

BFSI 2024 – The rise of AI-led Technology Arbitrage and the red herring of IT spending rebound

May 9, 2024

PRESENTED BY:

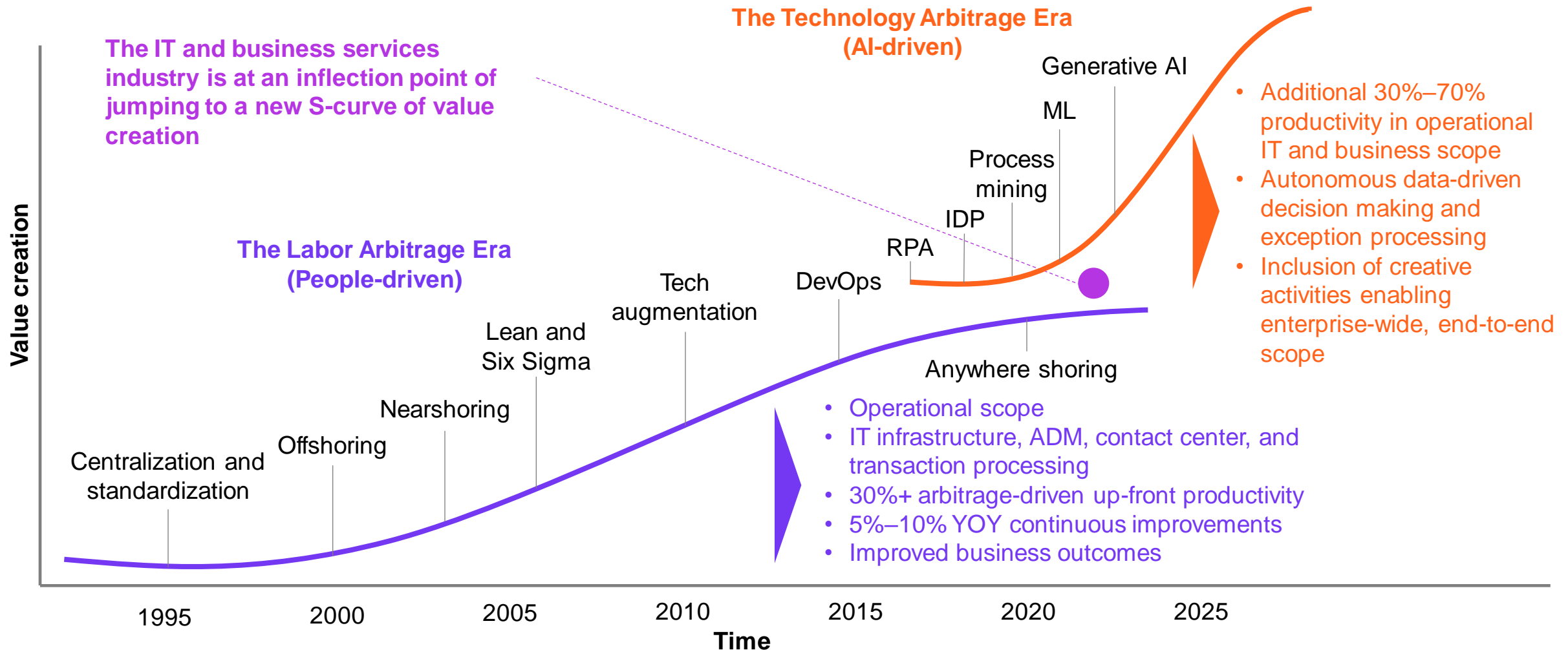
Elena Christopher, Chief Strategy Officer and Financial Services Research Leader

Session agenda

HFS' latest Pulse data is in and foretells a spending rebound in BFSI. But don't get too excited. It's going to be a lumpy year. Join Elena Christopher for an interactive discussion as she breaks down what's in and what's out for BFSI including:

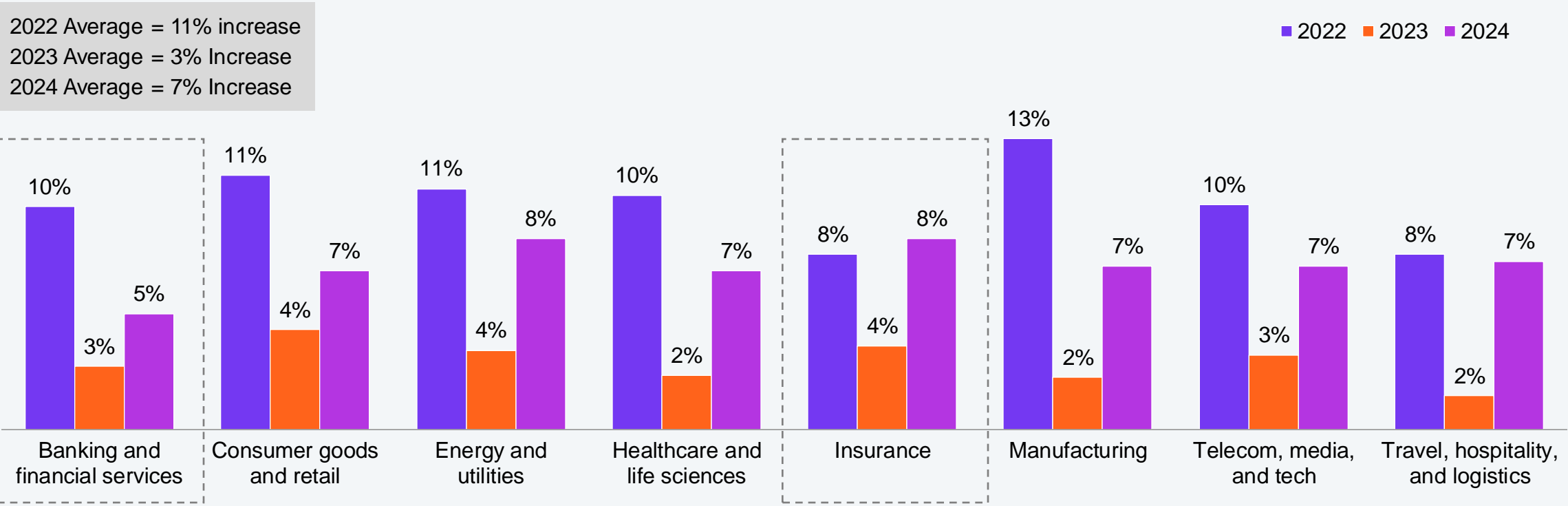
- The rise of AI-led technology arbitrage
- The red herring of spending rebound in BFSI
- GenAI in BFSI – if you're only chasing productivity you're not thinking big enough

The new S-curve of value creation will be powered by AI-driven technology arbitrage



Preliminary data shows an IT spending rebound in 2024—but the expectations for results are heightened

How is your IT-related budget expected to change in the next 12-18 months?
(Percentage of change)

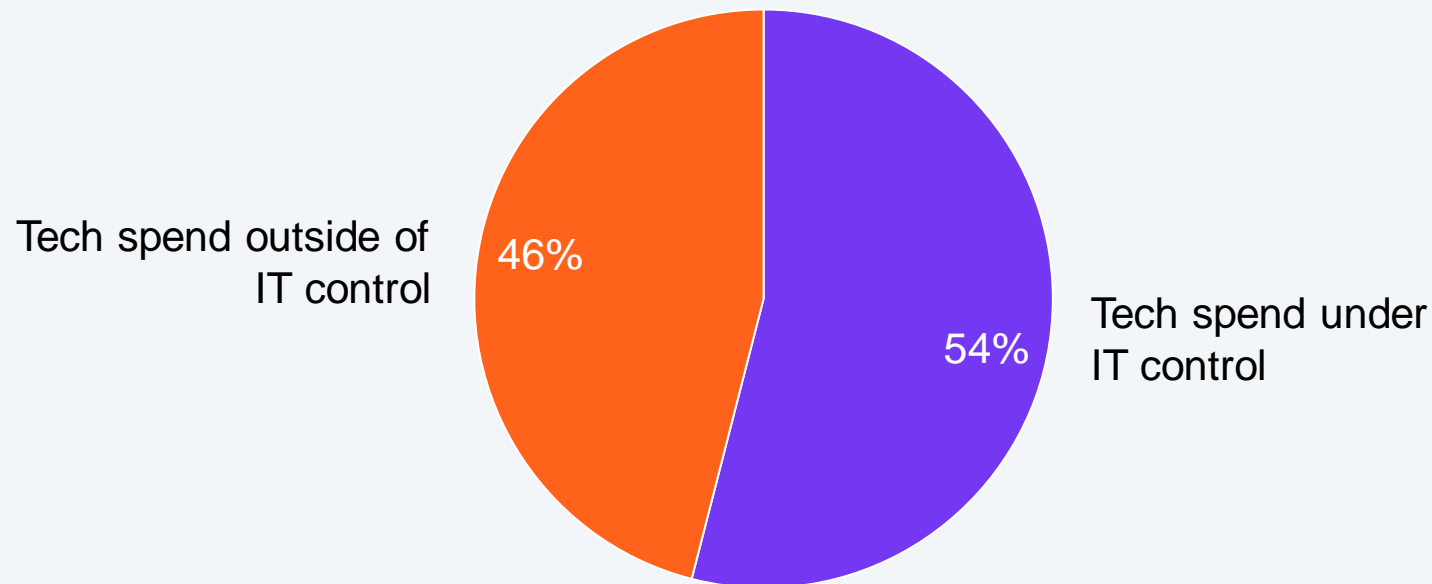


Sample: HFS Pulse, 2022, 2023, and 2024; 602 enterprises (2022), 600 enterprises (2023), and 605 enterprises (2024)
Source: HFS Research, 2024

Winners in the emerging technology arbitrage era will require strong business acumen because IT no longer exclusively writes the checks

What percentage of your enterprise's technology-related spending is controlled by IT?

Weighted average across BFSI respondents



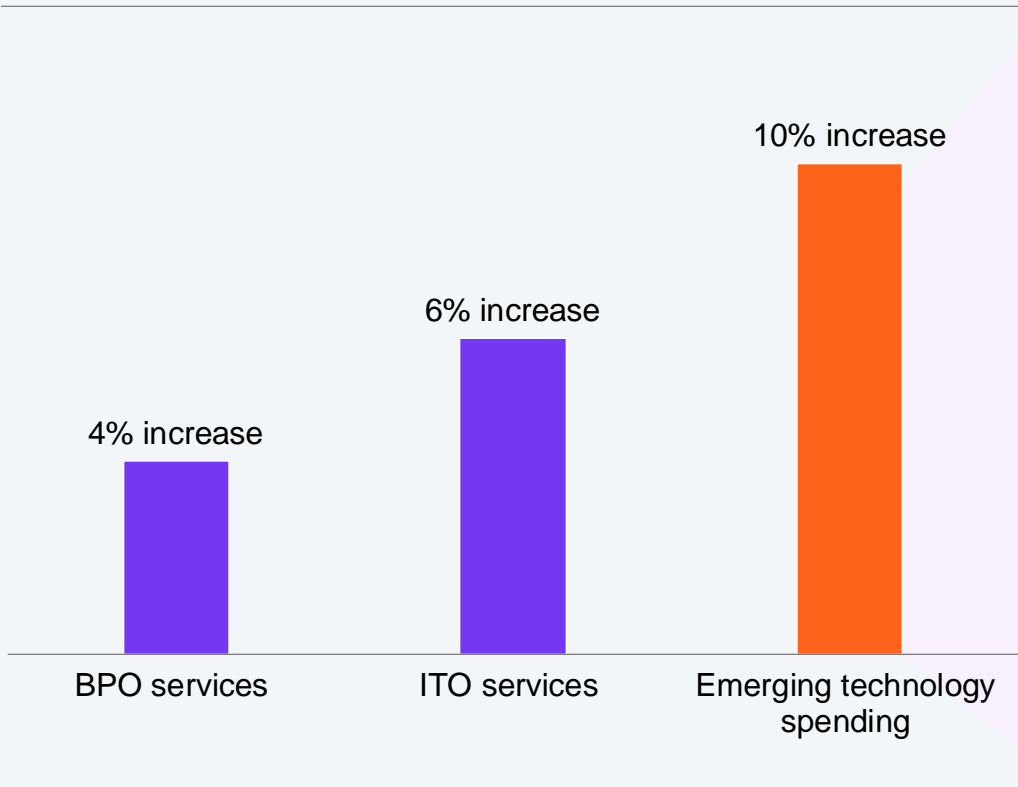
The new growth mantra for IT services:

As traditional IT and business process services start to flatten out, providers need to align their value proposition more closely with the increasing tech-spending outside IT control.

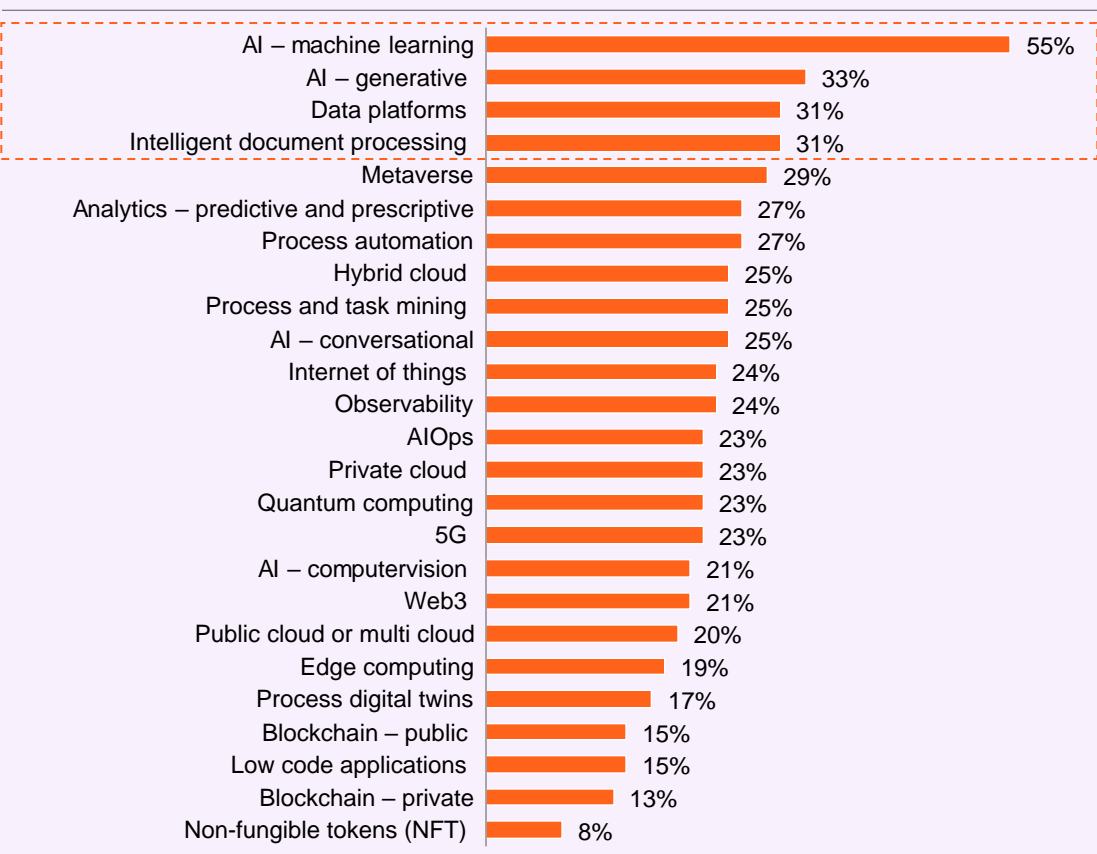
Sample: HFS Pulse, 2024; 117 BFSI Global 2000 enterprise executives
Source: HFS Research, 2024

2024 labor-driven services growth is expected to be 5%, but AI-driven technology spending is expected to increase by 10% for BFSI enterprises

How do you expect your enterprise spending across the following to change in 2024?



Which of the following enabling technologies is your organization actively investigating or working with?

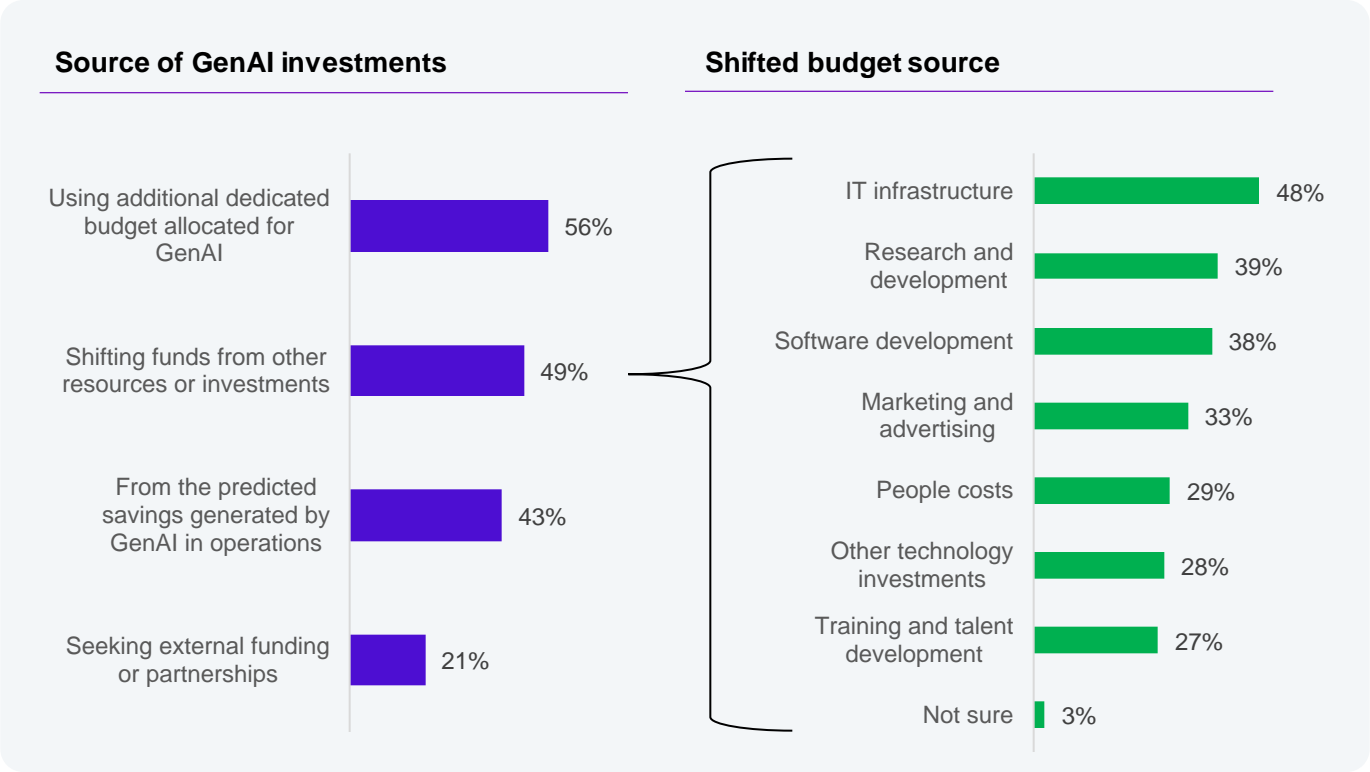


Sample: HFS Pulse, 2024; 117 BFSI Global 2000 enterprise executives
Source: HFS Research, 2024

Show me the money. BFSI organizations are starting to spend real money on GenAI in 2024 and getting creative with funding.

BFSI enterprises indicate they are dedicating an average of **10%** of their tech budgets to GenAI initiatives.

BFSI leaders anticipate, on average, a **24%** increase in GenAI investments over the next 12 months.



N= 162 BFSI leaders across the global 2000
Source: HFS Research 2024

Q: Approximately what percentage of your organization's overall technology budget is dedicated to GenAI initiatives?
Q: Please estimate the expected percentage change in your organization's investments in GenAI over the next 12 months compared to the current level of investment.

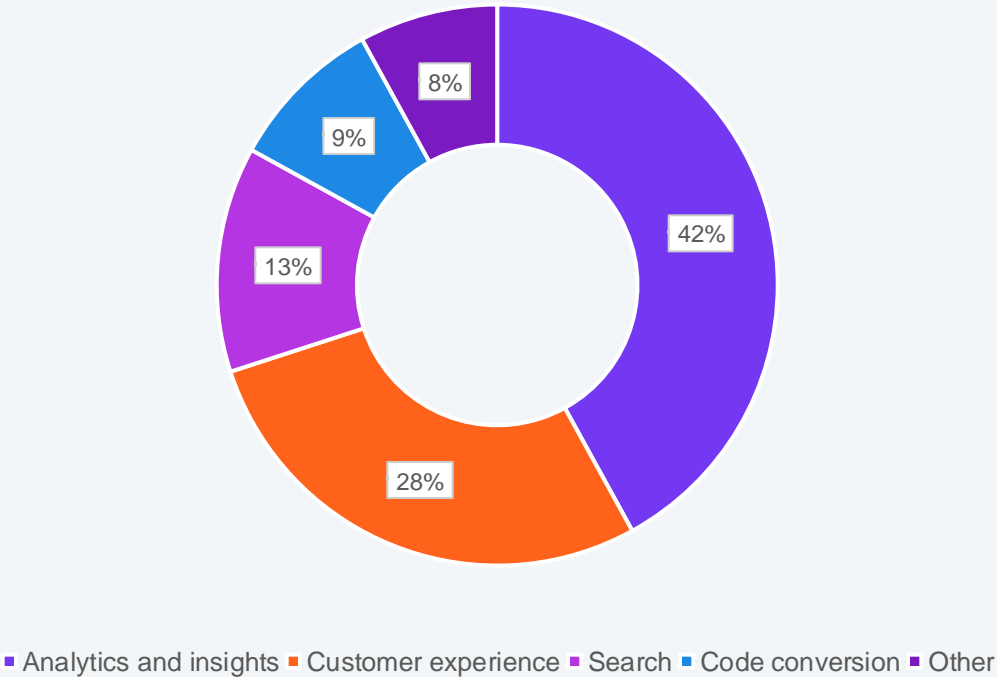
Q: How are you funding your GenAI investments? (select all that apply)
Q: Where are you shifting funds from to invest in GenAI? (select all that apply)

If you use GenAI only for productivity gains, you're missing the bigger picture. Focus on reshaping jobs.

Top business benefits from GenAI



Top in-production use cases for GenAI in BFSI firms



N= 162 BFSI leaders across the global 2000
Source: HFS Research 2024

N= Analysis of 51 in-production GenAI use cases in BFSI enterprises
Source: HFS Research 2024

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