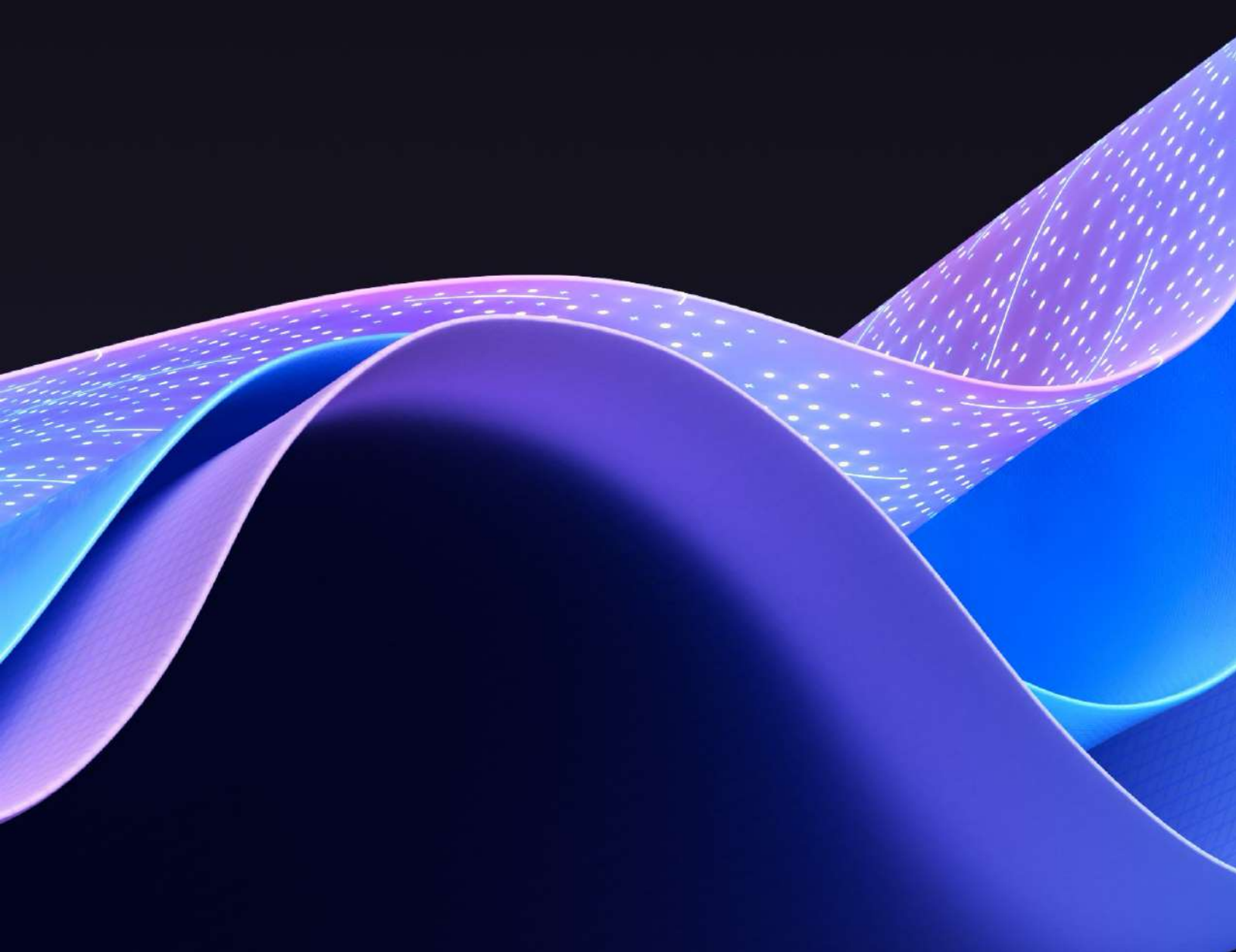
SHAKUDO

THE BIG BOOK OF

AI Agent Financial Services Use Cases



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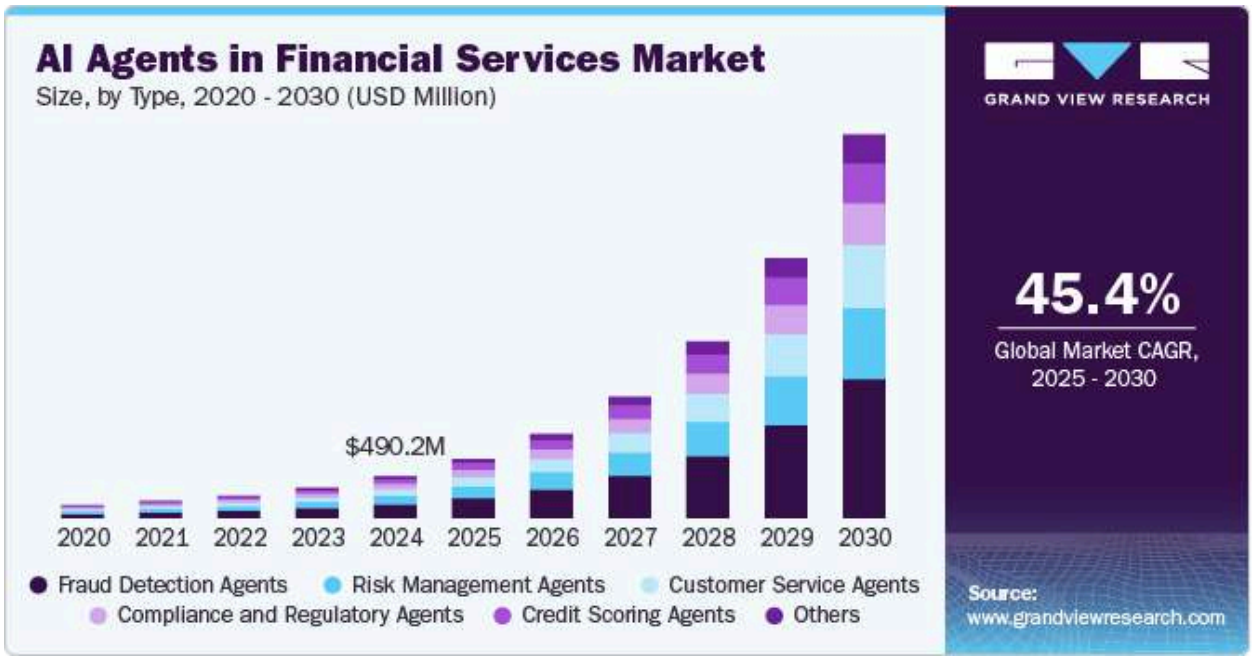
Introduction

Artificial intelligence is revolutionizing the financial services industry at an unprecedented pace. Major institutions are pouring billions into AI and embedding it across virtually every process. For example, J.P. Morgan Chase's CEO Jamie Dimon recently affirmed that **AI will be embedded in every one of the bank's processes, including trading, research, equity hedging and customer service**. The bank has already identified **over $1 billion in value from AI use cases** spanning customer personalization, trading, fraud management, credit decisioning and more. Morgan Stanley, similarly, became the first major Wall Street firm to deploy AI for its wealth management division, enabling financial advisors to sift through research and answer client queries with unprecedented speed. These early adopters signal a clear message: AI-powered **agents** – autonomous or semi-autonomous AI systems that can perceive, reason, and act – are set to transform how financial institutions operate.



This guide provides a comprehensive briefing for technology leaders on the wide-ranging **AI agent use cases in financial services**. We explore every major sector – retail banking, investment banking, asset management, insurance, and fintech – highlighting how AI agents are streamlining processes from customer onboarding and fraud detection to portfolio optimization and compliance. Throughout, we include real-world examples, public news, and industry reports to ground these use cases in reality. We then delve into the core enabling technologies (like large language models, vector databases, knowledge graphs, and more) that make these AI agents possible. Finally, we discuss why an "operating system for

AI" paradigm is emerging as the best way to deploy AI in financial services, and how platforms like **Shakudo** exemplify this approach. The tone of this guide is business-oriented yet technical, aimed at executives with a solid technical background looking to turn AI hype into tangible business value.

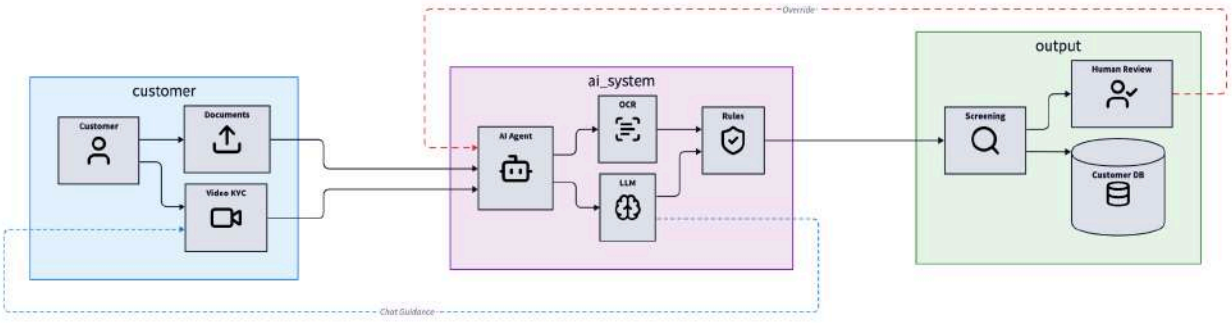
By the end of this guide, you will understand the concrete applications of AI agents across financial services, the technology building blocks required, and a strategic roadmap to deploy these solutions quickly and securely. Let's begin our deep dive into the "big book" of AI agent use cases in financial services.

Retail Banking Use Cases

Retail banking – serving individual consumers and small businesses – has seen an explosion of AI applications. Banks are leveraging AI agents to enhance customer experience, improve efficiency, and reduce risk in their high-volume, day-to-day operations. Below we highlight key retail banking processes being transformed by AI:

Customer Onboarding and KYC

Onboarding new customers traditionally involves cumbersome identity verification, document processing, and compliance checks (KYC – "Know Your Customer"). AI agents now automate large parts of this workflow. Computer vision and OCR (optical character recognition) models can **extract and verify information from ID documents** in seconds, while language models analyze customer-provided data for inconsistencies or risk flags.

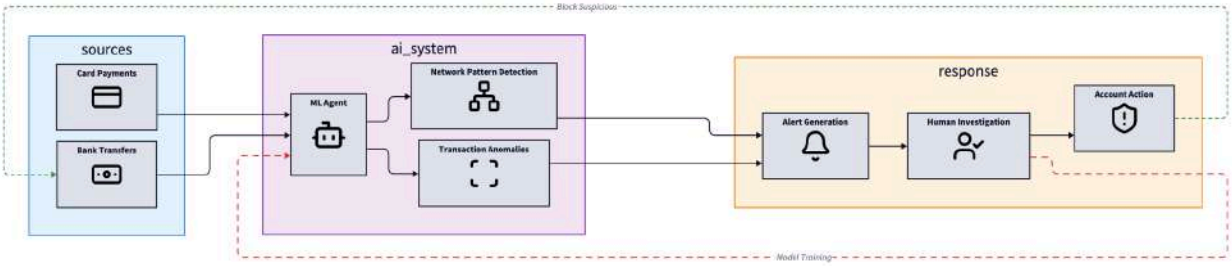


For instance, J.P. Morgan processed 155,000 KYC files in 2022 with a team of 3,000 employees; by using AI to assist, they expect to handle **230,000 KYC files (+50%) with 20% fewer staff**, boosting productivity ~90%. This was achieved by automating data collection, cross-checking client data against watchlists, and flagging anomalies for human review. AI agents also enable **video KYC and**

chat-based onboarding, guiding customers through the steps via natural language. The result is faster onboarding (often minutes instead of days) and a smoother first impression for customers, all while maintaining compliance. Moreover, AI's ability to analyze unstructured data means even non-standard documents or secondary data sources can be incorporated, improving risk assessment for new accounts.

Fraud Detection and AML

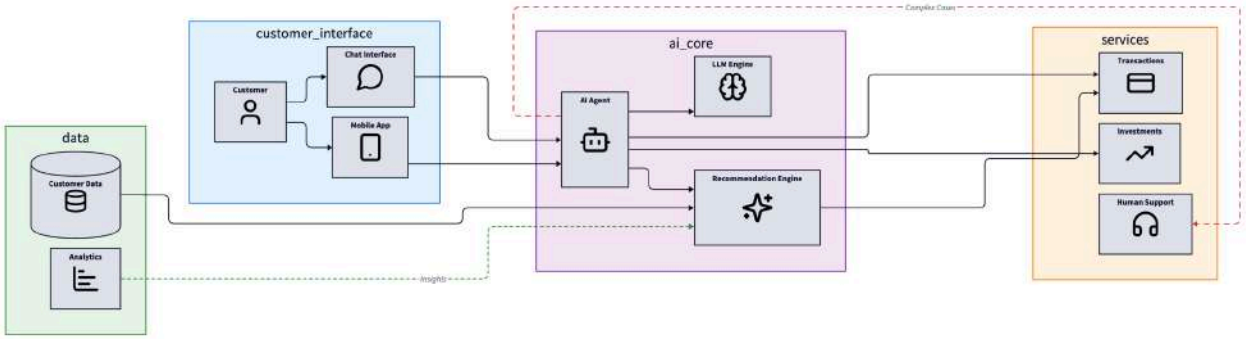
Retail banks face relentless fraud attempts – from credit card fraud to identity theft – and must comply with strict Anti-Money Laundering (AML) regulations. AI agents excel at detecting suspicious patterns across massive transaction datasets in real time. **Payment networks like Mastercard scan nearly 160 billion transactions per year with AI, significantly reducing false-positive alerts**. Mastercard's generative AI–enhanced system, for example, **doubled the detection rate of compromised cards while cutting false positives by up to 200%**. These AI models identify subtle anomalies or correlations that rules-based systems often miss.



In money laundering detection, HSBC's AI system (developed with Google) is a case in point. HSBC used to rely on a static rules engine, which generated a high volume of "false positives" (innocent transactions flagged by overly broad rules). By deploying a machine learning agent trained on historical laundering patterns, HSBC achieved **2–4 times higher detection of suspicious activity while reducing alerts by 60%**, effectively doubling the amount of actual financial crime identified in retail banking and quadrupling it in commercial banking. Notably, the AI can spot complex **criminal networks** by recognizing patterns like rapid fund movements across accounts or coordinated small transactions – something humans or simple rules struggled to do. This precision enables faster action: HSBC can now detect and freeze suspect accounts within **8 days of the first alert**, versus much longer previously. In sum, AI agents are becoming indispensable "fraud fighters" in retail banking, preventing losses and ensuring regulatory compliance.

Personalized Customer Service and Experience

Customer expectations in retail banking have risen, with demand for 24/7 assistance and personalized advice. AI agent technology – especially large language model (LLM)–driven chatbots and virtual assistants – allows banks to meet these expectations at scale. A prime example is Bank of America's virtual assistant **Erica**, which has handled more than **2 billion client interactions from over 42 million customers** since its 2018 launch. Erica helps users with everyday banking (transfers, bill pay) and even provides financial advice or product recommendations, all through conversational AI. It handles about **2 million interactions per day**, deflecting routine queries from call centers and freeing human agents to tackle complex issues. Notably, Erica's capabilities extend to the investment side (via Merrill Lynch integration), where it assists with trading and portfolio tracking, illustrating the blending of retail and wealth services through AI.

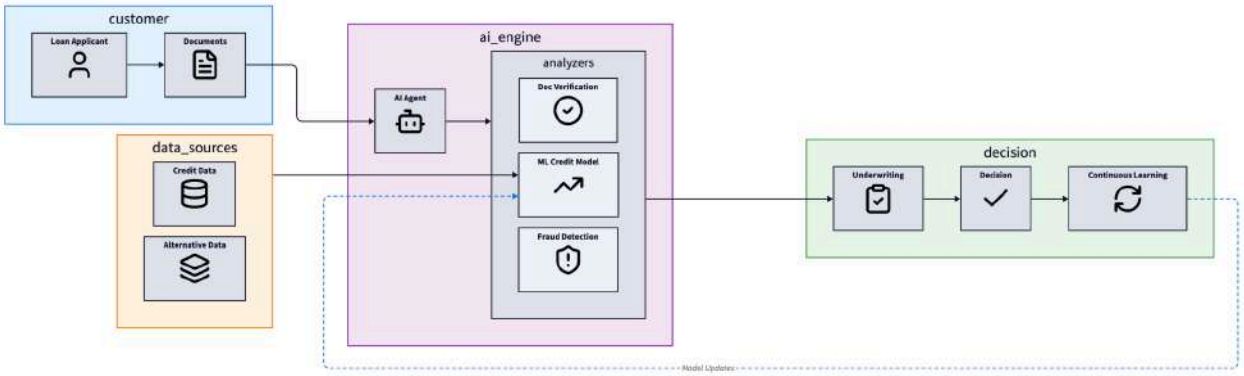


Beyond chatbots, AI recommendation engines analyze individual customer data to personalize banking experiences. These agents might suggest budgeting tips, detect if a customer could benefit from refinancing a loan, or pre-emptively alert them of unusual spending. Banks leveraging AI for personalization see improved customer satisfaction and product uptake. J.P. Morgan, for example, attributes significant value to **customer personalization use cases**, as part of the $1+ billion in AI benefits it has tallied. AI agents can synthesize transaction histories, credit data, and even external info (with proper consent) to tailor advice in a human-like, empathetic manner – but with far greater data processing capacity than any individual banker.

Credit Scoring and Lending Decisions

Traditionally, retail lending decisions (like approving personal loans, credit cards, mortgages) rely on credit scores and simple heuristics. AI agents are dramatically improving this process by analyzing a much wider set of variables to assess creditworthiness, often with fairer outcomes. Fintech lenders have pioneered AI-powered credit models – a notable case being Upstart's AI underwriting system.

Upstart's model considers **hundreds of data points** (education, employment, cash flow, etc.) beyond FICO scores, enabling banks and credit unions to **approve 44% more borrowers than traditional models while offering rates 36% lower on average**. These AI models reduce bias by finding "hidden prime" borrowers – for instance, Upstart reports approving 35% more Black borrowers and 46% more Hispanic borrowers than a purely score-based approach, with significantly lower interest rates for those groups.

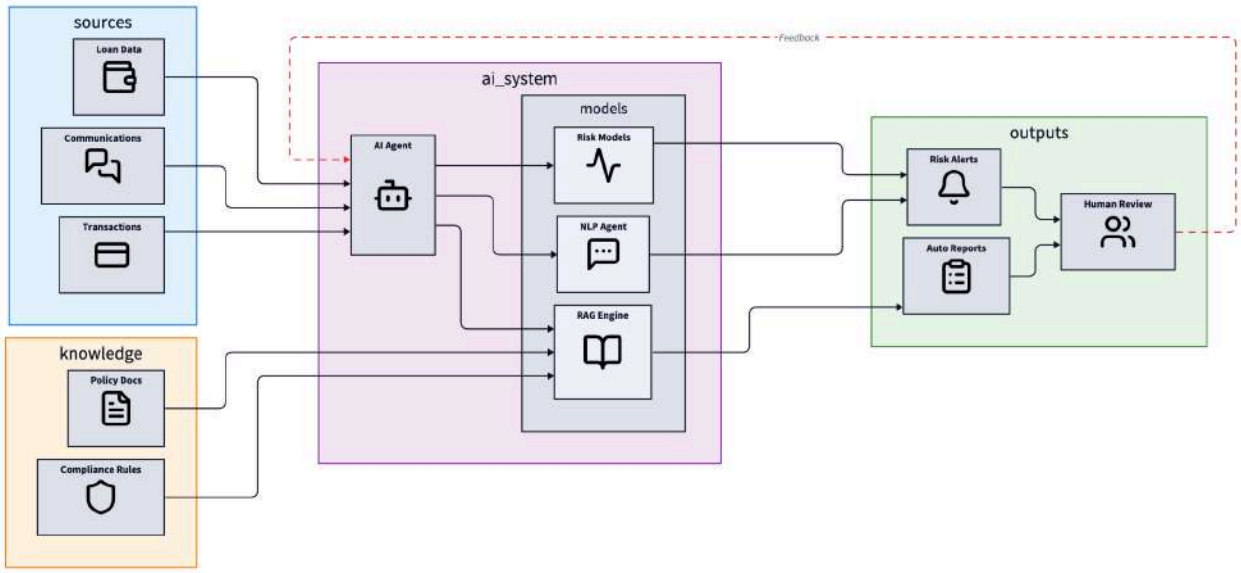


The outcome is a win–win: previously underserved consumers get access to credit at better terms, and lenders can safely expand their customer base. Indeed, J.P. Morgan has cited **credit decisioning** as one of the high-value AI use case areas contributing to its bottom line. AI agents can instantly evaluate credit applications, verify income/employment via APIs or document scans, detect potential fraud, and provide an underwriting recommendation with explanations. This speed (often loan decisions in under 5 minutes) not only delights customers but also reduces processing costs for banks. Furthermore, these AI-driven credit models continuously learn from outcomes (who defaulted or repaid) to improve over time, something static scorecards cannot do.

Risk Management and Compliance in Retail Banking

Retail banking faces a variety of risks – credit risk, operational risk, cyber risk – and strict compliance obligations (consumer protection, data privacy, etc.). AI agents support risk teams by processing vast amounts of data to detect issues early. For example, AI models can predict which loans in a bank's portfolio are most likely to become delinquent, allowing proactive mitigation. They can flag anomalous customer behavior that might indicate an account takeover or internal policy violations. In terms of compliance, AI natural language processing (NLP) agents review communications (emails, chats) for compliance triggers, such as an employee sharing sensitive data. AI can also **generate regulatory reports** automatically by compiling data from various systems and even explaining discrepancies – saving compliance officers countless hours. Banks are beginning to use

retrieval-augmented generation (RAG), where a GPT-like agent retrieves relevant policy text or past cases to ensure any advisory or report it generates is grounded in approved sources (minimizing the risk of AI "hallucinations").



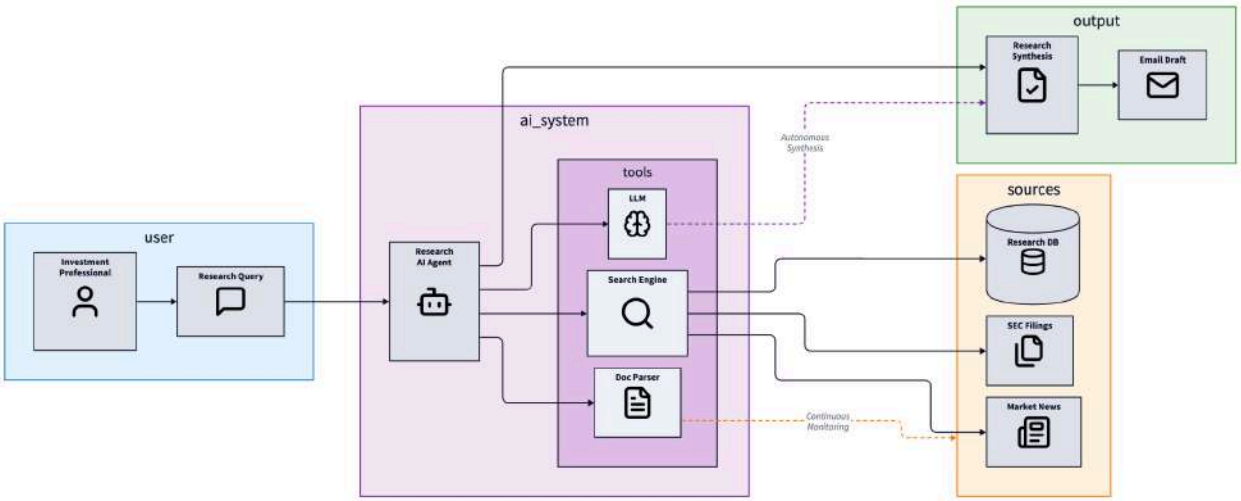
We see this in how Morgan Stanley's internal assistant provides answers *with citations to the firm's research materials* – a practice that could easily extend to compliance documents to ensure accuracy. In short, AI agents act as tireless risk analysts and compliance co-pilots, combing through data and alerting humans to the issues that truly need attention, thus strengthening the bank's overall risk posture.

Investment Banking and Capital Markets Use Cases

Investment banking and capital markets firms operate in a data-dense, fast-moving environment. Whether it's advising on M&A deals, underwriting securities, or trading stocks and bonds, these institutions thrive on information – and AI agents are becoming indispensable in harnessing it. Below we outline key use cases in this domain:

Market Research and Analysis (Augmented Intelligence for Bankers)

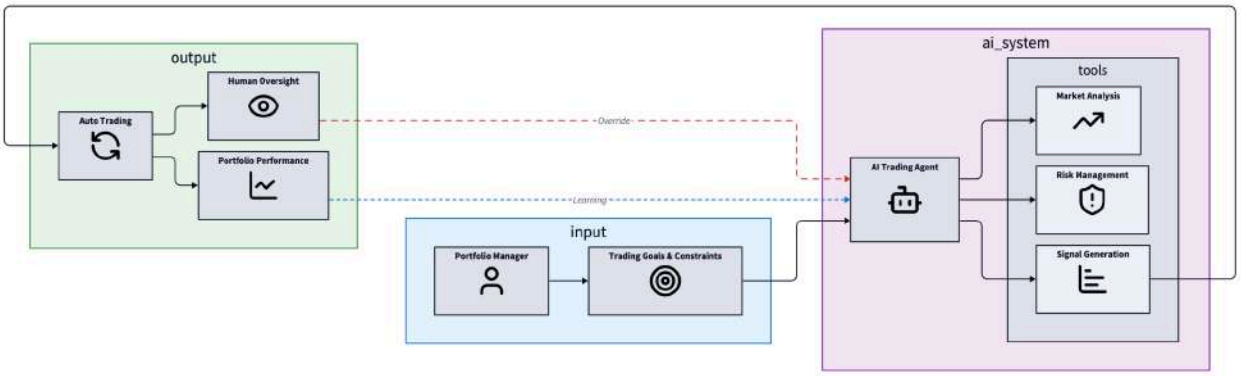
Investment bankers, traders, and research analysts spend enormous time gathering and digesting information: financial reports, market data, economic news, etc. AI agents – particularly those powered by large language models – can serve as **research copilots**, dramatically speeding up this information processing. A shining example is **Morgan Stanley's AskResearchGPT**, a generative AI assistant for the firm's Investment Banking, Sales & Trading, and Research staff. AskResearchGPT uses OpenAI's GPT-4, combined with Morgan Stanley's internal research database, to **search and summarize insights from 70,000+ proprietary research reports** published annually. An investment banker can ask a complex question (e.g. "What are the latest trends in semiconductor M&A in Asia?") and the AI will retrieve relevant analyses across reports, synthesizing a concise answer complete with citations back to the source documents. This augmentation enables bankers to answer client questions faster and more thoroughly. Katy Huberty, Morgan Stanley's research director, noted that *"AskResearchGPT boosts our employees' ability to support clients ... better and at scale"*. Moreover, the tool is integrated directly into bankers' workflows (with one-click options to export findings into an email draft), saving additional time.



Similarly, many banks are deploying GPT-based summarization for earnings call transcripts, SEC filings, and market news. Rather than dozens of analysts each reading the same 100-page filings, an AI agent can summarize key points or extract financial metrics in seconds. This allows human experts to focus on higher-level analysis and judgment. In Sales & Trading, AI agents digest real-time news and social media sentiment to flag market-moving insights to traders. By serving as always-on research analysts, AI agents in investment banking help professionals make informed decisions faster – a critical edge in markets where information asymmetry is often the difference between profit and loss.

Trading and Portfolio Optimization

In capital markets trading (spanning equities, fixed income, derivatives, etc.), AI agents are used to optimize execution and find trading opportunities. Banks and hedge funds have long used algorithmic trading, but modern AI takes it further with techniques like reinforcement learning and deep learning on vast market datasets. **Autonomous trading agents** can learn optimal strategies for executing large orders with minimal market impact, or even manage entire portfolios under given risk constraints. For example, an AI agent might dynamically adjust a bond portfolio in response to interest rate changes, learning from historical patterns to maximize returns for a given risk budget. J.P. Morgan has indicated AI is now embedded in trading and hedging operations – one manifestation is their internal **IndexGPT**, which **provides personalized investment advice in real time** by analyzing market data and client portfolios. IndexGPT was described as *"transforming how clients interact with their portfolios"* – essentially an AI portfolio assistant that can suggest trades or allocation changes on the fly.

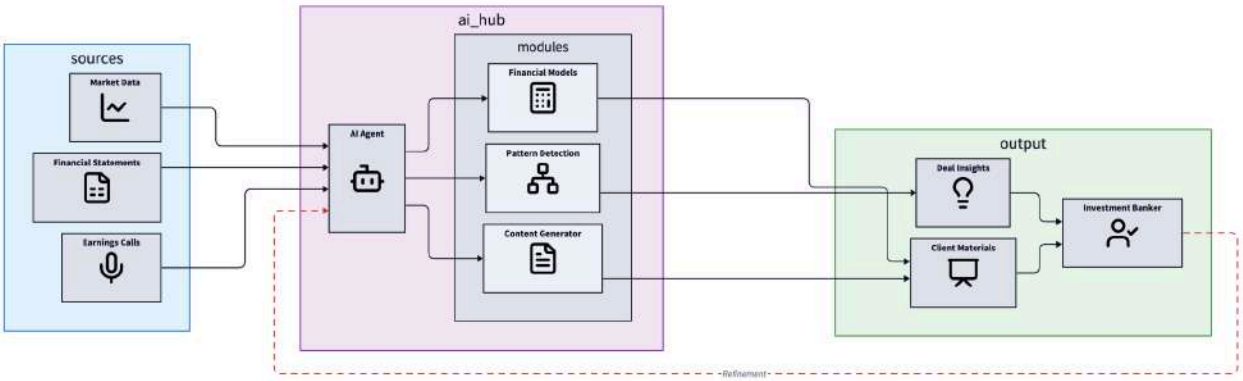


Additionally, AI agents are critical in **quantitative research**: generating trading signals from alternative data (like satellite images or consumer trends gleaned from web data) and testing strategies. These agents ingest terabytes of data impossible for humans to manually analyze, identifying subtle predictive patterns. In trading floor operations, multi-agent systems are also emerging – for instance, one agent might specialize in analyzing macroeconomic indicators while another monitors order book dynamics; they can communicate (agent-to-agent, A2A) to jointly decide on a trading action. Such collaboration mimics a team of traders each with expertise, except running 24/7 and at machine speed. While tightly regulated (with human oversight required to prevent runaway trading), these AI-driven strategies can give investment banks a significant competitive edge in execution quality and alpha generation.

Deal Origination and Client Advisory

Investment bankers advising on mergers, acquisitions, or capital raises can leverage AI agents to improve client service and find opportunities. One use case is **AI-driven financial modeling and**

valuation. Agents can automatically populate valuation models by pulling data from financial statements and market databases, then run scenarios (e.g. how an acquisition's EPS accretion changes under different synergies). This drastically reduces analyst grunt work and allows more iterations to find optimal deal structures. Natural language agents can also draft sections of pitch books or prospectuses – for example, summarizing a target company's strategy or writing first drafts of market overview sections, which the human banker can then refine. This use of generative AI speeds up the preparation of client materials.



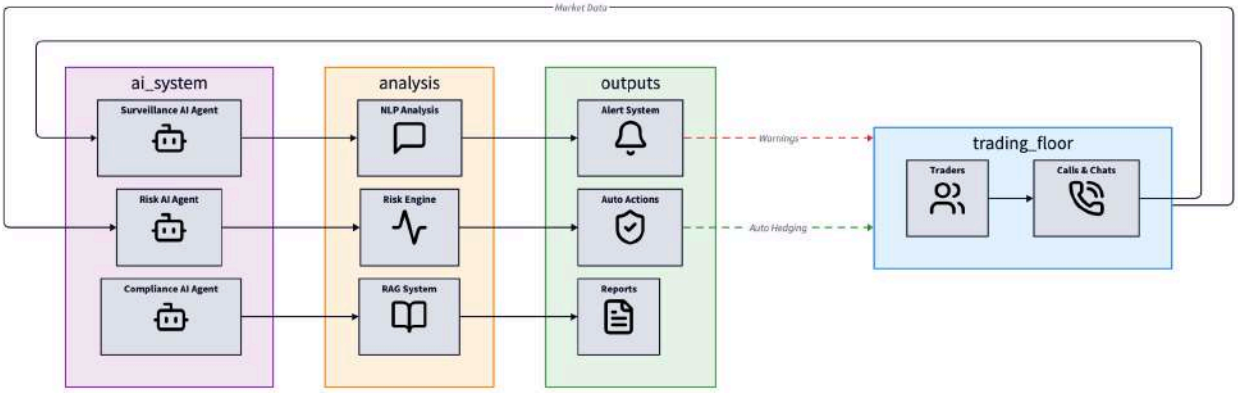
Perhaps more transformative, AI agents can help **originate deals** by analyzing large datasets to spot patterns suggesting a company might be a good takeover candidate or in need of refinancing. Some banks deploy AI to scan earnings call transcripts for hints of companies seeking strategic options. Others use network graph algorithms (a form of knowledge graph) to identify connections – e.g. two companies with complementary technologies, or a private equity firm whose portfolio might match a corporation's divestiture. These insights, surfaced by AI, can prompt bankers to proactively approach clients with ideas, leading to new deals. Compliance-approved AI systems can even **coach bankers on client interactions**, by analyzing past successful deals and communications to suggest who to call and what angle might resonate (all while respecting information barriers and privacy constraints). In a relationship-driven business, AI agents act as an ever-vigilant assistant, ensuring no opportunity slips through the cracks and every client gets highly informed advice.

Risk Management and Compliance (Trading Surveillance)

High-stakes trading and deal-making carry significant operational and compliance risks. AI agents are being deployed to monitor and mitigate these in real time. **Surveillance AI agents** in trading floors listen to trader phone calls or chats (within legal boundaries) and flag potential issues – for instance, signs of market manipulation, insider trading, or even unprofessional conduct that could lead to

problems. These NLP-driven agents can pick up on subtle cues in language or unusual patterns of communication that humans might overlook when monitoring thousands of interactions.

In market risk management, AI agents continuously analyze positions vs. market conditions. If an unusual correlation emerges or if volatility spikes, the AI can alert risk managers or even automatically take hedging actions if pre-authorized. The speed of AI detection is crucial: for example, a machine learning model might detect that a historically uncorrelated asset class is suddenly moving in tandem with another (perhaps due to a geopolitical event), thus signaling a buildup of risk in a portfolio. Such early warnings give humans a chance to respond or adjust limits before losses mount.



Compliance departments also use AI to ensure adherence to regulations like MiFID II, Basel III, and others. AI agents can verify that a trade has the proper documentation, check that customer suitability profiles match what's being sold, and even automate parts of regulatory filing. **Retrieval-Augmented Generation (RAG)** is particularly useful here: an AI agent can retrieve the exact regulatory rule text or past advisory memos and use them to generate a compliance report or answer an auditor's question, with citations. This reduces the chance of error compared to a human relying on memory or outdated checklists. By serving as vigilant sentinels and assistants, AI agents help investment banks manage the fine line of maximizing performance while strictly adhering to laws and internal policies.

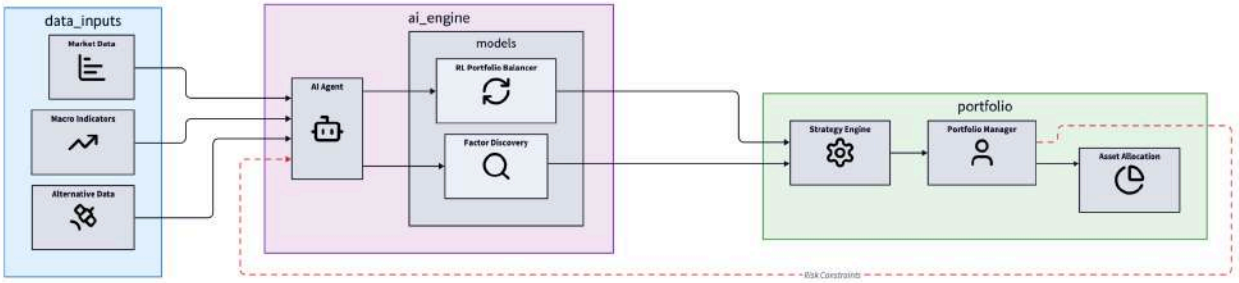
Asset and Wealth Management Use Cases

Asset management (including wealth management for high-net-worth clients and institutional investment management) is another arena ripe for AI disruption. These businesses revolve around

making the best investment decisions, managing portfolios, and serving investor clients – all data-heavy tasks suited to AI augmentation. Key use cases include:

Portfolio Optimization and Asset Allocation

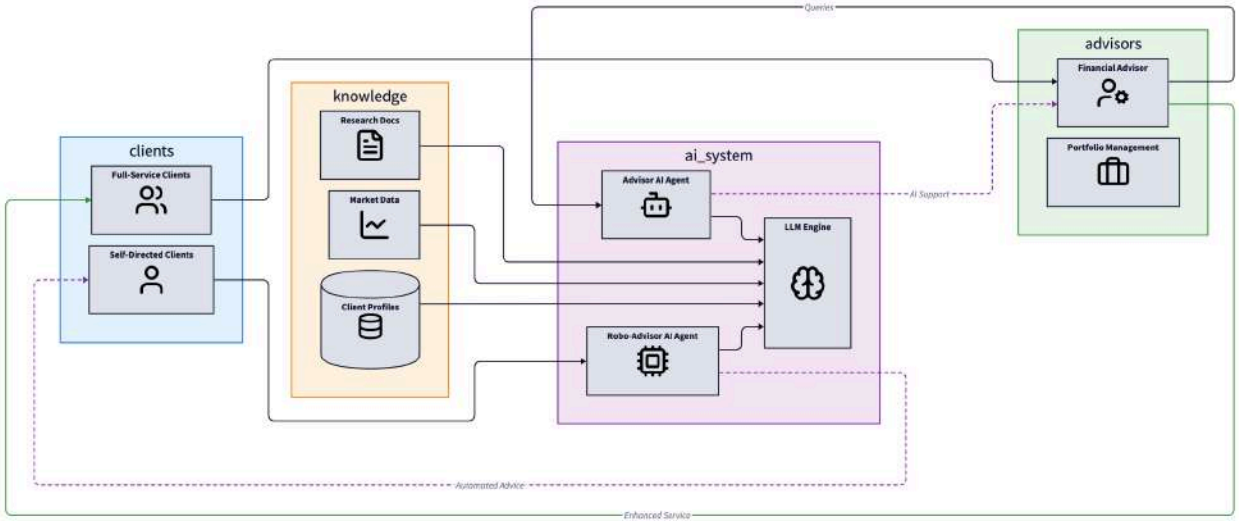
At the heart of asset management is deciding how to allocate portfolios across asset classes, markets, and strategies. AI agents are empowering portfolio managers by analyzing far more data than any team of humans could. **Machine learning models can ingest decades of historical market data, macroeconomic indicators, and even alternative data (satellite imagery, social media sentiment)** to identify complex relationships that inform asset returns. By doing so, AI agents help create more efficient portfolios – maximizing return for a given risk level or vice versa. For instance, some hedge funds use reinforcement learning agents that continuously rebalance portfolios in response to market changes, learning what rebalancing tactics work best in different regimes. If volatility in equities spikes, the AI might reduce exposure automatically or shift into decorrelated assets like commodities, based on learned patterns. This dynamic optimization can be done within constraints set by the human manager, essentially acting as a tireless co-portfolio manager with a perfect memory of financial history and a knack for finding non-obvious correlations.



Another aspect is **factor discovery**: AI algorithms (like deep neural networks or genetic programming agents) can sift through thousands of potential predictive factors (valuation metrics, technical indicators, economic signals) to find which combinations explain asset price movements. This aids in strategy development – for example, discovering a new factor that indicates credit spreads will widen, or an AI-crafted macro indicator that reliably leads GDP growth. Large asset managers are investing in these AI research capabilities to enhance their proprietary investment models. A Boston Consulting Group survey of global asset managers found that nearly all see AI as crucial for investment research and alpha generation in the coming years.

Personalized Wealth Management Advice

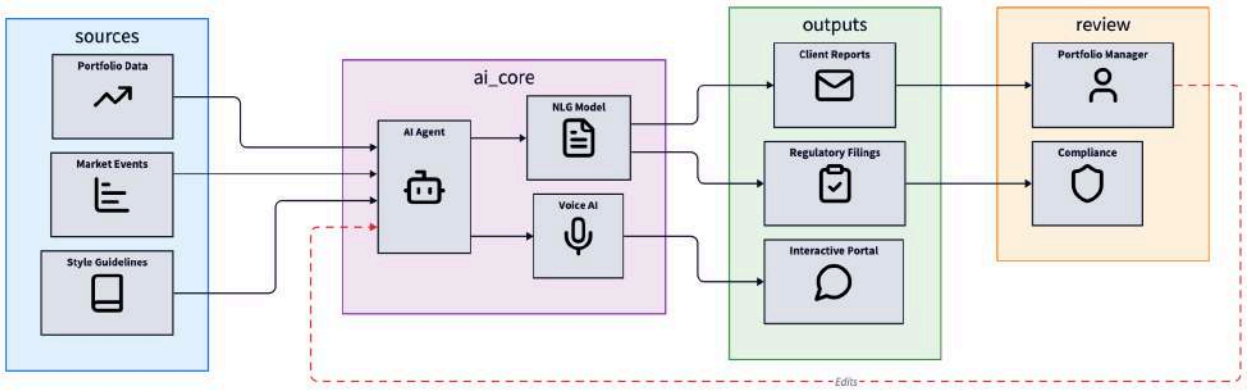
In wealth management, client service and customized advice are paramount. AI agents – particularly LLM-based advisor assistants – are helping human financial advisors deliver more value. Morgan Stanley's Wealth Management division deployed the **AI @ Morgan Stanley Assistant**, an internal GPT-4-powered tool, to **help its ~16,000 financial advisors answer client questions with information drawn from the firm's vast knowledge base**. Instead of an advisor manually searching through research reports or policy documents, they can query the assistant (e.g., "What are the tax implications of exercise-and-hold vs. cashless exercise of stock options for my client in California?") and get an answer derived from approved content. This **augmented intelligence** means advisors spend less time on research minutiae and more time on high-touch client interactions. Morgan Stanley reported that these AI tools free up capacity for advisors to **engage more deeply with clients while providing better service at scale**.



For clients who are more self-directed, some wealth firms offer **AI-driven robo-advisors**. These are agents that ask the client about goals and risk tolerance, then automatically recommend a portfolio and even adjust it over time. What's new is the incorporation of generative AI to make these robo-advisors feel more "human." Instead of just a static questionnaire and output, clients can have a natural language conversation with an AI agent about their financial goals ("I'm worried about inflation, how should we adjust my plan?") and get coherent, contextual answers. Thanks to RAG, the AI can incorporate the client's account data and the firm's market outlook documents in its response, ensuring it stays factual and personalized. This hybrid model – robo-advisor with a human-like interface – can service smaller accounts at scale, while flagging more complex needs to human advisors. It's a way to extend personalized advice to tens of thousands of clients simultaneously, something firms like Vanguard and Schwab are actively exploring (often in partnership with fintech AI startups).

Investor Communication and Reporting

Asset managers have significant reporting obligations – both to clients (performance reports, strategy updates) and to regulators. AI agents are streamlining the production of these narratives. **Natural language generation (NLG) models** can take in portfolio performance data and market events, then automatically draft client-friendly commentary. For example, at the end of a quarter, an AI agent could produce a first draft of the letter to investors: "Your portfolio returned X% this quarter, outperforming the S&P 500 by Y%. The main contributors were... The manager's outlook for next quarter is..." This saves portfolio managers from having to start from scratch, allowing them to simply edit and personalize the AI's draft. Some large asset managers have internal templates and style guidelines that they fine-tune an AI on, such that the output is very close to what they'd write manually (but achieved in seconds).



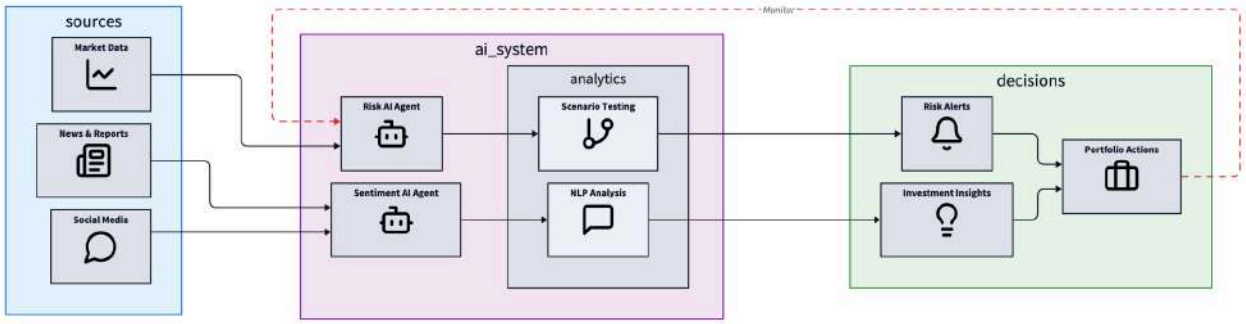
On the institutional side, AI agents help customize reports for different stakeholders. A pension fund and an endowment might get different emphasis in their reports even if managed by the same firm – the AI can tailor language and depth accordingly. Additionally, with voice-capable AI, firms are experimenting with **on-demand reporting via conversation**. An institutional client could ask a voice or chat agent, "How did my portfolio do in the last month? And what's driving the performance?" and get an immediate answer sourced from the latest data and commentary (again with factual citation to prevent error). This is essentially a next-gen client portal: interactive and intelligent, rather than static charts and PDFs.

Lastly, regulatory reporting in asset management (e.g., Form 13F filings, ESG compliance reports) can be partially offloaded to AI agents. They can gather the required data from internal systems and even fill out forms or create draft narratives explaining certain changes, for compliance to review. This ensures accuracy (through data pulling) and saves considerable time, especially as reporting requirements grow more complex (such as climate-related disclosures). In all, AI agents are becoming

the glue between data and explanation in asset management, ensuring that those consuming the information – be it clients or regulators – get timely, accurate, and clear insights.

Risk Management and Sentiment Analysis

Asset managers must constantly manage investment risk – not just market risk, but liquidity risk, counterparty risk, etc. AI agents are aiding here by running **high-frequency risk analytics and scenario tests**. For instance, an AI can simulate thousands of market scenarios (varying interest rates, commodity prices, FX rates, etc.) to see how the firm's portfolios would react, far faster than traditional Value-at-Risk engines. If certain extreme scenarios reveal vulnerabilities (say a particular strategy would incur outsized losses if oil drops below $50), the risk team can prompt portfolio managers to adjust positions. These agents effectively serve as "risk radar," scanning for potential storms on the horizon that humans might not see until too late.



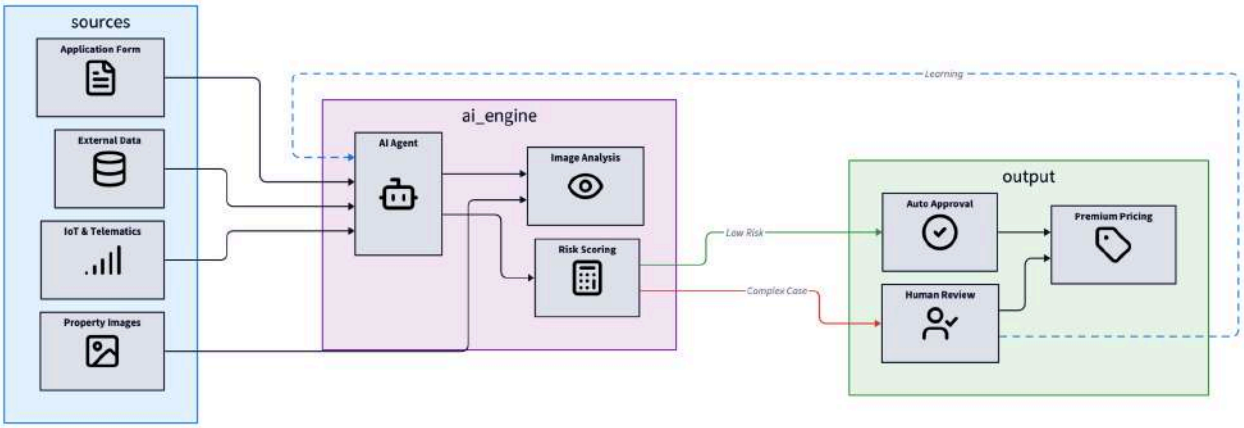
Another emerging use is **sentiment analysis for investment insights**. AI agents can scrape news articles, social media, and analyst reports to gauge the sentiment around specific assets or sectors. For example, a wealth manager's AI might summarize that "sentiment on renewable energy stocks has turned strongly positive this month due to policy developments," which could influence tactical allocation decisions. Some hedge funds famously use NLP on sources like earnings call transcripts; an AI detects the **tone and confidence** of executives (even picking up cues like increased use of uncertain language) to predict stock moves. While these techniques have been around, the latest generation of AI agents are more accurate and can operate in real-time. They can also integrate with a portfolio – e.g., alerting a fund manager if sentiment on one of their holdings suddenly sours, suggesting they investigate or hedge that position. By quantifying and feeding qualitative sentiment into the investment process, AI agents help asset managers not only crunch the numbers, but also take the pulse of the market's narrative.

Insurance Use Cases

The insurance industry, from underwriting new policies to processing claims and managing risk, is undergoing an AI-fueled makeover. Insurers are turning to AI agents to improve efficiency, fight fraud, and enhance customer service in a business traditionally seen as paperwork-heavy and slow. Key AI agent use cases in insurance include:

Underwriting and Risk Assessment

Underwriting – evaluating the risk of an applicant and deciding on pricing/coverage – is a core insurance function. AI agents make this process faster and more accurate by analyzing a wider range of data than human underwriters typically can. For example, in auto insurance underwriting, an AI might consider not just an applicant's driving record, but also telematics data (if available), publicly available records, and even macro factors (accident rates in their area, weather patterns). The agent can then output a risk score and suggested premium, along with explanations highlighting which factors drove the decision (important for regulatory transparency). **Accenture found that underwriters spend up to 40% of their time on administrative data gathering** – AI dramatically cuts this by automatically collecting and validating information from forms, databases, and even third-party sources.

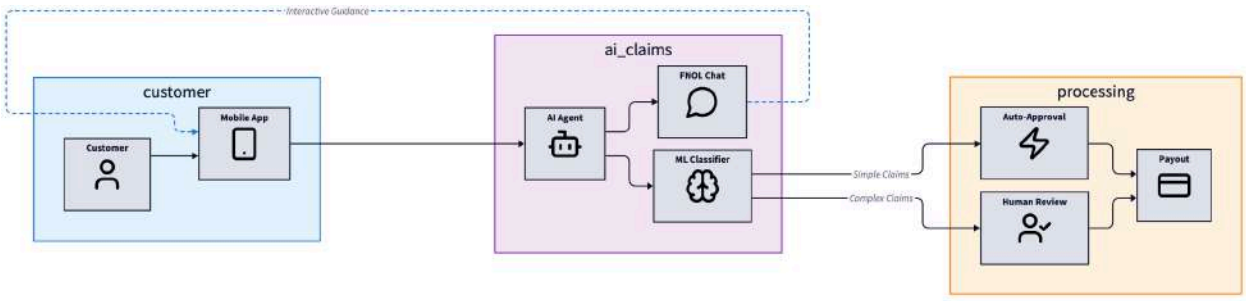


Some insurers use image recognition AI during underwriting – for instance, analyzing photos of a home for homeowners insurance to assess condition (roof age, presence of risk factors like a pool). In life insurance, AI can scan medical records and wearable data (with consent) to refine mortality risk estimates. The net effect is a more finely tuned understanding of risk, enabling insurers to price more competitively. It can also expand insurability: previously, certain customer segments might have been

deemed too risky due to crude generalizations, but AI can identify good risks within those segments, improving inclusion. Insurtech startups have led the way here, using AI models that approve a large share of applications instantly if risk is low, or route complex cases to human underwriters with the AI's analysis as support.

Claims Processing and Automation

Claims processing is arguably where insurance meets its moment of truth – and historically, it's been laden with manual steps, delays, and frustration. AI agents are revolutionizing claims in several ways: First, through **First Notice of Loss (FNOL) automation**, AI chatbots enable customers to report claims through natural conversation rather than lengthy forms. For example, a customer can simply describe an auto accident via an app chat; the AI agent extracts all pertinent details (vehicles involved, what happened, when, where) and populates the claim form automatically. Startups like Hi Marley have deployed such conversational claims assistants, making the process more intuitive and fast.



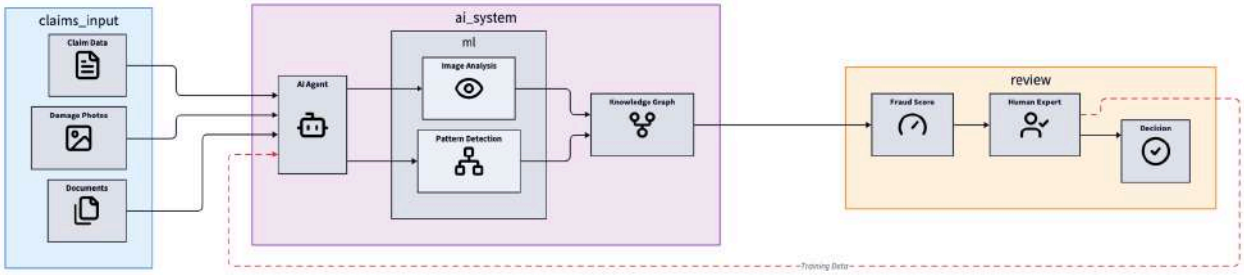
Second, AI speeds up **claims triage and routing**. Once a claim is submitted, machine learning models classify its complexity and potential severity. Simple, straightforward claims (say a minor fender-bender with clear documentation) can be auto-approved and paid out instantly by an AI agent. More complex claims are flagged for human adjusters, but even then the AI helps by summarizing key info and suggesting next steps. A famous example is insurtech Lemonade, whose AI-based claims bot "Jim" set a world record by approving a genuine theft claim in **only 2 seconds**, including cross-checking the policy and running fraud algorithms. While not all claims can or should be settled in seconds, Lemonade's case shows the potential – **AI can handle routine claims 24/7 at lightning speed**, dramatically improving customer satisfaction.

Fraud Detection in Claims

Insurance fraud is a perennial challenge, costing the industry billions. AI agents are supercharging fraud detection by spotting patterns humans miss. Fraud can be "hard" (completely fabricated claims)

or "soft" (exaggerated losses, or omission of info). Machine learning models, trained on historical fraud cases, now comb through incoming claims and associated data (claimant history, metadata, even images of damage) to assess fraud likelihood. They look for subtle anomalies: Does the damage in uploaded photos match the incident description? Is the claimant's behavior (timing of claim, prior claims, policy details) indicative of known fraud patterns?

A compelling example comes from **Zurich Insurance**, which faced a wave of bogus claims involving deepfake images and doctored documents. Zurich deployed an AI-driven fraud detection system that helped prevent **£78.5 million in fraudulent claims in the UK in 2023**. The AI was able to catch inconsistencies in digital imagery and link seemingly unrelated claims that had common fraud markers. Similarly, an insurance carrier working with Cognizant used a **hybrid AI-human fraud model** to save $20 million in fraud losses, by letting AI do the heavy initial screening and humans handle the flagged cases.

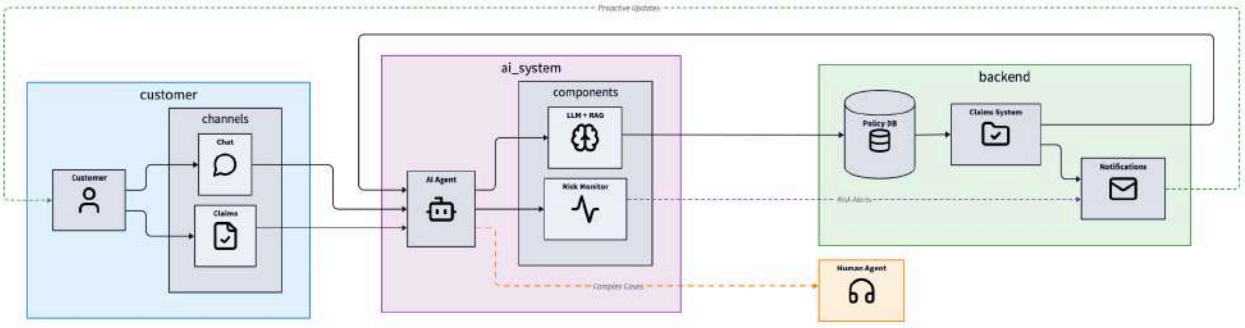


AI agents excel at identifying complex fraud rings. For instance, machine learning can correlate data across claims to notice that multiple claims (perhaps filed by different people) all share a common repair shop or phone number – a potential fraud ring. **Knowledge graph–based AI** can map relationships between entities (claimants, vehicles, medical providers, etc.) to expose networks committing organized fraud. These are tasks that were nearly impossible manually. By enhancing fraud detection, AI not only saves costs but also acts as a deterrent – the presence of sophisticated AI scrutiny disincentivizes would-be fraudsters.

Crucially, best practice is combining AI with human expertise. As one industry report noted, **hybrid models** where "AI handles the heavy lifting – scanning claims, applying OCR, flagging duplicates – while human investigators apply contextual reasoning" yield the highest accuracy. This way, new fraud tactics that AI hasn't seen can still be caught by humans, and the AI can learn from those over time. The result is a more resilient anti-fraud defense than either humans or AI alone.

Customer Service and Claims Support

Customer experience is vital in insurance – a policy is essentially a promise, and customers remember how they're treated in moments of need. AI agents are helping insurers deliver empathetic, responsive service at scale. **AI-powered virtual assistants and chatbots** are now commonplace for answering policy questions, guiding customers through filing claims, and providing updates. For example, **Tryg, a large Nordic insurer, launched two virtual agents (Mia for customers, Rosa for employees)** in partnership with Boost.ai. Mia, the customer-facing bot, **automated 80% of over 200,000 customer interactions**, helping policyholders with inquiries and claims steps. Rosa, an internal bot, resolved 97% of employee IT and policy questions, dramatically reducing calls to back-office teams. These kinds of stats showcase AI's ability to handle routine Q&A with high accuracy, instant responses, and no wait times.



During the stressful claims process, AI agents provide real-time communication that would be cost-prohibitive with only human staff. They can proactively reach out with status updates ("Your claim #12345 is being reviewed by an adjuster now, we'll likely have a decision by tomorrow."). If a customer has a question about coverage ("Is my rental car covered while my car is in the shop?"), an AI agent can answer based on the policy details, again using RAG to ensure it quotes the exact policy clause to avoid mistakes. These interactions maintain transparency and trust. A TechSee survey found that poor customer service was a major reason people switched insurers, so this capability is not just nice-to-have – it's directly tied to retention.

Beyond chat, AI can automate **outbound communications** like renewal reminders or safety tips (e.g. an AI identifying that a homeowner is in a region expecting a hurricane can trigger a personalized message about preparing and how to file claims if needed). All these touches make the insurer appear far more attentive. And because the AI agent can handle personalization (addressing the customer by name, referencing their specific policy and history), it feels less like a generic call center script and more like a tailored concierge service. Ultimately, insurers adopting AI agents in customer service are seeing improved Net Promoter Scores and loyalty – a critical competitive advantage in an industry where products are often similar and service makes the difference.

Having surveyed the myriad ways AI agents are employed across financial services, we now turn to the underlying technologies that enable these use cases, and the strategies to implement AI in a secure, scalable manner. From large language models to orchestration frameworks, the next section explores the **"AI stack" for financial services**.

Core Technologies Enabling AI Agents in Financial Services

Implementing the use cases above requires a robust technical foundation. In this section, we explore the key technologies and methodologies that empower AI agents in financial services, and explain them in the context of industry needs:

Large Language Models (LLMs) and Small Language Models (SLMs)

At the heart of many AI agents – especially those dealing with language or knowledge work – are **Large Language Models (LLMs)**. LLMs like GPT-4, Claude, or domain-specific models are trained on massive text corpora and can generate human-like text, answer questions, and even carry out multi-step reasoning via prompt engineering. They excel at tasks like summarization of documents (used in research analysis or compliance), answering customer queries (as in chatbots), and drafting content (reports, emails, code, etc.). Financial institutions are keenly interested in LLMs but must often use them in a controlled way due to privacy. Many are adopting **private or fine-tuned LLMs** – either open-source models deployed in-house, or using vendor APIs with encryption and no data retention – to ensure client data isn't exposed. J.P. Morgan, for example, built a proprietary **LLM Suite** for employees, essentially an internal ChatGPT equivalent trained on the bank's data. This allowed nearly 50,000 employees to summarize documents and solve analytical problems while keeping information in-house.

	SLMs	LLMs
Number of parameters	Millions to tens of millions	Billions to trillions
Training data	Smaller, more specific domains	Larger, more varied datasets
Computational requirements	Low computing power (faster and require less memory power)	Higher (slower and require more memory power)
Cost	Lower cost to train and operate	Higher cost to train and operate
Domain expertise	Can be fine-tuned for specialized tasks	More general knowledge across domains

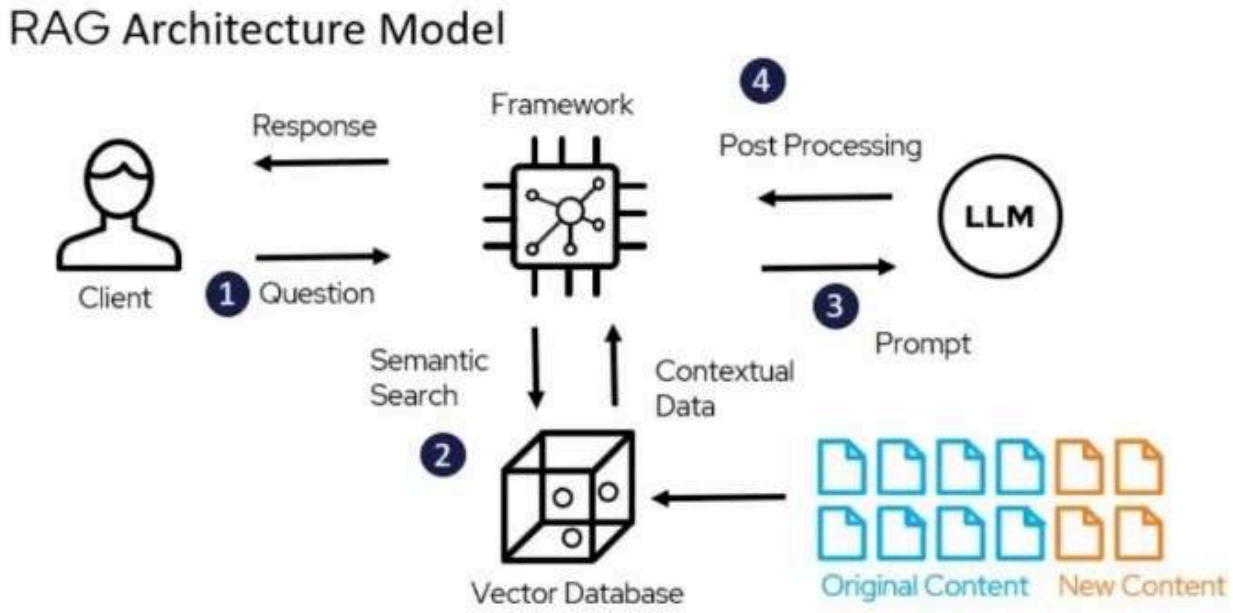
Alongside LLMs, we have **Small Language Models (SLMs)** – these are more compact models often fine-tuned for specific tasks or domains. SLMs are appealing for financial firms because they are **faster, cheaper, and can be deployed entirely within a firm's firewall**. For instance, a bank might train a smaller model on just its customer service transcripts to create a specialized support chatbot that runs efficiently on-premises (improving data control and latency). SLMs are also easier to interpret and update with new data. The trade-off is they may lack the broad knowledge and fluency of giant LLMs. In practice, many solutions use a hybrid: an SLM for routine predictable tasks (with high accuracy on known formats) and fallback to an LLM for understanding open-ended or novel queries. The choice between LLM and SLM often comes down to **token cost management** and privacy. LLM API calls (to e.g. OpenAI) incur usage-based costs – when a bank scales to millions of AI interactions, these costs can spike. Using SLMs locally can mitigate that, and tools exist to route requests intelligently (e.g., if under X tokens or certain complexity, use local model; otherwise use API). This approach is part of an overall **token cost management strategy** – essentially optimizing when to call expensive models, summarizing long texts to reduce token usage, caching frequent answers, and so on to control expenses without degrading user experience.

Moreover, advanced prompting techniques like **Chain-of-Thought prompting** enhance LLM reasoning by having the model generate intermediate reasoning steps. In finance, this is useful for complex calculations or compliance reasoning – the AI agent can be prompted to "think step by step" (which researchers found helps with complex tasks). This can reduce errors in tasks like mathematical

reasoning (e.g., calculating investment projections) or multi-hop logic (e.g., determining if a transaction violates a sanctions list, which might require checking multiple facts sequentially). **Reasoning and interpretability** are critical in financial contexts, so these techniques, along with using smaller interpretable models for certain tasks, all contribute to making AI's decision process more transparent and reliable. Financial technology leaders often mandate that any AI decision affecting customers (like a loan denial or a trading decision) needs an explanation. Here, LLMs can even be used to generate **natural language explanations** for model decisions, translating the math into executive-friendly terms.

Vector Databases and Retrieval-Augmented Generation (RAG)

One challenge with large language models is ensuring they provide *accurate, up-to-date information* and can reference a firm's proprietary knowledge. This is where **vector databases** and **Retrieval-Augmented Generation (RAG)** come into play. A vector database (e.g., Pinecone, Weaviate, FAISS-based systems) stores embeddings – numerical representations – of documents or data points. By querying this database with an embedding of the user's query, an AI agent can **retrieve the most relevant pieces of data** to that query. RAG is the technique of feeding those retrieved pieces into the prompt of an LLM, so that the model's answer is "grounded" in actual reference text.



Financial institutions are using RAG to great effect. Morgan Stanley's AskResearchGPT, as described, uses a form of RAG: it fetches content from its research repository that might answer a banker's question, then uses GPT-4 to synthesize an answer. The inclusion of sources (with hyperlinks to

original research) in the answer is a direct benefit of this – it **prevents hallucination and builds trust**, since users can verify the facts. In banking, where a hallucinated answer could mean a costly mistake or compliance breach, grounding responses in actual documents is essential. Many banks are building internal "knowledge hubs" using vector databases containing everything from product FAQs and policy manuals to past transaction data (encoded in vectors). So when an AI agent is asked, say, "What's our policy on crypto asset risk weighting for capital requirements?", it will retrieve the exact internal policy document snippet before answering, ensuring the response is compliant.

Vector databases are also invaluable for **semantic search** beyond Q&A. Compliance teams might use them to find similar past cases (e.g., find all prior suspicious activity reports similar to this new one), by searching via embeddings rather than keywords – catching matches that keyword search misses. Traders use them to quickly find analogues in historical data (e.g., find days in history where a similar yield curve pattern occurred). The speed and scale of vector search (which can handle millions of embeddings and still return results in milliseconds) make these tasks feasible in real-time.

From an implementation standpoint, vector DBs tie into data privacy – one often creates separate indexes for different data domains (public info vs. sensitive client data) and uses **Role-Based Access Control (RBAC)** to ensure an AI agent only retrieves data the user is allowed to see. For example, a wealth advisor's AI tool might vector-search the firm's research and the advisor's own clients' reports, but not other clients' data. This **secure segmentation** is crucial in multi-tenant or multi-department environments typical of large financial firms.

Knowledge Graphs and Structured Reasoning

While vector databases handle unstructured data via embeddings, **knowledge graphs** handle structured relationships explicitly – something very relevant in finance (think of ownership hierarchies, transaction networks, corporate structures). A knowledge graph is a network of entities (nodes) and their relationships (edges). Financial institutions use knowledge graphs for tasks like **risk management, fraud detection, and customer 360 views**. For instance, banks build graphs of companies and individuals to understand ultimate beneficial ownership (important for KYC/AML). AI agents can traverse these graphs to answer questions like "Which high-risk entities is this new client indirectly connected to?" by following ownership links, something that might be invisible without a graph.

In fraud, as mentioned, linking claims or transactions via common data points is essentially a graph problem – AI agents augmented with graph analytics can uncover rings. Some modern AI systems combine vector-based AI with knowledge graphs (one for fuzzy similarity, one for exact relationships).

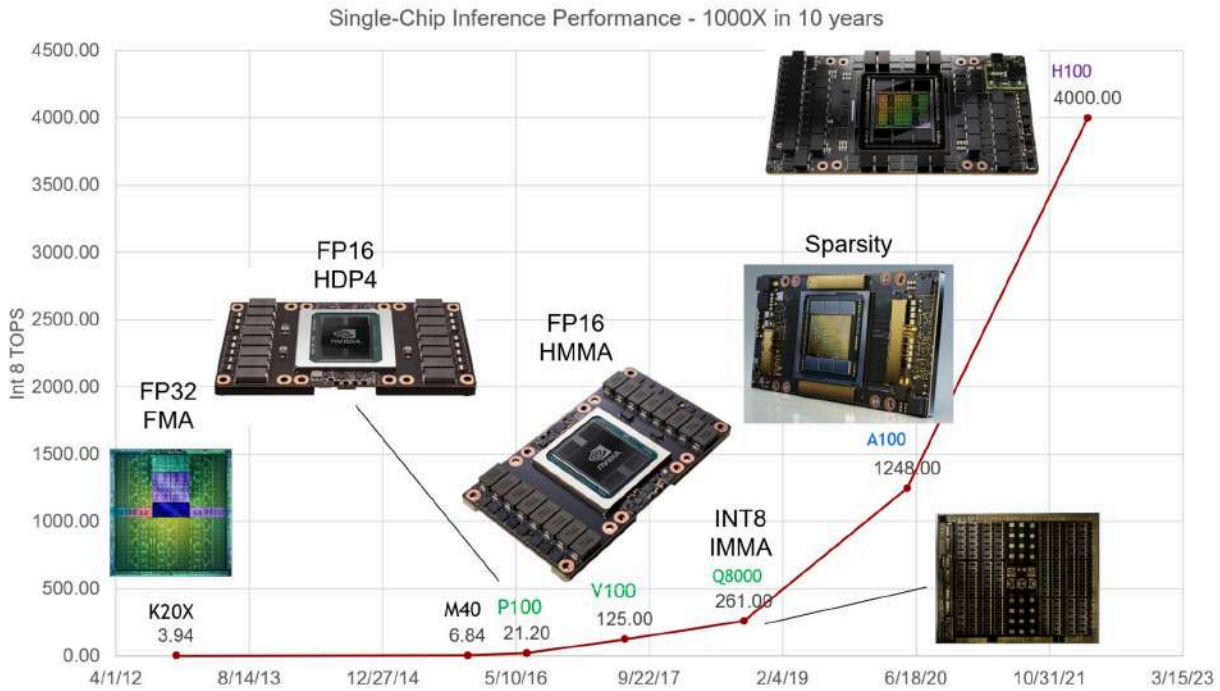
For example, an AML agent might use an LLM to parse a suspicious transaction's details (unstructured text from an alert) but then use graph algorithms to see if the involved parties connect to known shell companies or previously flagged persons.

Knowledge graphs also feed into **logical reasoning** agents. In trading, a knowledge graph might map how different markets are linked (like a graph linking interest rates, currencies, and equities in various countries). An AI agent can use that to reason through a scenario: "If the Fed raises rates, how might it affect an emerging market exporter's stock?" The graph provides a scaffold of relationships (rate up -> dollar up -> local currency down -> exporter earnings change, etc.), and a rules engine or neuro-symbolic AI can draw conclusions.

For technology leaders, an important point is that knowledge graphs require good data integration and cleaning – often a heavy lift – but once in place, they become powerful assets for AI. They are often stored in specialized graph databases (Neo4j, Neptune, etc.) and can be accessed by AI agents via graph query language or APIs. Ensuring your AI platform can integrate graph queries with LLM outputs is key for those use cases. We're seeing early frameworks that allow an AI agent to consult a knowledge graph as one of its "tools" when needed, combining statistical AI with symbolic knowledge seamlessly.

GPUs and High-Performance Computing Infrastructure

The computational backbone for AI is critical, especially in financial services where the volume of data and low-latency requirements are high. Graphics Processing Units (GPUs) and other accelerators (like TPUs or FPGAs) are the workhorses for training models and executing heavy inference workloads. **Banks and hedge funds are investing in GPU clusters** to train proprietary models (e.g., a fraud detection model on billions of transactions, or a custom LLM on internal text). Even for inference, if using a complex model in real-time (say an options trading agent that runs a deep neural network for every pricing decision), GPUs ensure responses happen in milliseconds.



However, running GPUs at scale introduces DevOps and cost challenges. This is where efficient **workflow orchestration and autoscaling** are key technologies. Orchestration frameworks (like Kubernetes, Airflow, or Ray for distributed AI tasks) allow firms to schedule and manage AI workloads, scaling up resources when needed (e.g., market open when trading AI load is high) and scaling down in off-hours to save cost. Financial firms often use a **hybrid cloud approach**: keeping sensitive workloads on-premises or in a private cloud (their own VPC), and bursting to public cloud for extra capacity on less sensitive tasks. Managing this in a compliant way requires containerization, infrastructure-as-code, and strong monitoring.

Virtual Private Clouds (VPCs) are especially important in finance because of data residency and security. Many AI vendors now allow their software to be deployed in the customer's VPC, meaning the bank controls the environment and network isolation. This satisfies regulators concerned about using external AI services. For example, **Shakudo's platform is designed to run on a client's own infrastructure or VPC** while providing the flexibility of cloud-like scaling. This means a bank can integrate tools like Jupyter notebooks, Spark clusters, vector DB, etc., in their secure environment, and the orchestration handles connecting them.

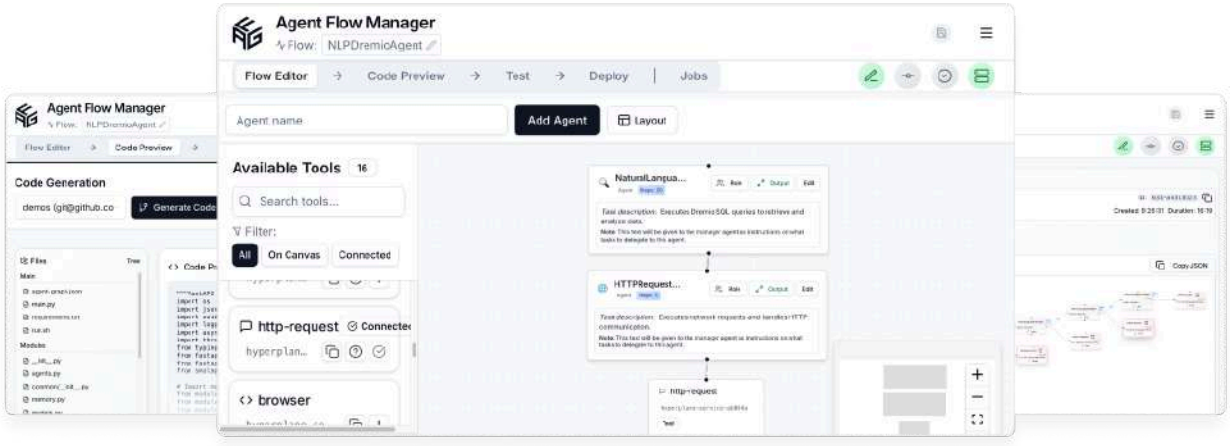
To optimize costs, some firms are also exploring **model quantization and distillation** – technical techniques to make models run faster/smaller on the same hardware. An AI team might take a large model and compress it to run on CPUs for broad use, only calling a GPU-powered model for the

hardest tasks. These nuances underline that technical strategy (which hardware, what optimization) and business strategy (meeting SLAs, controlling cost) are deeply linked in AI deployment.

Finally, **Model Context Protocol (MCP)** and similar emerging standards are noteworthy. MCP, introduced by Anthropic in late 2024, is an open protocol for connecting AI assistants with data sources in a secure, standardized way. Instead of custom integration for each system (which is how it's often done now – e.g., one connector for SharePoint, another for a SQL database, etc.), MCP proposes a common interface. Early adopters like fintech company Block and Shakudo's AgentFlow are integrating MCP to let their AI agents access various enterprise data easily. In a bank context, MCP could allow an AI agent to fetch customer data from a core banking system, transaction history from a data warehouse, and news from an external feed, all through one standardized protocol with security controls. This would significantly reduce the integration burden and help scale AI agent adoption across more use cases. For technology leaders, keeping an eye on such standards is wise; aligning with open standards can future-proof your AI architecture and avoid vendor lock-in on integration tools.

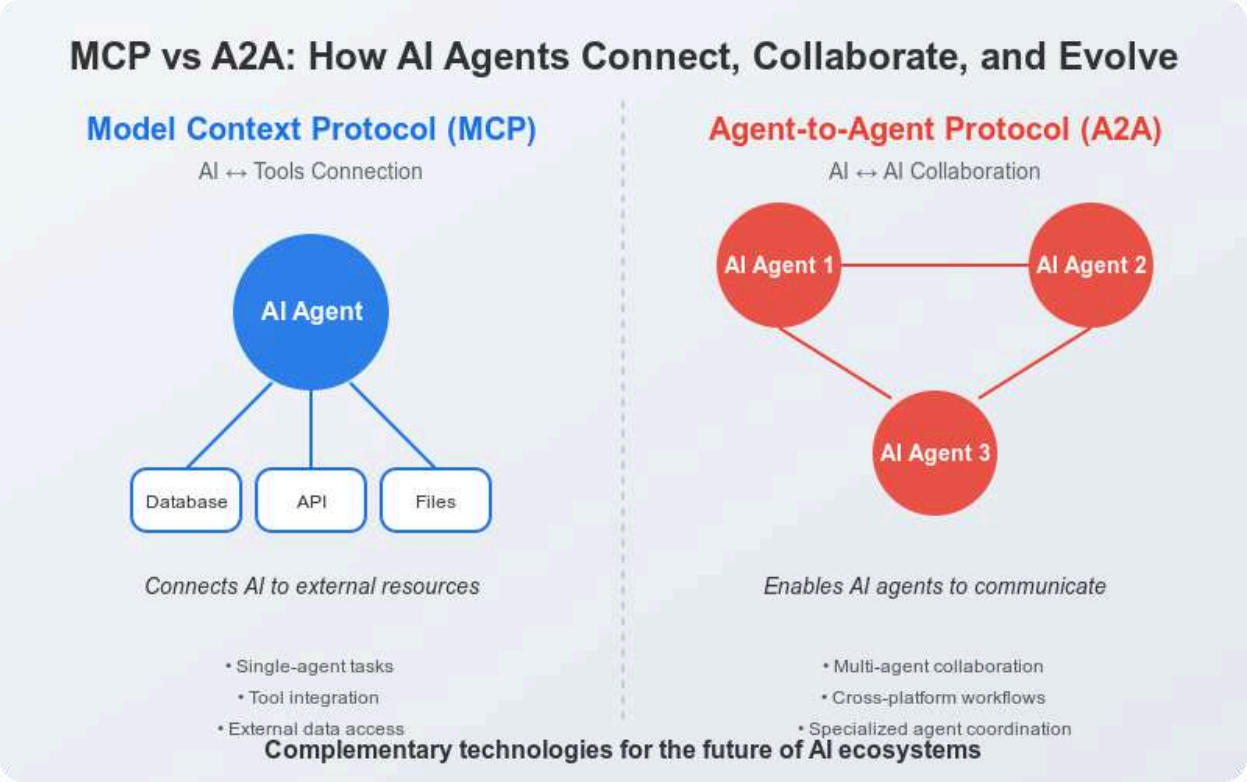
Agent Orchestration and Multi-Agent Systems

As use cases grow, it's common to have multiple AI agents or tools collaborating to complete a process. For example, consider an automated loan processing workflow: one agent (vision model) extracts data from documents, another agent (LLM) interviews the applicant via chatbot, a third agent (ML model) scores the credit risk, and a fourth component (RPA script) updates the loan origination system. Orchestrating all these steps reliably is non-trivial. That's where **AI agent frameworks and orchestration layers** come in. Frameworks such as LangChain, Haystack, or enterprise platforms like **Shakudo's AgentFlow** provide a way to chain together different AI and non-AI components into a cohesive workflow, often with minimal code.



AgentFlow, for instance, is a no-code platform designed to let teams **create custom AI agents that operate on your existing data and tools using plain English instructions**. It allows you to configure an agent's "toolbox" – connecting it to databases, APIs, or other software – and then define the agent's behavior with natural language prompts. Under the hood, AgentFlow handles how the agent calls the right tool or whether multiple sub-agents are needed. For a bank, this means a compliance officer with minimal coding skill could design an agent that, say, scans email for compliance issues and also cross-checks any company names against a sanctions list: the platform wires up the OCR, the LLM, the database queries, etc., automatically. This **agentic workflow automation** significantly lowers the barrier to deploying complex AI processes in production.

Multi-agent communication (A2A) is another powerful concept – having agents talk to each other to solve a problem. In a trading scenario, you might have one agent specialize in fundamental analysis and another in technical analysis; they could share findings and come to a joint decision. Without careful design, multi-agent systems can become unstable (they might loop or diverge). But new protocols (like MCP for context sharing) and frameworks are making it easier to manage. In practice, multi-agent setups are often orchestrated by a supervisor script or logic that assigns tasks and integrates results. For example, an AI project might create separate agents: one generates candidate solutions, another evaluates them, and a third integrates the best ones – effectively an AI committee approach. Financial services haven't fully embraced multi-agent systems yet, but we anticipate use cases like internal audit (one agent combs through records, another tries to simulate fraudulent behavior to test controls, etc.) where multiple perspectives improve outcomes. The key is having an **orchestration layer that allows modular addition of agents** and tracks their interactions (with logging for audit, very important in regulated industries).



Guardrails, Security and Governance Tools

Deploying AI in finance demands strong guardrails and governance to ensure compliance, fairness, and reliability. There are several dimensions to this:

- **Output Guardrails and Moderation**: AI agents must not produce inappropriate, biased, or confidential information in outputs. Solutions include content filters (blocking certain toxic language or categories), regex checks on outputs (to prevent, say, an LLM from outputting a credit card number or personal data), and policy-guided generation. For instance, a bank might have a guardrail that any AI-generated customer communication cannot mention specific prohibited terms or must always include a disclaimer. These can be enforced by intermediate checks or specialized "policy AI" that reviews outputs. Many LLM providers offer moderation APIs, but for in-house, firms are training small models that act as guardians. In addition, **hallucination management** techniques ensure factual accuracy – using RAG (as discussed) is one, another is **verification agents** that double-check an AI's answer against source data. Morgan Stanley's citation approach is a user-facing way to handle this: if the AI always provides sources, users can quickly spot if something seems off. Some banks have even implemented a secondary step where an AI's draft report is cross-verified by another model or

by rule-based checks (e.g., if an AI summary of a financial statement claims a revenue number, a script cross-checks that against the actual statement).

- **Role-Based Access Control (RBAC) and Data Security**: We touched on this – AI agents often need access to sensitive data. Integrating with enterprise identity systems and enforcing RBAC is non-negotiable. This means an AI platform should ensure that if a call is made to retrieve data or perform an action, it is done under the permissions of the requesting user or service role. Modern AI operating systems, like Shakudo, are built with **full-stack visibility and RBAC-powered granular access control** so that data stays protected. For example, if a customer support AI tries to fetch an account balance, the platform should check that the support agent using it has clearance for that account's info. Logging every data access and AI decision is also key for auditability.

- **Model Governance and Monitoring**: Over time, models can drift or their performance can change as data evolves. Financial institutions are instituting governance processes akin to model risk management for AI models (many already have "model risk management" groups due to regulations like SR 11-7 in banking, and these are now extending to AI/ML models). Tools that monitor model inputs/outputs for anomalies, measure bias, and track performance metrics in production are essential. If an AI agent that underwrites loans starts rejecting a certain group at a higher rate, the system should flag it. Techniques like **Shadow Mode testing** (running a new model in parallel with the old one to compare decisions before fully deploying) help ensure changes won't cause bad outcomes.

- **Secure Development and Deployment**: This includes everything from code security (ensuring no injection attacks via prompt inputs – an emerging concern where malicious input could trick an LLM into revealing info or performing unintended actions) to container security (scanning images for vulnerabilities) and compliance with standards like **SOC 2**. In fact, Shakudo's platform is **SOC 2 Type II certified** and supports on-prem deployments, highlighting how serious enterprise AI platforms are about meeting infosec standards. This is crucial to give CIOs confidence that using an AI operating system doesn't introduce new vulnerabilities.

In summary, the enabling technologies for AI agents range from cutting-edge AI models and protocols to the behind-the-scenes infrastructure and governance mechanisms. A successful deployment in finance means **bringing all these pieces together in a cohesive "AI stack"** that data science teams,

engineers, and business users can leverage without reinventing the wheel for each project. This leads us to the next topic: the concept of an "AI Operating System" for the enterprise, and how that approach can accelerate AI adoption in a controlled, efficient manner.

The AI Operating System Paradigm: From PoC to Production

Despite the immense potential of AI in financial services, many organizations struggle to move beyond pilots and proof-of-concepts (PoCs) into deployed solutions that deliver business value. Common challenges include siloed efforts, the complexity of integrating myriad tools, DevOps burdens, security concerns, and long development cycles. The emerging best practice to overcome these is adopting an **"AI Operating System"** approach – essentially a unified platform or layer that standardizes and accelerates the development, deployment, and management of AI solutions across the enterprise.

Think of an AI Operating System as analogous to an operating system on a computer: it abstracts away hardware differences, provides common services, and allows different applications to run and interoperate seamlessly. For AI in a bank or insurer, the "hardware" is your cloud and on-prem infrastructure, data sources, and various AI tools. An AI OS would provide a consistent environment where data scientists and developers can plug in any tool (an ML library, an LLM API, a database) and have it work with others out-of-the-box – handling identity, data access, monitoring, etc., centrally.

Why an AI OS?

- **Tool-Agnostic Flexibility**: The AI field moves fast – today's state-of-art library may be obsolete next year. Firms don't want to be locked into one vendor or reinvent integration each time they try something new. An AI OS lets you **"unify the best-in-class AI tools in one secure platform"**. For instance, you might use PyTorch for one project, TensorFlow for another, plus a third-party OCR API – the OS should accommodate all, providing glue code and environment management. Shakudo's platform emphasizes this, giving teams flexibility to "use the data stack components that fit our needs" and easily evolve the stack as the industry advances. This is critical for technology leaders who know that their AI roadmap might involve dozens of different frameworks and they can't afford siloed infrastructure for each.

- **DevOps Automation and Shorter Time to Value**: One of the biggest barriers in enterprise AI is the **operationalization gap** – models work in the lab but are hard to deploy, scale, and maintain. An AI OS addresses this by automating DevOps tasks: environment provisioning, container orchestration, CI/CD for model training and updates, dependency management, and monitoring. It's like having an "automated 10x DevOps engineer" on the team. The result is dramatically faster deployment cycles. A process that might take months to set up manually (configuring a new cluster, security reviews, pipeline creation) can be done in days or weeks. As a testament, companies using Shakudo note they **shortened development time such that AI projects now go from idea to impact in weeks or months vs. the months or years it used to take**. This acceleration is crucial in financial services where being late to implement a model (say for fraud or market risk) could mean significant losses or missed opportunities.

- **Integrated Data and Single Source of Truth**: An AI OS often provides a layer where all data sources can be registered and accessed in a governed way. Instead of each team making their own data copies, the OS connects to data warehouses, lakes, streams, etc., and offers features like data versioning, lineage tracking, and governance enforcement. This means an AI agent drawing customer data and a BI dashboard drawing the same data get it from one place, ensuring consistency. It also simplifies compliance – you can set rules at the OS layer (e.g., PII data cannot be used in output without masking) that apply universally. Shakudo's unified platform approach provides a **single UI for teams to manage the entire data and AI stack collaboratively**, breaking down silos between data engineering, ML, and DevOps teams.

- **Interoperability and Shared Services**: When AI tools run in one ecosystem, they can seamlessly interoperate. For example, if you develop a fraud detection model, the OS can make it available as an API to other systems (internet banking, mobile apps) without custom plumbing each time. It likely provides shared services like authentication (single sign-on), access logging, and resource pooling (so that one team's idle GPUs can be used by another team's job automatically). Shakudo's OS philosophy explicitly aims to **enable teams to focus on building solutions instead of being held back by DevOps complexity**, by providing these common services. This means less reinventing wheels like user management, audit logs, or custom connectors – the platform covers those.

- **Governance, Security and Compliance by Design**: A centralized OS layer makes it easier to enforce security and compliance uniformly. It's engineered to meet rigorous standards – e.g., Shakudo's platform touts support for on-prem/private cloud and compliance like SOC 2, with

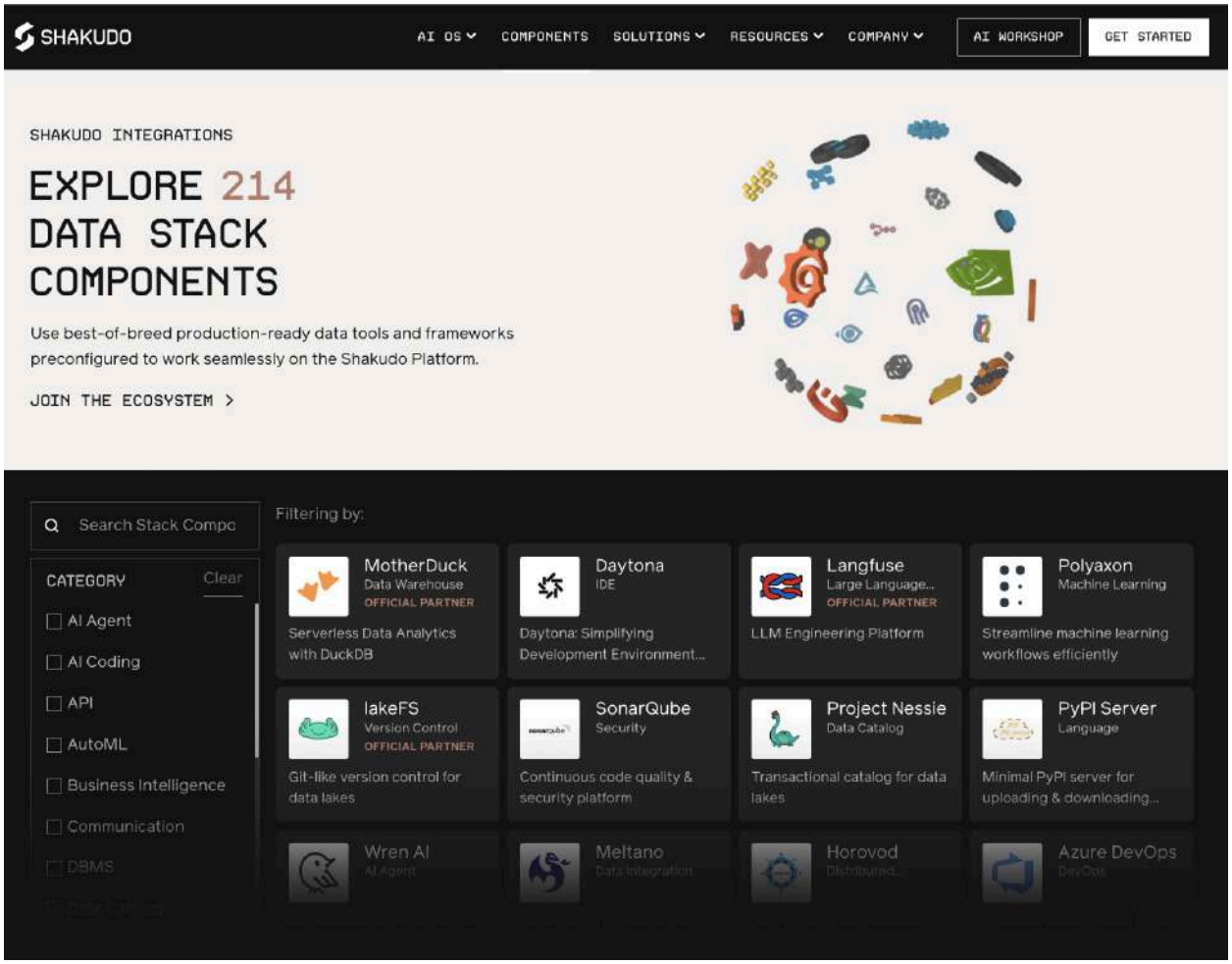
data staying in your infrastructure. Having an OS in your own VPC (or on-prem) alleviates a lot of regulatory concerns about cloud AI, because you maintain control over data locality and access. Features like **full-stack visibility and RBAC** (as mentioned) mean you can monitor exactly which user or service accessed what data and when. This auditability is key for satisfying regulators and internal risk management. Essentially, the AI OS becomes an extension of your IT governance framework, unlike ad-hoc AI experiments which might bypass some controls.

- **No-Code/Low-Code Accessibility**: To truly scale AI, business domain experts need to be involved. An AI OS often includes **no-code interfaces or drag-and-drop tools** (like AgentFlow for building agents) so that not only coders, but analysts or product managers can configure AI-driven workflows. This democratization is important in financial services where the subject matter experts (credit officers, traders, claims managers) have deep knowledge to encode, but not necessarily programming skills. By letting them create or tweak AI agents with natural language instructions or visual flows, the OS helps bridge the gap between business and tech. It also reduces the backlog on central tech teams if departments can self-serve some AI solutions within the guardrails of the platform.

In practice, adopting an AI OS paradigm can be done via building a lot of internal tooling – which some large banks attempt – or by leveraging a platform like Shakudo that's designed for this purpose. The advantage of a platform approach is speed: Shakudo emphasizes moving from PoC to production in as little as **2–4 months instead of years**, by following a proven implementation journey (executive alignment, workshop, co-development, then scale). This can turn AI from a research experiment into a real revenue driver or risk reducer in a single fiscal quarter, which is incredibly attractive to CIOs under pressure to show ROI on AI investments.

Shakudo: An Operating System for AI

To concretize the AI OS concept, let's look at **Shakudo** as a prime example. Shakudo brands itself as *"The Operating System for AI on your VPC"*. It provides an environment where a financial firm can deploy any AI tool – whether it's a database, a ML framework, or an analytics application – with one-click and have them work together. Here's how Shakudo exemplifies the AI OS paradigm:



- **Runs in Your Infrastructure**: You deploy Shakudo on your cloud or on-premise servers, meaning all data and computing stay under your control. It acts as a layer atop your cloud (AWS, Azure, GCP, etc.) using your isolated network (VPC). This addresses the common concern around cloud AI: with Shakudo, you get cloud-like ease but effectively on your own terms. Data never has to leave your environment for the AI platform to work.

- **DevOps Automation**: Shakudo automates provisioning and scaling of compute, networking, and applications. It's described as *seamlessly integrating advanced AI technologies with a company's existing data infrastructure, providing a user-friendly interface for developers to work with AI without getting bogged down in complexity*. Maintenance tasks – like updating a library or scaling a service – are handled behind the scenes. This is why users have called it a "value-added shortcut" from point A to Z that frees up the data team and lets DevOps focus elsewhere. In effect, Shakudo operates as a **force multiplier for your engineering team**,

much like cloud managed services did for general app development.

- **Tool Interoperability**: Out of the box, Shakudo supports 170+ AI and data tools. For example, a team can spin up a Spark cluster for big data processing, connect it to a Jupyter notebook environment, add a vector database, and link an LLM API – all through the platform's interface, with single sign-on and shared access to the same data mounts. The platform handles the config so that these components can talk to each other securely and efficiently. This addresses the integration pain point: rather than spending time stitching APIs and writing glue code, your team can focus on the logic of their AI solutions.

- **AgentFlow – No-Code AI Agents**: A standout feature is Shakudo's **AgentFlow**, which directly targets the AI agent orchestration use case we discussed. It allows creation of agents with **natural language prompts as the logic** (e.g., "When the market closes, summarize the day's P&L drivers using data from X and email it to the team"). AgentFlow is described as enabling custom AI agents to operate *natively and securely on your existing data and tools*. Crucially, the agents can be configured to have access only to certain tools or data (preventing an agent from straying out of its lane). Features like *"Self-Correcting Intelligence"* indicate these agents can be set to try multiple approaches or learn from failures (for example, if an agent's first attempt to query a database fails, it can automatically adjust and try again). For financial institutions, this means a much faster development cycle for automation: what used to require a multi-month IT project to script and integrate can potentially be done by a domain expert in days using AgentFlow's no-code interface. It's a way of embedding AI microservices everywhere – from automating a simple workflow like fund report generation to complex ones like multi-step customer onboarding checks – without starting from scratch each time.

- **Faster Time to Value**: Shakudo emphasizes compressing the timeline of AI projects. An executive briefing and workshop can identify high-impact use cases in a day or two, and then the platform's capabilities allow a working prototype in a few weeks, and a scalable solution shortly after. This is not just marketing fluff; it reflects the reality that by removing typical bottlenecks (environments, data access, MLOps plumbing), teams iterate much faster. We saw testimonials like building and deploying 4 new AI applications in 2 months – such velocity is rarely achievable in traditional enterprise IT. For financial firms, this speed can translate to being first-to-market with an AI-driven feature, or quickly responding to new regulatory requirements with AI solutions, giving a strategic edge.

- **Continuous Evolution**: Financial services doesn't stand still – new regulations, new market conditions, and new technologies are constant. An AI OS like Shakudo is built to evolve with you. Need to swap out your language model for a newer one? It's a configuration change, not a rebuild. Want to add a new data feed? Plug it into the platform's data connectors. The OS approach means the underlying scaffolding (security, monitoring, DevOps) remains consistent while the AI applications can be continuously developed, tested, and deployed. It also supports **experimentation** – multiple teams can safely try their own AI ideas in isolated sandboxes on the same platform, without infringing on each other, and successful experiments can be promoted to production in the shared environment. This fosters innovation culture while maintaining corporate oversight.

In essence, adopting an AI Operating System like Shakudo allows financial organizations to move strategically – focusing on use cases and business logic – rather than getting lost in the weeds of technology assembly. As the AI arms race in financial services heats up, this paradigm can mean the difference between a bank that *uses* AI in pockets versus one that has AI *embedded across every process* (echoing Jamie Dimon's vision). The latter will have a compounding advantage.

Conclusion

AI agents are rapidly transitioning from futuristic concepts to everyday reality in financial services. Across retail banking, capital markets, asset management, insurance, and fintech, we've seen that AI is driving smarter decisions, faster operations, and better customer experiences – all while managing risk and compliance in new ways. Crucially, the technology enabling this transformation has matured to a point where financial institutions can adopt it responsibly and at scale. The path to success involves not just identifying high-impact use cases, but also investing in the right infrastructure and platforms – in other words, building or adopting an "AI Operating System" for your organization.

The case studies and examples we cited, from J.P. Morgan's billion-dollar AI payoff to Morgan Stanley's GPT-4 assistant for bankers to HSBC's 4x boost in money laundering detection, demonstrate that the ROI of AI in this industry is very real. These are not science experiments; they are delivering material business value *today*. And they were achieved by organizations that married domain knowledge with AI technology effectively. As an executive with a technical background, you are in a unique position to champion this marriage – to guide your teams in leveraging AI agents not as black boxes, but as tools aligned with your firm's strategy and governed by its values and policies.

One recurring theme is speed: the financial world is not waiting. Competitors, including agile fintechs and big tech entrants, are deploying AI to win customers and optimize operations right now. To keep pace, banks and insurers must avoid lengthy AI projects that never leave the lab. This is why we stressed the "operating system for AI" approach. By providing your data science and development teams with an integrated platform (like Shakudo) that handles the heavy lifting – from DevOps to security – you allow them to focus on rapid innovation in the business domain. The result is a shortening of the cycle from **Proof-of-Concept to Proof-of-Value**, often turning what used to be multi-year IT undertakings into a few months of focused sprints. In an industry where timing can be critical (be it launching a new product before a competitor, or detecting a risk before it materializes), this acceleration is a game-changer.

Equally important is scaling AI ethically and securely. With great power comes great responsibility: AI agents dealing with finance must uphold fairness, transparency, and privacy. The solutions we discussed – guardrails, RBAC, audits, and a robust platform – are your allies in this mission. They ensure that while your organization reaps the benefits of AI, it also retains control and accountability. Regulators are increasingly interested in "Responsible AI" practices; by building those practices into your AI OS, you not only avoid pitfalls but turn compliance into a competitive advantage (customers and partners will trust a firm that can confidently explain and stand behind its AI decisions).

The financial services sector is entering an AI-driven renaissance. Those who embrace AI agents and equip themselves with the proper operating model will lead the industry, offering client experiences and operational efficiency that set new benchmarks. Those who hesitate risk falling behind in customer expectations, cost structure, and even regulatory compliance (imagine manually trawling for fraud while others have AI co-pilots – it will show). The opportunity is immense: from cutting fraud losses by billions, to capturing new revenue through hyper-personalized services, to freeing employees from grunt work so they can focus on high-value activities.

Your role as a technology leader is to guide this transformation – to select the right use cases, champion investment in enabling technologies, and foster a culture where human talent is amplified (not replaced) by AI agents. The "big book" of AI use cases in financial services is ever-expanding, and with the foundation laid out in this guide, you can start writing the next chapters for your own organization.

If you're ready to explore how an **AI Operating System** can supercharge your financial organization's AI initiatives, consider experiencing Shakudo firsthand. **Book a Demo** to see how Shakudo's platform can unify your data tools, automate DevOps, and enable rapid deployment of AI agents tailored to

your business needs. In a live demo, you'll witness how use cases like those in this guide – from fraud detection to customer service bots – can be built and scaled in a fraction of the time. This is an opportunity to assess how the platform fits into your infrastructure (remember, it runs in your VPC securely) and to ask any specific questions related to your environment or constraints.

To further jumpstart your AI adoption, we invite you to **Join Our AI Workshop** – a collaborative, no-commitment session where our team works with yours on a real AI use case. In this workshop (often just one day), we focus on one of your priority challenges – be it automating a process, improving a model, or integrating a new AI service – and we prototype a solution together using the Shakudo platform. The goal is to empower your team with hands-on experience, so they come away not only with a tangible deliverable but also with new skills and insights into modern AI development practices.

Workshops can be conducted on-site or virtually, and are tailored to your context (for example, a "Financial Fraud AI Workshop" or "Wealth Management Personalization Workshop" depending on your interest area). By the end of the day, your stakeholders will see an AI agent in action on your sample data, running in a secure environment, and delivering results – a powerful proof of how quickly value can be achieved. It's also a chance to involve cross-functional participants (IT, compliance, business unit leaders) so everyone can align on the potential and the governance approach.

Many organizations use these workshops as a kickoff to their broader AI roll-out, as it builds internal buy-in and demystifies the technology. **Reserve a slot in our upcoming workshop schedule** and let's co-create an AI solution that could be the blueprint for many more. The future of financial services is being shaped by such small pilot successes that scale into enterprise-wide capabilities. We look forward to partnering with you on this journey.