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Executive Perspectives January 2026

Transformation Nation: The AI innovation shift in financial services

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Foreword

***Joseph Twigg**, CEO, Aveni*

Artificial intelligence now sits at the centre of conversations about the future of financial services. It promises a fundamental redesign of how firms operate, how advisers serve customers and how risk is managed. For those of us working in and around AI, this ubiquity can feel absolute. But financial services occupies a unique space in the economy — one of the few sectors that touches every part of society, from everyday transactions to long-term life decisions. Its relationship with technology is therefore both highly visible and deeply consequential.

To move beyond the noise, we spoke with a select group of senior leaders across wealth, life insurance, technology, financial advice and bespoke consultancy to garner their perspectives and build a picture of what they are facing today and how they foresee AI adoption unfolding. If transformation is to be realised, what will this mean and how will they get there?

Their reflections reveal a sector poised for structural change but wrestling with questions of timing, capability, governance, risk, customer outcomes, and indeed investment, in the right solutions and approach. What emerges is not a story of overnight revolution, but of accelerated transition that potentially sits at odds with a regulated industry that has not always been an early technological adopter.

Hype and speculation have tended to obscure a more important reality: **adoption is uneven, outcomes vary, and the distance between ambition and preparedness remains wide.**

This report examines where the sector stands today from the perspective of its senior leaders. The operational gains already within reach, the barriers preventing scale, the strategic decisions, the regulatory constraints and the technological backdrop that will define the next 12–18 months.

We are grateful to those who have shared their experiences openly and frankly as they guide their organisations through one of the most significant and fast-paced technological shifts of their careers.

Chapter 1. Introduction: On the brink of structural change

On the brink of structural change

The last decade delivered steady digital improvements in financial services, yet these enhancements barely shifted the foundations and speed of how organisations operate. AI presents a whole new technological proposition with much more deeply embedded consequences and strategic considerations.

"We are definitely entering the new industrial era… only this time it is happening much, much faster." - **Myrsini Alexandratou, Royal London.**

Across every discussion, a consistent observation surfaced: **AI represents a structural break, not an incremental improvement.** It changes the fundamental cost base, speed and shape of the sector.

> *"'Transform' is the right word. This is more than evolution — the shift will be rapid and significant over the next two years."*
> **- Gregg Schofield, Wesleyan.**

Where earlier automation depended on rigid rules and structured inputs, modern large language models (LLMs) can interpret free-form text, understand context, and navigate multi-step logic. This marks a structural break in what is technologically possible.

> **Myrisini Alexandratou** pointed to three key accelerating phases accompanying this change: *"Rising productivity, the reshaping of workflows, and eventually the creation of entirely new propositions."*

Crucially, this shift aligns with the regulatory direction of travel and a concerted effort to embed cross-sector collaboration. While certain policies like Consumer Duty elevate clarity, fairness and responsiveness, it does require a far greater level of data-first proof from the sector. This is certainly where AI can enhance consistency and insight, but it is also important that regulation remains in step with development and ensures risk oversight is still a key priority.

Yet the speed of AI development does highlight a clear tension between urgency to implement and institutional comprehension or readiness. **Nick Holmes, Quilter Cheviot** observed: *"Growing executive interest is as much driven by fear of missing out as by genuine understanding, and that makes it challenging to always demonstrate ROI, and crucially, strategic risk."*

Mike Barrett, Lang Cat noted that *"the financial services sector tends to adopt new technologies cautiously, observing and learning from others' experiences before fully committing."* But in that context it is also clear that AI is different to predecessor technologies and will require a different adoption mindset, but caution still remains.

All of our interviewees agreed that AI isn't a bolt on, or a one-solution fix. It requires examining business models from first principles: improving customer experience and driving operational benefits, but all through a very clear risk and governance lens. And firmly set against an important backdrop of communicating with, and upskilling people within the organisations to adopt and deliver success.

The sector stands on the threshold of structural change. But crossing over that threshold brings a multitude of considerations and a clear-eyed view of what transformation actually entails.

Chapter 2. Universal interest, uneven maturity

Universal interest, uneven maturity

Our executives describe an industry that is energised by AI, but uneven in its approach or consideration of it. Some firms are running isolated pilots, using note-taking tools, assurance solutions and document analysis, while others are re-architecting journeys and looking to embed proprietary models. All of this in a sector which also faces an advice gap that is not (yet) showing signs of shrinking.

What is clear is the movement from experimentation to structured programmes. AI is no longer treated as a curiosity. Governance frameworks are forming, some early use cases are proving reliable, and leaders recognise that staying passive risks falling behind. But there are also cases where success has been variable and as **Gregg Schofield** highlights *"that can make it difficult to encourage faith in a big vision for AI without proving the benefits along the way."*

It is clear that the maturity of AI adoption is variable. **James Richardson, Shackleton Advisers** reflected that *"as an industry we are still very manual, and that can be a challenge to change culturally and technologically"*. Many early-adopting firms are *"dipping their toes in to say they've done it,"* with use cases including summarisation, document extraction, and quality assurance triage. These are clearly delivering efficiencies and value, as well as providing a more robust compliance approach for QA functions in organisations. But it is important to keep tracking, look at what is working, and continue to reshape objectives, KPIs and approaches in this context.

However, our executives collectively warned that without redesigning journeys or addressing the fundamental quality of data they hold there is a risk of organisational drift, inflated expectations or the embedding of inefficiencies.

> **Nick Holmes** warned against superficial adoption: *"If you simply integrate AI into an existing workflow — and that workflow is not optimal — you are not going to have the impact you are looking for."*

This view was expanded by **James Richardson**, who highlighted the need to take *"macro level view on AI adoption. We don't introduce a siloed solution with another siloed solution."* **Richardson** went on to emphasise the investment made in his organisation on really improving the quality of data, as without that he believes it presents a far greater risk to broader adoption. **Myrsini Alexandratou** warned against the risk of *"AI debt"* — the long-term cost of implementing technology without the governance, or clarity to scale safely.

There is a clear need for a disciplined and structured approach to embedding an innovation approach. *"We are clear that our business has to move to AI-enabled, human led basis and that is a central to our future strategic approach"*, said **Gregg Schofield**. This was echoed by **Alexandratou**: *"Start with your goals. Focus on adoption, get the foundations right, then measure and communicate before you scale — or stop."*

The sector may be energised, but enthusiasm is not the same as readiness. Maturity will hinge on intentional design, business outcomes and an AI-first mindset. The financial services sector is beginning to show a divide between those firms and cautious incumbents. This presents a real risk of some firms being outpaced.

Chapter 3. Early days showing transformation potential

On the brink of structural change

Despite maturity being uneven, there are early benefits being recognised. These were consistent across all of those we spoke to.

Productivity and redistribution of time

The most striking example comes from advisers. **Gregg Schofield** quantified the shift clearly: "advisers currently spend *25% of the time with customers and 75% on admin.*" The immediate goal is to flip that to a 75/25 split by offloading data gathering, soft notes, CRM updates and client letters to AI.

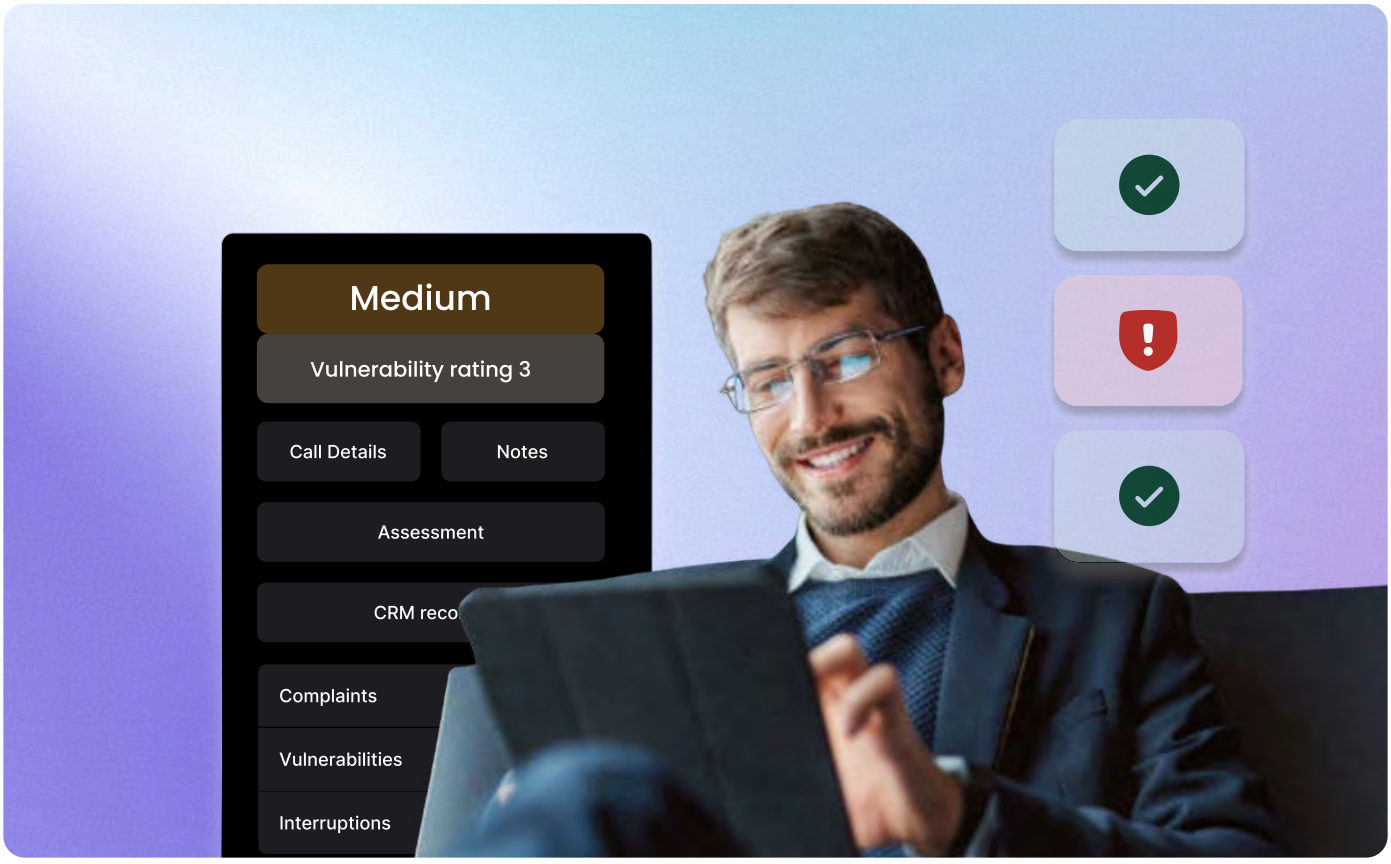
James Richardson emphasised the hidden value in reducing *"dead time"* — the delay between meeting, write-up and downstream processing: *"Gone are the days where clients wait six months for a report."*

Journey redesign and speed of build

AI dramatically accelerates journey development. In one example we were provided a digital triage of a workflow that once took months was prototyped in four days. It was clear in this context that more finance-specific large language models and indeed the adoption of agents in the future will only become easier and quicker, creating substantial efficiencies.

But it is important that those journeys are well thought through, as **Richardson** highlighted:

> *"It must undergo rigorous testing, with phased rollouts and pilots before scale is possible. We need to be confident it adds value and is trustworthy."*



Improved customer outcomes and personalisation

Richer interaction data, more consistent records and faster turnaround directly support Consumer Duty. **Richardson** noted that enhanced data capture enables firms to *"spot trends quicker and make better decisions for clients."*

It supports far superior segmentation — dialling automation up or down based on complexity, preference or digital confidence. And fundamentally, improve and demonstrate better customer outcomes. This is a crucial element, not just from a regulatory perspective, but as **Mike Barrett** highlighted, a trust perspective: *"the deeply personal nature of the work undertaken by those in many areas of financial services to protect individuals and families wealth cannot be understated."*

It will also create better business opportunities for organisations and ways to engage with their customers.

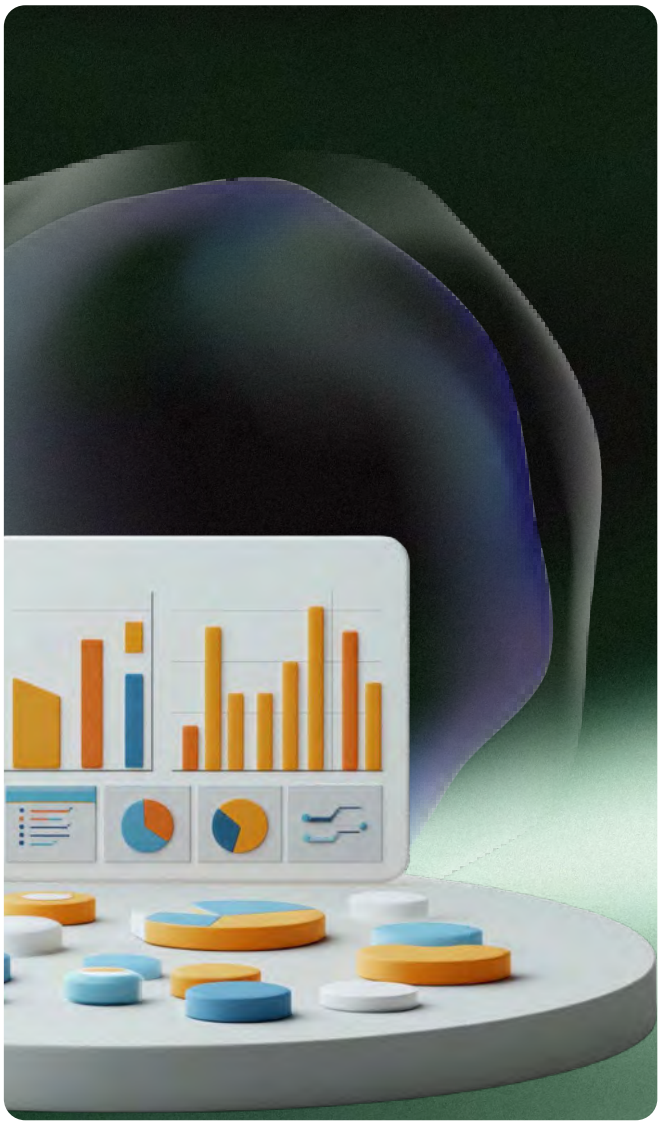
> **Nick Holmes** highlighted this: *"The first thing AI will really help with is communicating with clients more quickly, faster and in a personalised way. The automation and better direction of targeted marketing and identifying client needs through AI will benefit both the customers and the business."*

Quality, and not at a cost

Executives also noted that quality of outputs, not just speed, improves. AI-generated summaries capture richer data and reduce human inconsistency. **Richardson** emphasises that this improves downstream suitability and insight generation. *"It's not just faster,"* he says, *"it's more complete. And the value that offers us is substantial."*

This blend of efficiency and enrichment supports a central ambition: reducing the advice gap. Hybrid and guided advice models become economically feasible when administrative burden reduces.

AI's first wave of impact is operational, measurable and meaningful. Productivity gains cascade into better advice, richer data and deeper customer engagement. It is also starting to derive new and clearer ways of reducing the cost to serve, or creating new models of service. These wins are significant, tangible and attainable today, but it is fundamental that they are built upon reliable, risk-assessed governance and data foundations.



Chapter 4. Where the constraints lie

Where the constraints lie

Despite clear benefits, executives are cautious about the complexity of scaling AI responsibly. There were consistent themes around constraints and considerations in its adoption, and indeed potential for transformation, regardless of organisation size or customer focus. The following reflects their collective views.

Governance dominates

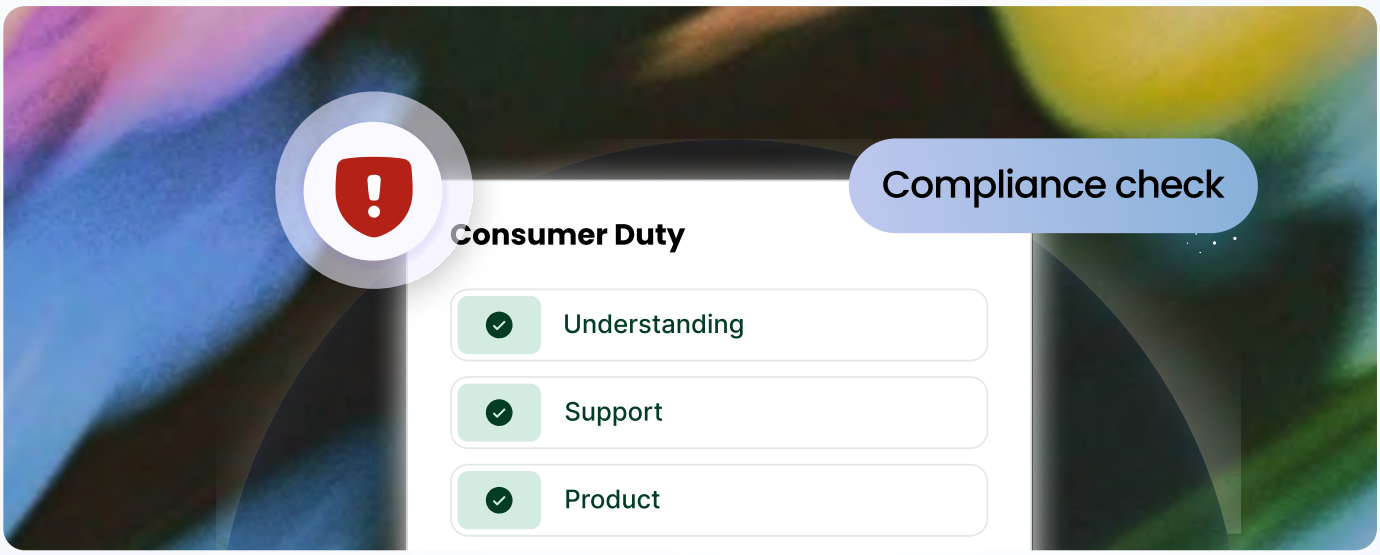
Governance dominates every conversation. **Myrsini Alexandratou** describes it as the *"biggest concern,"* citing explainability, bias and model drift. Others were candid in the prevalence of hallucination rates and emphasised the need for rigorous validation across fairness, toxicity, correctness and reliability, all essential under Consumer Duty.

Governance is also dependent on a broader industry awareness and adeptness. Not just in a regulatory capacity, but also from insurance, legal and technology integrators. **Mike Barrett** reflected that *"in some cases the collaboration and discussions across these crucial stakeholders is not progressing at the same pace as AI innovation, and that in itself is a clear barrier."*

Regulation is not slowing progress, but it is shaping it. **Nick Holmes** frames the challenge succinctly: safe deployment depends on *"accountability, auditability and demonstrable fairness."* Existing regulation - from Consumer Duty to SYSC - already sets expectations, but evidence requirements are intensifying.

Audit trails must show not only what AI generated, but why. This level of traceability becomes foundational for regulatory trust. Emphasis on areas that are imperative as part of the risk profiling include: data privacy, model provenance, methodology proving and training data sets.

Governance plays a paradoxical role here: far from being a constraint, strong governance frameworks create confidence to innovate responsibly. Firms must build auditability, fairness and traceability into AI systems from the start and not as an afterthought.



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Devil is in the data

Data quality remains a structural inhibitor. **James Richardson** captures the prevailing sentiment succinctly: *"Data quality is the difference between safe automation and operational risk."* Richer, more consistent data extraction across thousands of interactions enables better vulnerability detection, theme analysis and trend spotting. **Richardson** goes on to emphasise that *"good customer outcomes increasingly depend on timely, accurate and actionable insight."* Fragmented systems and inconsistent records limit what firms can automate with confidence.

Equally important are operating models. **Nick Holmes** warns that inserting AI into existing workflows risks *"making unoptimised processes only slightly better,"* urging firms to redesign journeys from the ground up instead of layering AI onto legacy structures.

Cultural commitment means clear communication

Cultural readiness is its own barrier. To deliver transformative change, and the 'bold decision' to put AI as the epicentre required clear communication, an innovation mindset and clear framework that brought staff and customers on the journey. This is not an easy integration, and was not underestimated in any of our conversations. **Nick Holmes** highlighted the importance of getting *"the narrative right to manage the expectation around the opportunity balanced with concerns over job security."*

Mike Barrett highlighted that this communication and clear narrative must extend to customers. He cited recent research which showed very low consumer trust, with fewer than one in ten customers currently willing to accept automated guidance.[1] Transparency is essential for trust, and firms must be clear about when AI contributes to decision-making and where human oversight remains.

Cultural maturity will ultimately become a determinant of pace. Organisations that communicate clearly, invest in upskilling and build psychological safety for experimentation are going to be essential, but it does also mean that they will advance faster.

Expanding the skill toolbox

Perhaps the most human element of the transformation lies within organisational capability.

> **Nick Holmes** emphasised this: *"In terms of priority after governance frameworks, the next most important consideration is to educate and upskill your workforce. We have to be embedding AI literacy across the organisation."*

Gregg Schofield believes that future roles require *"a re-examining of core competencies and a greater openness to move beyond the more traditional people or sales skills."* A skillset combining digital fluency and contextual reasoning alongside the crucial human empathetic engagement will become increasingly essential. This is an area of investment for many businesses, but will require personnel ultimately who, as **Schofield** outlined, are *"digitally confident professionals, engaged with technology and its adoption to really unleash the efficiencies."*

Collaboration creates consensus and comfort

It was clear in our discussions that AI adoption cannot be undertaken in siloes, at a team, organisational or even sectoral level. There has to be greater collaboration for it to be adopted safely, securely and to bring the greatest benefits. This includes greater cooperation with firms building frontier language models, engaging directly with regulators to support innovation, and working with government to provide insight

[1] https://thelangcat.co.uk/report/the-meaning-of-value-2025/

into the challenges and opportunities of AI implementation. More broadly, there is a growing trend towards open-source approaches, with financial services firms increasingly looking for greater transparency from large language models, including open datasets, open model weights, and open development recipes.

With such a high-risk profile and huge amounts of deeply personal data that requires significant levels of security, there must be transparency and clarity on how AI is being developed, the models used and the data it is collecting and analysing to inform decisions and results generated. **Nick Holmes** said that *"a framework or standardised approach to ethics, data security and governance will build trust and provide greater assurance to risk mitigation."*

The UK has a unique opportunity here. With strong regulation, a concentrated financial sector and an emerging AI ecosystem, **it is well positioned to define global best practice.**

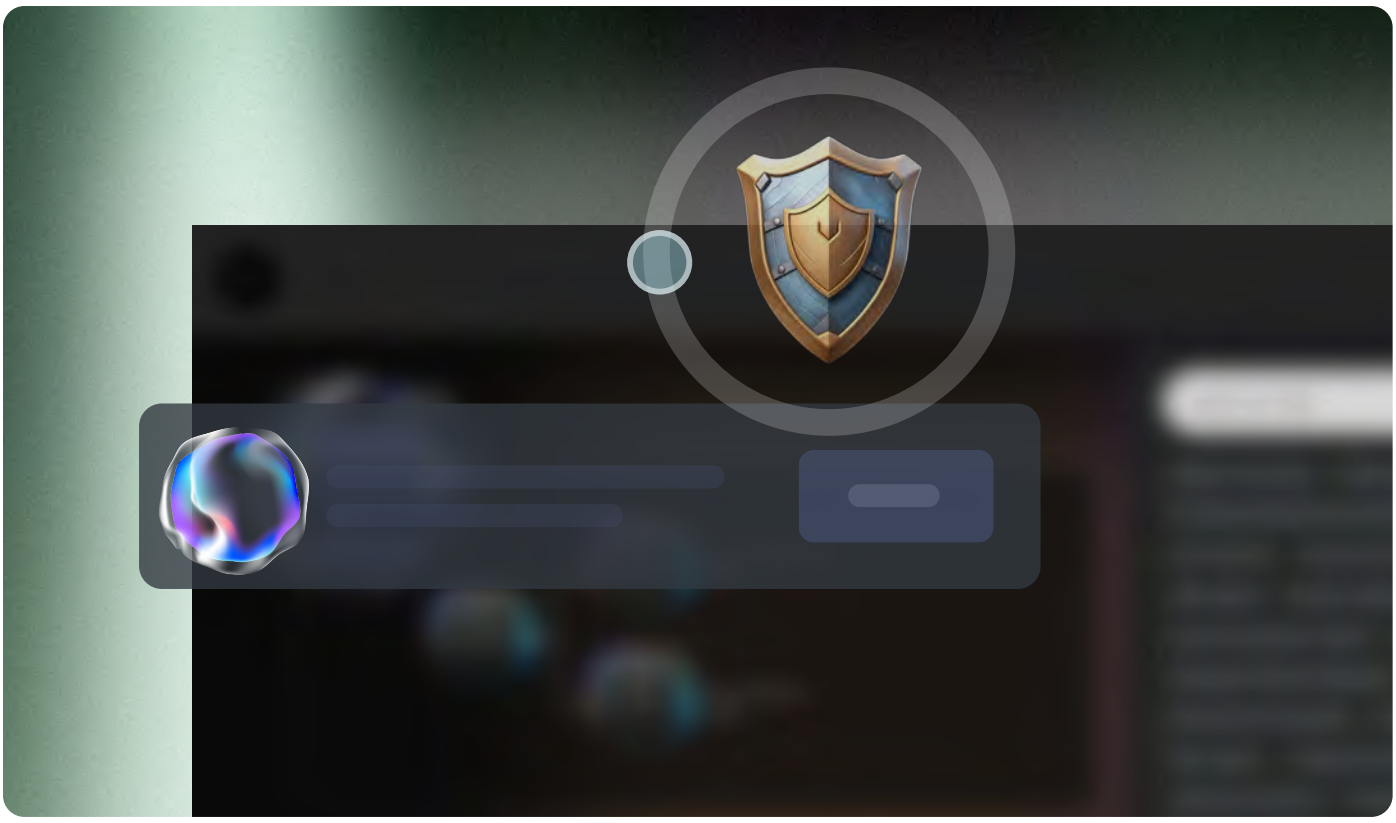
Prove the ROI

Executives agreed that AI initiatives must be anchored in a clear approach to ROI, especially in light of the MIT finding that 95% of GenAI pilots[2] delivered zero return. **Myrsini Alexandratou** emphasised that success depends on defining intent from the outset: *"If the goal is learning, the ROI can still be positive."*

Holmes reinforced that outcomes hinge on disciplined execution, noting *"AI success is not just about the technology, it's about strategy, alignment and execution."*

Without clear business problems, measurable outcomes and integration into real workflows, pilots risk becoming hype-driven experiments rather than value-creating transformations.

Despite clear wins, every executive stressed the same reality: **scaling AI is hard.** The constraints are multidimensional.



[2] https://www.forbes.com/sites/jasonsnyder/2025/08/26/mit-finds-95-of-genai-pilots-fail-because-companies-avoid-friction/

Chapter 5. A vertical model future and agent adoption

A vertical model future and agent adoption

Across our discussions senior leaders describe a sector moving rapidly towards AI-enabled transformation, but with a growing recognition that vertical LLMs and agentic systems will be essential to doing so safely, accurately and at scale.

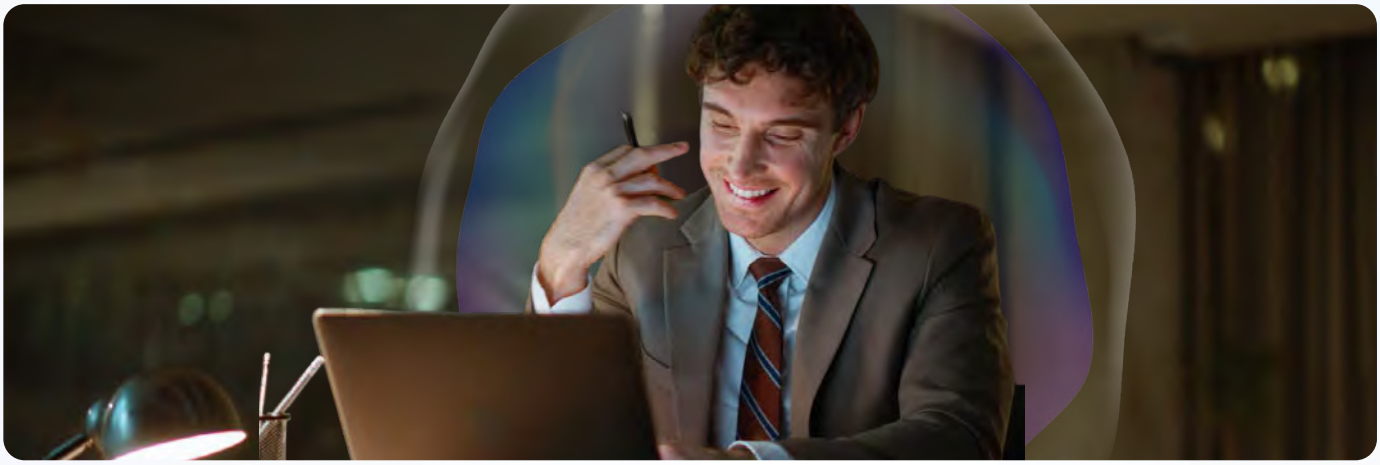
A recurring view is that generic models simply cannot handle the precision and regulatory burden of financial services. **Gregg Schofield** noted that even with a glossary, a mainstream LLM *"often misunderstood financial services acronyms" and struggled with varied, complex documents such as NHS pension statements, which "require specialised training."* Likewise, **Nick Holmes** warned that many generic models still generate *"plausible… but incorrect"* outputs; an unacceptable risk in regulated advice.

Because vertical models can be trained on sector-specific rules, historic advice, product sets and compliance frameworks, leaders see them as enabling greater accuracy, explainability and alignment with Consumer Duty. As **James Richardson** put it, richer, structured data allows firms to *"spot trends quicker"* and tailor services in ways impossible with manual processes.

The interviews also highlight a clear shift towards agentic AI, where specialised agents collaborate to perform tasks, trigger workflows and support advisers. **Schofield** described the rise of agents as a *"likely next phase of development"* because of the gains in *"speed, availability and consistency of service."*

Yet concerns remain. **Schofield** cautioned that agents cannot yet express the *"empathy"* needed for sensitive conversations. **Holmes** added that high-net-worth clients still *"want to buy people,"* and today's chatbots *"never quite answer the question."* Leaders also emphasised governance, data quality and consumer trust as critical prerequisites.

Despite these challenges, the consensus is clear: **vertical LLMs and agentic AI will underpin the next generation of financial services**, but their adoption must be measured, responsible and deeply embedded into both governance and culture.



Chapter 6.
The road ahead: the next 12–18 months

Chapter 6. The road ahead: the next 12–18 months

1. Governance, Data and Trust

Every leader flagged governance and data as the critical barriers for the coming year and the biggest priorities to get right through far greater focus on: risk management, particularly in the context of agentic AI and assurance required; business and functional objective setting; detailed pilot testing; colleague and customer communication to ensure trusted adoption models; and prioritising quality data availability.

2. Productivity gains and faster turnarounds

Leaders expect immediate improvements in efficiency as AI removes manual work, double-keying and delays in client servicing. These quick wins will set the tone for broader adoption.

3. Real proof of ROI

All our executives agreed that the next 18 months will require clearer metrics: adviser capacity gain, turnaround times, outcome quality, compliance uplift and operating costs.

4. Redesigning workflows, not just bolting on AI

Firms will begin reshaping processes and entire workflows end-to-end. This signals a shift from pilots to structural change.

5. Introduction of early AI Agents

The next year will see early AI agents embedded into operations, particularly for workflow and meeting assistance.

Adoption will focus on support tasks, before transitioning to client conversations, but will necessitate a greater level of assurance to be provided.

6. Cross-industry collaboration

This will become increasingly essential. Cybersecurity, bias testing, ethical adoption, evaluation and model governance will all demand joint standards. This is already underway, with examples like the FCA Supercharged Sandbox and organisations like the UK's AI Security Institute.

7. Foundations for vertical LLMs and smarter automation

Specialist LLMs will move from concept to early development, with growth expected in open-source, auditable models and early multi-agent experimentation.

Despite its cautious nature, the industry is ready. The next year will be defined by firms that combine ambition with readiness, and those left behind. As one executive summarised it: *"AI-first firms are beginning to pull away from the rest of the market and this will only increase."* Adoption capacity will differ sharply across the market - from those who lack the capacity for change to those who embed it as the backbone of their operations. But competitive pressure is rising, and consumer expectations will set a new tempo.

It is time to get with it and strap in as the pace is going to be unprecedented. **Myrsini Alexandratou** provides a very clear view: *"This transformation will happen faster than any technology transition in the past. This is innovation at its core, and we need a clearly mapped approach to keep up with it."*

Chapter 7. Towards responsible acceleration

Chapter 7. Conclusion - Towards responsible acceleration

The financial services sector stands at the beginning of a decisive transition. Interest is universal, but transformation requires discipline. Across the interviews several themes have emerged.

1. **AI's structural impact is inevitable**, but the shape of that impact depends on organisational readiness, governance and data quality. Firms must resist the temptation to scatter pilots across the business or treat AI as a bolt-on.
2. **The first wave of value is already proven:** productivity, journey acceleration, richer data and improved outcomes. These should be scaled deliberately and confidently.
3. **The risks are real -** bias, drift, hallucination, poor data, and fragile controls. Risk functions must evolve from oversight to orchestration, and this will be particularly crucial with the rise of agentic AI, with continuous, data-driven monitoring and clear accountability and assurance across human and machine decisions.
4. **Vertical and sovereign models will define the future.** The sector's complexity demands specialised models, controlled pipelines and independent validation, especially as agentic systems become embedded.
5. **The next 12–18 months will determine long-term advantage.** The rise of agents and associated assurance requirements, new governance expectations, and cultural and strategic preparation will separate firms ready to scale from those chasing hype.

Financial services now has the opportunity, and the responsibility, to build an AI-enabled future grounded in trust, transparency and meaningful customer outcomes. What will distinguish organisations over the coming years is not speed for its own sake, but the ability to operationalise AI with discipline, evidential rigour and long-term architecture that can withstand the scrutiny the sector demands.

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Contributors

We are very grateful to our contributors for their honest and considered insights and predictions on a variety of topics covered in this report. They were generous with their time and interest and it was a pleasure speaking with them.

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