatory compliance, enforcing ethical standards, and increasing the value of the enterprise.
INVESTIGATIONS
The combination of global regulatory and corporate experience and U.S. federal agency qualifications gives Ankura a leading edge in successfully resolving complex financial, money laundering, bribery, and fraud investigations.
DISPUTES & EXPERT TESTIMONY
As disputes, business risks, and regulatory challenges continue to grow, Ankura provides the expertise to effectively make a winning case.
FINANCE & GOVERNANCE
Builds the organizational infrastructure to support your strategy and growth.
DATA & TECHNOLOGY
Cross-functional advice and efficient solutions to help you navigate an increasingly complex information environment.
STRATEGY & TRANSFORMATION
Transform your business with a seasoned team of professionals who translate strategy into results, accelerate business performance outcomes, and minimize risk.
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Ankura Achieves
Our awards highlight the exceptional work from our top experts and are a testament to our expertise across the market
2024
World's Best Management Consulting Firms
2024
Top International Arbitration Expert Witness Firms
2024
Restructuring of the Year and Distressed M&A Deal of the Year
2023
World's Best Management Consulting Firms
2023
Best Cybersecurity Service Provider Of The Year
2022
World's Best Management Consulting Firms
2022
Fastest Growing Firms
2022
Top International Arbitration Expert Witness Firms
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Why Choose Ankura?

Ankura's Team stands out from its peers, as we have:

The Expertise

We know modeling and banking. Our modeling team has developed, validated, audited and/or documented almost every type of model, from simple scorecards to the **most complex** BSA/AML, CECL, and stress testing models.

We assign highly experienced employees to each validation.

The Validation

Our validation process is designed to be **rigorous and thorough.**

The validation will **meet or exceed regulatory and audit expectations,** including SR 11-7, OCC 2011/12, FDIC FIL 22-2017.

The scope of every validation is developed to fit the needs of our clients as well as the risk inherent in the model.

The Track Record

We have outstanding track record of performing unique and complex validations and delivering exceptional validation reports, on time!

We are the go-to firm to validate complex and/or esoteric models.

The Partner Mindset

We **help our clients understand and navigate the process.**

We provide our clients with weekly updates and **commit to "no surprises"**, if we find an issue, we inform our contact in a timely fashion.

We believe in knowledge transfer.

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CECL Methodology & Approach

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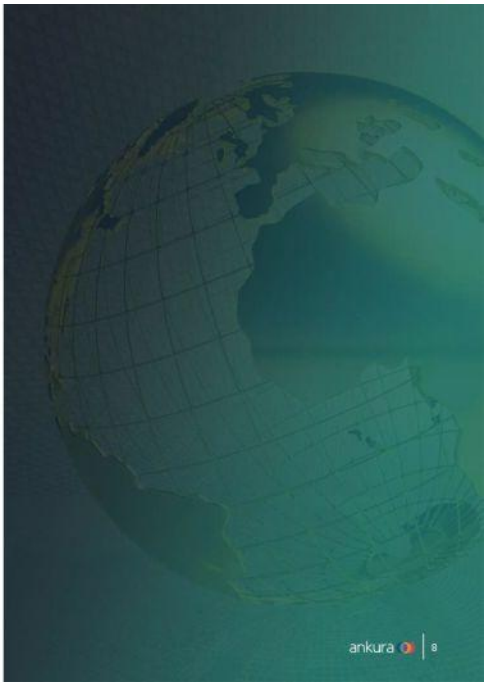

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CECL Model Validation

A high-level overview of our validation goals, elements and process

Key goals of a validation:

- Confirm the model(s):
  - Work and are used as designed
  - Produce a realistic, defendable modeled result
  - Meet regulatory and audit expectations

Key elements of a validation framework:

- Evaluation of conceptual soundness, including developmental evidence
- Ongoing monitoring, including process verification and benchmarking
- Outcomes analysis, including back-testing.

Ankura's validation team will review the key components of the model, including :

- Model Methodology(s), Logic, Algorithms, Coding, Inputs, Developmental Evidence, Data Quality, Sensitivity, and Assumptions
- Model Results and Reporting;
- Governance and Process Controls.

A Validation's goal is to reduce the possibility of costly reporting errors, affecting reputation, financials, investor/ownership and regulator confidence.

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A Comprehensive Model Validation Scope

The validation exercise will include the requisite elements of a comprehensive review and detailed discussion on key topics including, but not limited to*:

- The model purpose, use and summary
- The risk rating of the model
- Model validation process and scope
- Validation results, observations, concerns and recommendations
- Model architecture/conceptual soundness
- Model methodology, theory and design and the alignment with industry practices
- Alternative models and methodologies
- Forecasting, assumptions, variables, limitations, drivers and benchmarking
- Input and data quality, suitability, completeness, lineage, transformations, and adjustments
- Construction, algorithms and coding, as available
- Q-Factors, management adjustments and overlays
- Testing methods and results
- Performance in various scenarios
- Model output/results
- Performance evaluation and outcome analysis
- Model risk management and governance, oversight, revision history and approvals
- Appropriateness of ongoing monitoring

Our validation scope may be adjusted to reflect the complexity of the Bank and the Methodology

* As applicable

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Common Validation Issues & Findings

Ankura's validation team's list of most common findings include:

- Model governance is weak & not fully articulated;
- Documentation gaps or very limited model documentation, and the "bar keeps raising";
- Insufficient support for key assumptions; including prepayment rates;
- Rationale for selecting forecasts, scenario weighting, and terms of Reasonable & Supportable and Reversion time periods not articulated;
- Rationale & support of Q-Factors and adjustments lacking rigor and audit trail;
- Weakening model performance in the more recent past;
- Weak or outdated correlations and/or loss history;
- Limited evidence of model testing & ongoing monitoring;
- Recent events not properly factored into current models.

Today more than ever, models should be informed with current market data and expectations.

With many models, the validation report should answer the question: Is the past still a predictor of the future?

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The Deliverable

At the conclusion of the exercise, Ankura will deliver a detailed validation report, in an agreed upon format, including, a detailed discussion of the in-scope items and will include, and, at a minimum:

- An Executive Summary, including the overall opinion (fitness) of the model;
- The model validation process and scope;
- Details of any observations, concerns, recommendations and/or findings;
- Observed model risk management governance frameworks;
- The model conceptual soundness, including appropriateness of the selected methodology, the model theory and design;
- The suitability and completeness of model assumptions, variables, and limitations;
- The appropriateness of Segmentation;
- The reliability and oversight of any manual inputs;
- Specifics of the Q-Factors, adjustment and management overlays;
- Details of validator testing methods and results;
- The overall reliability of the model output/results, including performance; evaluation and outcome analysis
- Model development, revision history and approvals.

Our validation processes and reports are designed to be transparent and auditable. Relevant details and support are embedded within the report body.

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Select Model Risk Management Clients
HERITAGE BANK OF COMMERCE
INVESTAR BANK
Pinnacle
STERLING NATIONAL BANK
Cathay Bank
Northrim Bank
ConnectOne Bank
FLUSHING Bank
CALIFORNIA BANK OF COMMERCE
WesBanco
ENTERPRISE BANK & TRUST
Peoples
tri counties bank
five nine
EVANS BANK
UMPQUA BANK
美國第一銀行 First Commercial Bank (USA)
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BSA/AML Methodology & Approach
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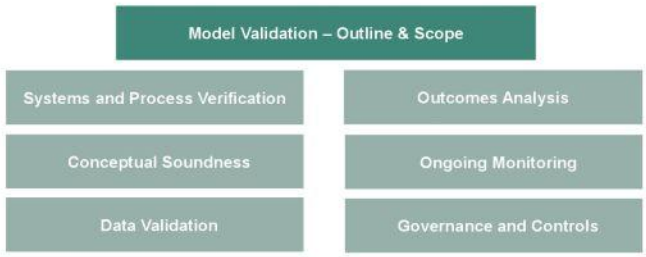
Methodology

> *A fundamental objective of model validation is to ensure that the judgment applied in model design and construction is not only well-informed and meticulously considered but also aligns with established industry best practices. This process involves verifying that the model is accurately implemented and functions as intended. It also entails a thorough examination of the model's outputs, alongside an analysis of the supporting data and information used throughout the investigative process, ensuring reliability and robustness in decision-making.*



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Methodology

Systems and Process Verification

> *Models often draw from various sources of data, processes large amounts of data, and then feeds into multiple data repositories and reporting systems. Process verification includes workflow process documentation to visually show internal and external data inputs.*

Key Control Testing

- Ankura will review any existing information/data flow diagram as it relates to the TMS. All source / upstream systems for the products and services offered at the financial institution will be identified and accounted for.
- Ankura will identify the usage of any middleware or extract transform and load ("ETL") systems working in conjunction with the source and model to transfer information. Upon completion of review, Ankura will develop an information schematic (information/data flow) between the source, the Bank's systems, and the TMS.
- Ankura will document the process from source to target. This includes files extracts, file names, and file contents required by the model, import functionality (i.e., API connections, batch loading, and manual process/screening).
- Ankura will review to ensure that a data reconciliation procedure has been adopted by the Bank to ensure data integrity on an ongoing basis. This includes remediation procedures around identified information and data lineage gaps across all Critical Data Elements ("CDE").

Documents Reviewed

- System/Network Diagrams
- Process Flow Diagrams
- List of Transaction Codes
- Transaction Code Mapping
- Customer Code Mapping
- Data File Specifications

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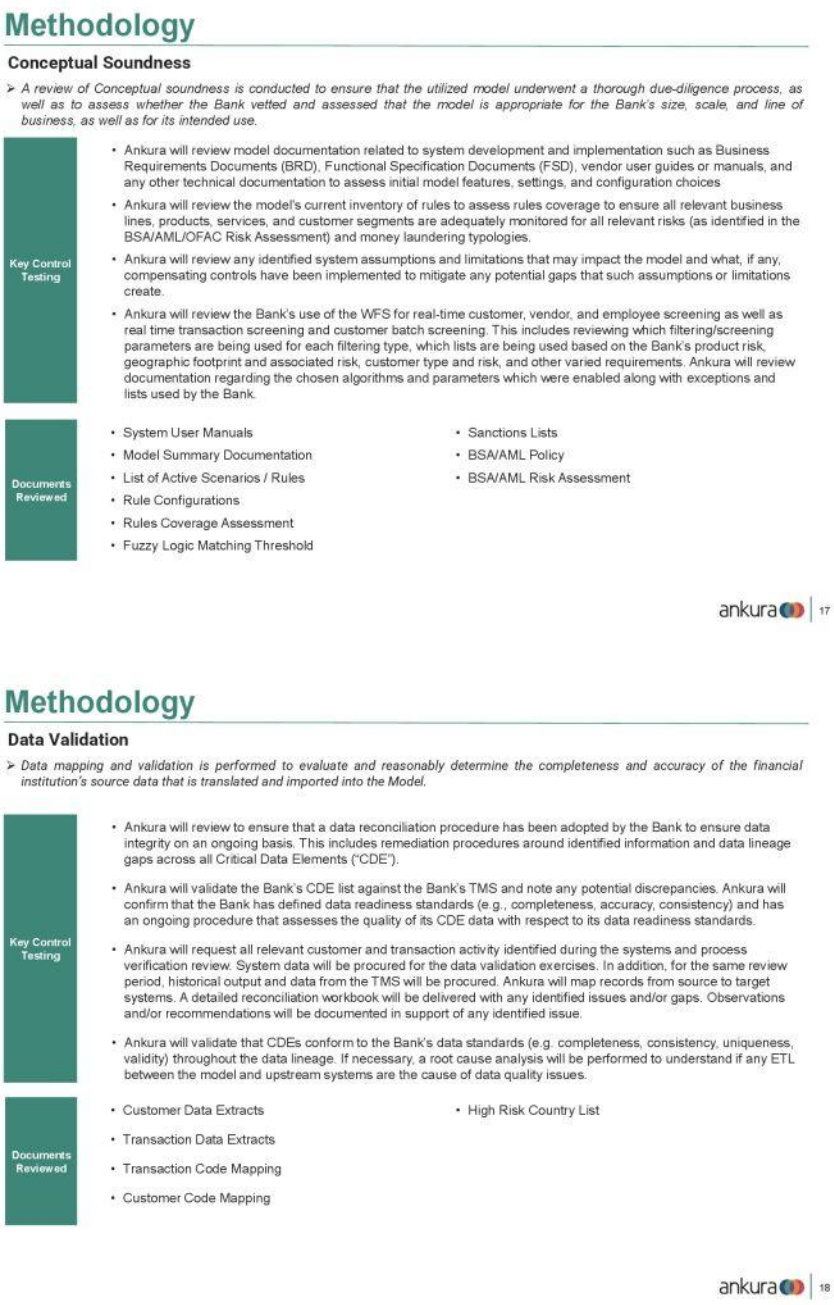
Methodology
Conceptual Soundness
A review of Conceptual soundness is conducted to ensure that the utilized model underwent a thorough due-diligence process, as well as to assess whether the Bank vetted and assessed that the model is appropriate for the Bank's size, scale, and line of business, as well as for its intended use.
Key Control Testing
Ankura will review model documentation related to system development and implementation such as Business Requirements Documents (BRD), Functional Specification Documents (FSD), vendor user guides or manuals, and any other technical documentation to assess initial model features, settings, and configuration choices
Ankura will review the model's current inventory of rules to assess rules coverage to ensure all relevant business lines, products, services, and customer segments are adequately monitored for all relevant risks (as identified in the BSA/AML/OFAC Risk Assessment) and money laundering typologies.
Ankura will review any identified system assumptions and limitations that may impact the model and what, if any, compensating controls have been implemented to mitigate any potential gaps that such assumptions or limitations create.
Ankura will review the Bank's use of the WFS for real-time customer, vendor, and employee screening as well as real time transaction screening and customer batch screening. This includes reviewing which filtering/screening parameters are being used for each filtering type, which lists are being used based on the Bank's product risk, geographic footprint and associated risk, customer type and risk, and other varied requirements. Ankura will review documentation regarding the chosen algorithms and parameters which were enabled along with exceptions and lists used by the Bank.
Documents Reviewed
System User Manuals
Model Summary Documentation
List of Active Scenarios / Rules
Rule Configurations
Rules Coverage Assessment
Fuzzy Logic Matching Threshold
Sanctions Lists
BSA/AML Policy
BSA/AML Risk Assessment
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Methodology
Data Validation
Data mapping and validation is performed to evaluate and reasonably determine the completeness and accuracy of the financial institution's source data that is translated and imported into the Model.
Key Control Testing
Ankura will review to ensure that a data reconciliation procedure has been adopted by the Bank to ensure data integrity on an ongoing basis. This includes remediation procedures around identified information and data lineage gaps across all Critical Data Elements ("CDE").
Ankura will validate the Bank's CDE list against the Bank's TMS and note any potential discrepancies. Ankura will confirm that the Bank has defined data readiness standards (e.g., completeness, accuracy, consistency) and has an ongoing procedure that assesses the quality of its CDE data with respect to its data readiness standards.
Ankura will request all relevant customer and transaction activity identified during the systems and process verification review. System data will be procured for the data validation exercises. In addition, for the same review period, historical output and data from the TMS will be procured. Ankura will map records from source to target systems. A detailed reconciliation workbook will be delivered with any identified issues and/or gaps. Observations and/or recommendations will be documented in support of any identified issue.
Ankura will validate that CDEs conform to the Bank's data standards (e.g. completeness, consistency, uniqueness, validity) throughout the data lineage. If necessary, a root cause analysis will be performed to understand if any ETL between the model and upstream systems are the cause of data quality issues.
Documents Reviewed
Customer Data Extracts
Transaction Data Extracts
Transaction Code Mapping
Customer Code Mapping
High Risk Country List
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Methodology

Outcome Analysis

➢ *The effectiveness of an organization's model should be supported by ongoing and robust calibration, documentation and analyses, as well as a clear, documented decision-making process which includes alert investigation, case management and voluntary self disclosure or reaching out to regulators or Bank partners for advising.*

Key Control Testing

- Ankura will conduct testing on a sample of rules to ensure the rule logic and/or performance is functioning as designed and producing expected outputs.
- Ankura will test a sample of names from the 314(a) list to ensure the model is accurately retrieving true matches.
- Ankura will analyze alert output for productivity, reviewing metrics such as total alert counts, alert-to-case ratios, and alert-to-SAR ratios.
- Ankura will compile results including testing methodology, testing results, and recommendations/observations for any changes to parameter settings or configuration. Results will be discussed with the Bank prior to final report issuance.
- Ankura will develop tests with known expected outputs based on the stated filtering functionality of the WFS. Review of the results to ensure appropriate and adequate results to capture OFAC SDN names and other list names.
- Test systems utilizing names which have been adjusted to stress test the WFS's ability to capture aberrations in entities' and individuals' names for misspelling, concatenation, partial name, transliteration, inverse name, embedded name/character, phonetic misspelling etc.

Documents Reviewed

- Alert data
- Case data
- SAR data
- Alert productivity metrics
- Tuning and Optimization Memos/Analyses

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Methodology

Ongoing Monitoring

➢ *A review of Conceptual soundness is conducted to ensure that the utilized model underwent a thorough due-diligence process, as well as to assess whether the Bank vetted and assessed that the model is appropriate for the Bank's size, scale, and line of business, as well as for its intended use.*

Key Control Testing

- Ankura will review for appropriate ongoing monitoring efforts, including system calibration and maintenance. Review existing testing documentation, results and changes (if any) made by the Bank to the TMS. Review existing policy, procedures, methodology documents related to calibration of the model.
- Ankura will assess routine data quality controls such as exception reporting for data uploads, periodic data quality testing or reviews, and automated data entry checks and controls.
- Ankura will review and independently validate the accuracy of existing reporting to management regarding model metrics and performance.
- Ankura will review the Bank's policy on regulatory lists covered, internal lists used (e.g. internal watch lists), mitigating controls for any list downtime, process for testing any list changes. Ankura will perform an assessment of the effectiveness of the controls.
- Ankura will review and independently validate the accuracy of existing reporting used by the Bank to provide management information relevant to its WFS.

Documents Reviewed

- Transaction Monitoring and Sanctions Screening\ reporting to the Board / Senior Management
- Prior Model Validation Reports
- Tuning and Optimization Memos/Analyses

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Methodology

Governance and Controls

➢ *Developing and maintaining strong governance over the model is fundamentally important to its effectiveness. The design and implementation of policy and procedures help to ensure that the model achieves its intended purpose.*

Key Control Testing

- Ankura will review the roles of Senior Management to determine responsibility for model risk management. The model should have clear ownership designations. Ankura will review and ensure that the model has a decisive provision of ownership of the model and roles of those who have the position to make changes, review, or approve the model.
- Ankura will review the Model Risk Management Program to ensure the model is appropriate for mitigating the inherent risk of the Bank. Ankura will review the Bank's inventory of model documentation and provide recommendations where applicable,
- Ankura will review the Change Management Program and Access Management Program to determine if policies and procedures are in place to ensure appropriate governance and controls relevant to user access management as it relates to the model.
- Ankura will review change management logs for proper documentation of material changes to the model.
- Ankura will review the model's distribution of roles and user group rights. Ankura will review the rights and access provided and the controls to ensure both adherence to country law and privacy regulations.

Documents Reviewed

- Model Risk Management Policy
- Model Risk Management Organizational Chart
- Model Inventory
- Model Risk Assessments
- Change Management Policy
- Access Management Policy
- User Access Lists
- Model Change Logs

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Analysis, Reporting, & Outcomes

- Upon completion of our assessments, we consolidate our findings from all the completed activities into a detailed report confirming the scope of work completed, our findings and recommendations where relevant.
- We also provide a copy of the detailed Data Validation analysis along with areas for improvement and recommendations for next steps.
  - ➢ If desired, we provide a remediation plan with indicative timelines for any subsequent remediation work.
  - ➢ If required, Ankura is happy to present the findings of to your key stakeholders.
- We also provide (in needed) a follow up meeting with your key stakeholders to assist with the scoping of potential remediation activity to address any key deficiencies in your financial crime risk management framework if required.

Client Success Case Study:$10 billion Regional Bank

Challenge: A mid-sized regional bank, implementing a new third party BSA/AML transaction monitoring and sanctions screening system needed assistance with tuning and calibration of their models, to ensure it aligned with their specific customer base, geographic footprint and product and service offerings.

Solution: Using above-the-line and below-the-line testing, sensitivity analysis, statistical data analysis of the company's customer and transaction data, and peer data analysis, we helped the bank better align its rule configuration and threshold settings to increase the accuracy of the model and reduce false positives.

Outcome: This process led to enhanced alignment with the bank's risk management standards and regulatory expectations, ultimately resulting in improved overall model performance for BSA/AML and OFAC compliance.

Select Past BSA/AMLTransaction Monitoring Clients

Stride BANK · DARTBANK · LakelandBank · HTLF BANK

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Solutions for Financial Institutions

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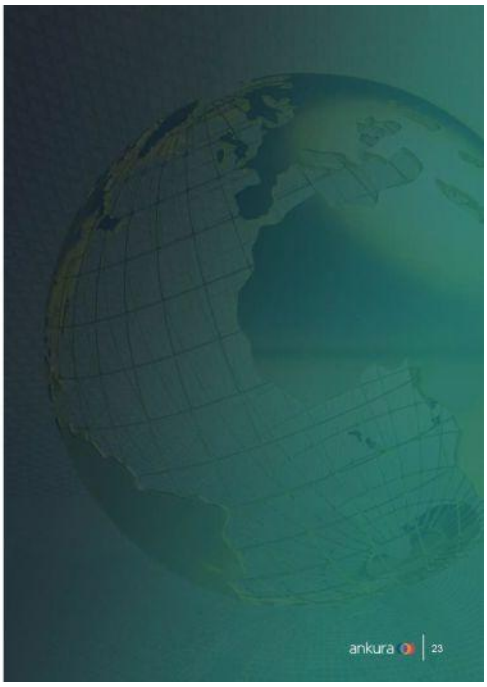

Valuation And Transaction Support

Market Leading Services and Client Commitment

Our **Valuation and Transaction Support services** team has been rendering services to banks since the advent of FASB 141, now known as ASC 805. We have worked with all of the Big 4 plus most large regionals, including Crowe, Moss-Adams, RSM, and Grant-Thornton. Our **methods, approaches, and outcomes** have been time tested by extensive audit and regulatory scrutiny.

Featured Services

ASC 805 Fair Value Analysis | ASC 350 Goodwill Impairments | ASU 2016 Fair Value Analysis | Branch Deposit Valuation
280 (g) Golden Parachute Valuations | Loan Review, Credit Analysis, and Credit Discounts

Related Services

Loan Sales | Fairness Opinions | Financial Advisory

BMO	Atlantic Union Bankshares	OFGBancorp
$16.8B acquisition of Bank of the West Valuation Advisor to BMO	$1.6B Merger with Sandy Spring Bancorp Valuation Advisor to Atlantic Union Bankshares	Valuation Advisor regarding Annual Goodwill Impairment Analysis Ankura has assisted OFG annually on goodwill impairment since 2012

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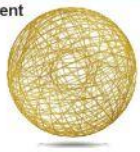
Regulatory Compliance

Quantifying Risk And Confronting a Dynamic Regulatory And Trade Environment

Our **Audit Advisory practice** brings years of regulatory experience to best-in-class model validation and risk management support. Ankura's risk management validates models, review credit and ensures practices and procedures are consistent with regulatory requirements.



Featured Services

Model Risk Management | Credit Review and Analysis

Things We've Done

Evaluate Effectiveness of Internal Controls | Evaluate Audit Procedures | Build Models | Validate Model Procedures| Document and Support Credit & Modeling Processes | Review Credit| Ensure Compliance with In-House Requirements

PENFED CREDIT UNION	ENTERPRISE BANK & TRUST	WesBanco
Pre-Regulatory Examination Review Ongoing Fair Value Review and Analysis $300MM (face value) Commercial Loan Portfolio Secured by Taxi Medallions	Model Validation Vendor CECL Model Recurring: Annual Validation of Vendor Model, documentation support, data and output	Validation of Internal Liquidity and Stress Testing Models

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Ankura Real Estate

Cutting Edge Support For Real Estate Lenders And Investors

Ankura's Real Estate Advisory ("AREA") provides lenders and investors with market leading advice for all types of real estate. Whether loan review or best-in-class strategies for collateral/real estate asset disposal, AREA is committed to working effectively within operational, regulatory, and financial requirements. For banks, our core services include:

Featured Services

Purchase Price Allocations | Property and Leasehold Valuations| Accounting and Compliance Reviews| Litigation Support and Expert Witness Testimony | Turnaround and Restructuring Support

Deal Advisory Services:

Deal Sourcing| M&A Due Diligence | Transaction Structuring | Rating Agency Presentations

J.P.Morgan	CREDIT SUISSE	BANK OF AMERICA
Valuation and Advisory Ankura Advised Credit Suisse in conjunction with all collateralizing hotel and casino real estate assets	Valuation and Advisory Ankura Advised Credit Suisse in conjunction with all collateralizing commercial real estate assets	Restructuring Ankura assisted the Bank of America in efforts to restructure certain Hospitality Properties

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Specialty Finance

Getting To The Heart Of Value

Ankura's core financial services team has advised a full range of specialty financial firms, from insurance and brokerage advisory to mortgage banks, leasing firms, factoring firms, and other specialty lenders. **Our goal in each is to find value for our clients, understand risk and be able to quantify the opportunity and synergies our clients seek.**

Featured Services

Entity Valuation and Performance Assessments

Intangibles Valuation:

Relationship Intangible Valuation | Loans and Leases Valuation | Contract Valuation| Non-Compete Agreements | Technology Valuation| Trademark & Trade name valuation | Deferred Compensation/Earn-Out valuation | Assembled Workforce Valuation

First National Bank	Peoples Bank	SAFCO
Valuation Advisor Acquisition of: - Carolina Benefit Specialists - Coffee & Coffee, Inc. - Pittsburgh Insurance Brokerage Segment of First Niagara Risk Management	Valuation Advisor Acquisition of: NS Leasing LLC Triumph Premium Finance Elite Insurance Agency	ASC 326 Annual Review Subprime and unrated automobile secured credit

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Transformation

Improving Return Through Efficiency And Accountability

We help our clients **Protect, Create, and Recover Value** by advancing operational excellence throughout their organization – from the factory floor to the board room – to unlock efficiencies and drive growth. From executing digital transformations to reshaping supply chain operations, we deliver end-to-end transformational change that rapidly delivers performance improvements.

Featured Services

Change Management | Diversity, Equity, & Inclusion | Program & Project Management
Process Design & Optimization | Value Creation Planning | Talent & Culture | Social Impact & Community Engagement

Intangibles Valuation:

Relationship Intangible Valuation | Loans and Leases Valuation | Contract Valuation | Non-Compete Agreements | Technology Valuation| Trademark & Trade name valuation | Deferred Compensation/Earn-Out valuation | Assembled Workforce Valuation

Bar Harbor Bank & Trust	Redwood Mortgage	cbc federal
Branch Profitability After Acquisition of a $1.1 billion bank, Ankura advised Bar Harbor on branch profitability and built a profitability model	Portfolio Restructuring Ankura Capital Advisors, LLC acted as exclusive broker and financial advisor to Redwood Mortgage	Origination Process Improvement Ankura advised CBC FCU process improvements to improve efficiency and member experience

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APPENDIX B

Operating Model, Governance, and Implementation Flow Descriptions

Operating Model, Governance, and Implementation Flow Descriptions

This appendix provides narrative descriptions of the core flow diagrams that support the Strategy and Implementation Plan. While the diagrams themselves would typically be presented visually, the following prose explains their structure, logic, and sequencing in sufficient detail to guide execution. These flows apply to both mid-sized banks and wealth management firms, with variations in use cases rather than governance principles.

B.1 Current-State vs. Target-State Operating Model Flow

The first flow diagram documents the transition from the current operating model to the target AI-assisted operating model.

Currently, workflows across banking and wealth management are predominantly manual and document-driven. Data is sourced from multiple internal systems and external documents, requiring significant human effort to collect, reconcile, and interpret information. In banking functions, credit analysts manually gather financial statements, collateral documentation, and borrower information, then draft credit memoranda for review. In wealth management, advisors spend substantial time preparing for client meetings, compiling portfolio data, and generating follow-up materials.

Decision-making in the current state relies heavily on individual expertise, with limited real-time analytics and inconsistent documentation standards. Governance and oversight occur periodically, often after decisions are made, through sample reviews or scheduled audits.

In the target state, AI-enabled workflows augment these processes without removing human accountability. Data ingestion is automated through secure data pipelines and APIs, allowing AI systems to assemble relevant inputs in real time. Generative AI tools draft initial outputs—such as credit summaries, risk assessments, or client-facing insights—which are then reviewed, validated, and approved by qualified professionals. Human review points are explicitly embedded in the flow. For banks, this includes analyst review, credit committee approval, and post-decision monitoring. For wealth management firms, this includes advisor validation and compliance review. Governance shifts from periodic review to continuous monitoring, with automated alerts and performance tracking supporting oversight functions.

The purpose of this flow is to clarify where AI operates, where humans intervene, and where accountability remains, ensuring transparency for regulators, auditors, and internal stakeholders.

B.2 AI Governance and Decision Lifecycle Flow

The second flow diagram describes the lifecycle of an AI use case from initial conception through ongoing operation and oversight.

The flow begins with use-case intake, where business units propose AI applications aligned to defined strategic objectives. Each proposal is documented using a

standardized intake template that captures the intended purpose, data sources, expected benefits, and preliminary risk considerations.

Next, the use case moves to risk and governance screening, where Risk Management, Compliance, and Legal functions assess regulatory implications, data privacy considerations, and alignment with internal policies. Use cases that fail this screening are either rejected or returned for redesign.

Approved use cases enter the development and configuration phase, where AI Engineering and Data teams build or configure models within approved environments. During this phase, documentation is created covering model assumptions, limitations, and intended use.

The flow then transitions to validation and testing, where Model Risk Management or an equivalent independent function evaluates model performance, explainability, and control effectiveness. Human-in-the-loop thresholds, accuracy benchmarks, and escalation criteria are established at this stage.

Once validation criteria are met, the use case moves to controlled deployment, typically beginning with internal-facing applications. Deployment is accompanied by monitoring protocols that track performance, bias indicators, error rates, and user interventions.
The final stage is ongoing monitoring and escalation, where continuous performance data feeds back into governance processes. If thresholds are breached, the flow routes the issue to remediation, retraining, or suspension, depending on severity. This lifecycle repeats as models evolve or expand in scope.

This flow ensures AI is treated as a managed capability, not a one-time implementation.

B.3 Implementation Phase Flow and Decision Gates
The third flow diagram outlines the project's phased execution from inception through scale, including decision checkpoints.

The flow begins with the Diagnostic Phase, where the organization assesses its current technology stack, operating model, data readiness, and regulatory baseline. Outputs from this phase include a prioritized use-case inventory and an agreed-upon scope for initial implementation.

The next phase, Foundations, establishes the technical and governance prerequisites required for AI deployment. This includes data architecture, access controls, governance charters, and initial automation wins. Completion of this phase triggers a formal decision gate confirming readiness to proceed.

The Pilot Phase follows, where selected use cases are deployed in controlled environments. Performance metrics, user feedback, and risk indicators are collected and reviewed. A mid-phase checkpoint assesses whether pilots meet predefined success criteria.

If pilot outcomes meet thresholds, the flow advances to Scale and Integration, where AI capabilities are embedded into core workflows and training programs are rolled out. If thresholds are not met, the flow loops back to remediation steps before re-evaluation. The final phase, Playbook Finalization, formalizes lessons learned, governance standards, and execution templates into the GenAI Playbook. This phase includes packaging the framework for repeatable use across institutions.

Decision gates are explicitly marked between phases, reinforcing disciplined progression rather than continuous rollout without oversight.

B.4 Role of Flow Artifacts in Execution and Oversight

These flow descriptions serve multiple purposes. First, they provide execution clarity, allowing delivery teams to understand sequencing, dependencies, and responsibilities. Second, they support governance and regulatory discussions by making AI decision paths explicit. Third, they enable knowledge transfer, ensuring continuity if project leadership changes.

While visual diagrams enhance clarity, the prose descriptions in this appendix ensure the Capstone remains executable even without proprietary diagrams or institution-specific visuals.

APPENDIX C

Sample Governance and Execution Artifacts

This appendix describes the core governance and execution artifacts that support implementation of the GenAI Playbook. These artifacts are not included as completed documents, as they are typically customized to each institution's policies and regulatory environment. Instead, the descriptions below specify the purpose, content, ownership, and usage of each artifact so that another professional could create and deploy them as part of the project.

C.1 AI Governance Charter

The AI Governance Charter is the foundational document that establishes oversight, accountability, and decision rights for all AI-related initiatives. Its purpose is to define how AI systems are approved, monitored, and controlled across the organization.
The charter typically includes:

- Scope and definition of AI and GenAI use cases covered
- Roles and responsibilities across business, technology, risk, compliance, and legal
- Alignment with enterprise risk management and model risk management frameworks
- Approval thresholds for different categories of AI use cases
- Escalation paths for control breaches, performance degradation, or regulatory concerns

Ownership of the charter resides with the Steering Committee, with drafting led by Risk and Compliance in coordination with Technology. The charter is approved before any pilot deployment and reviewed periodically as regulatory guidance evolves.

C.2 AI Use Case Intake and Risk Assessment Template

This artifact standardizes how AI use cases are proposed and evaluated. Its purpose is to ensure consistency, traceability, and risk awareness before development begins.
The intake template captures:

- Business objective and expected value
- Description of AI functionality and outputs
- Data sources (internal, external, customer-derived)
- Intended users (internal staff vs. client-facing)
- Preliminary risk assessment (privacy, bias, explainability, operational risk)
- Regulatory considerations by jurisdiction

This template is completed by the business unit proposing the use case and reviewed by Risk, Compliance, and Legal during the screening phase. Use cases that fail screening are either rejected or returned for redesign.

C.3 Model Risk and Validation Assessment Document

The Model Risk Assessment document formalizes an independent challenge of AI systems before deployment. Its purpose is to ensure that models perform as intended and that limitations are documented and understood.
Key components include:

- Description of model logic and assumptions

- Performance testing results and accuracy benchmarks
- Explainability and transparency assessment
- Bias and fairness evaluation
- Human-in-the-loop design and override controls
- Residual risk assessment and compensating controls

This document is owned by Model Risk Management (or an equivalent independent function) and must be approved before any model moves beyond pilot status.

C.4 KPI and Performance Monitoring Framework

This artifact defines how success and risk are measured post-deployment. Its purpose is to enable continuous monitoring rather than periodic review.
Typical KPIs include:

- Efficiency metrics (time saved, tasks automated)
- Accuracy and error rates
- Human intervention frequency
- Client or advisor satisfaction indicators
- Control breaches or escalation events

The framework specifies reporting frequency, thresholds, and responsible owners—both operational teams and governance bodies review outputs.

C.5 Go/No-Go Decision Memo Template

This document formalizes decision-making at critical checkpoints. Its purpose is to ensure that progression between phases is deliberate, documented, and auditable.
The memo summarizes:

- Pilot objectives and outcomes
- Performance against predefined success criteria
- Identified risks and mitigation actions
- Recommendation to proceed, pause, or terminate
- Required remediation steps if applicable

Approval authority rests with the Steering Committee, ensuring executive accountability.

C.6 Training and Change Management Playbook

This artifact supports adoption by staff and advisors. Its purpose is to ensure AI is used correctly and consistently.
Contents include:

- Role-based training modules
- Guidance on interpreting AI outputs
- Escalation procedures for anomalies
- Reinforcement of accountability and professional judgment

Ownership typically resides with HR and business leadership, with input from Risk and Technology.

APPENDIX D

Bank-Specific vs. Wealth-Management-Specific Flow Comparison

While the GenAI Playbook is designed as a unified framework, execution differs materially between banking and wealth management environments. This section highlights those differences to clarify applicability and ensure proper tailoring.

1. Nature of Decisions
In banking, AI-supported decisions are often credit- or risk-determinative, with direct implications for capital, regulatory compliance, and financial exposure. As a result, decision flows emphasize formal approvals, documentation rigor, and auditability.

In wealth management, AI primarily supports advisory and relationship-driven decisions. Outputs inform recommendations rather than final determinations, placing greater emphasis on suitability, personalization, and client communication.

2. Human-in-the-Loop Design
Banking flows require clearly defined human checkpoints before decisions are finalized. Credit officers, risk committees, and compliance reviewers retain explicit sign-off authority.

Wealth management flows embed human judgment at the advisor level. Advisors interpret AI-generated insights and contextualize them for clients, with compliance review focused on suitability and disclosure rather than transactional approval.

3. Governance Intensity
Banks operate under strict supervisory scrutiny, requiring tighter alignment with model risk management standards and more frequent validation cycles.

Wealth management firms apply similar principles, but often with less formality, focusing on client protection, fiduciary responsibility, and marketing compliance.

4. Deployment Sequencing
In banking, deployment typically begins with internal-facing applications (e.g., analyst tools) before expanding cautiously to client-facing functions.

In wealth management, advisor-facing tools can be deployed earlier, as long as guardrails are in place, because advisors remain the final decision-makers.

5. Success Metrics
Bank success metrics emphasize efficiency ratios, loss avoidance, and control effectiveness.
Wealth management success metrics emphasize advisor productivity, AUM growth, client retention, and engagement quality.

6. Risk Exposure and Escalation
Banking flows require formal escalation to senior risk leadership for threshold breaches. Wealth management flows typically escalate through compliance and supervisory channels, with remediation focused on advisor guidance rather than system suspension unless systemic issues are detected.