

The Age of AI and Wall Street

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NEW YORK, June 13, 2019 /PRNewswire/ -- The financial services industry's top priority for AI applications is data mining, according to the second annual AI Outlook Survey from [Broadridge Financial Solutions Inc.](#) (NYSE: BR), a global Fintech leader that is part of the S&P 500® Index. The survey results, released today, explore the state of AI adoption and readiness among U.S. financial services companies. Data mining (36%) was followed by post-trade processing (20%), market analytics (13%) and trading systems (12%). Broadridge polled operations, technology and regulatory leaders from across the financial services industry and released the findings in conjunction with a white paper focused on AI adoption.

The Age of AI?

Comparing and relating the progress of AI initiatives to relevant historical eras, a clear majority of respondents (84%) say their company is in or past "The Enlightenment Age" of AI, during which they are at or beyond proof of concept. Twenty-nine percent of companies have moved into the "Industrial Age" with pilots and one-fifth (20%) are in the modern "Information Age" with AI in full production.

Though most companies are in some stage of AI adoption, or at least exploration, a cautious 10% remain in the Stone Age with no current plan to leverage AI. Broadridge's white paper is paired with the [AI Readiness Assessment](#), which helps firms establish the strategy, structure, systems, skills and staff needed to create a successful AI program.

"While most organizations recognize that AI is a transformational technology with huge potential impact, their approach to adoption has been cautious. The survey data and white paper demonstrate how to harness the power of AI and successfully increase its adoption by first establishing a clear strategy and framework," said Michael Tae, head of strategy for Broadridge. "At Broadridge, we are focused on what we call 'the ABCDs of innovation'™: AI, blockchain, the Cloud, digital and beyond. This is how we define our continued commitment to driving the innovation roadmap; helping our clients understand and apply next-generation technologies to transform business, optimize efficiency and generate growth.

AI's Productivity Boost Blocked by Legacy Technology

Respondents also ranked their top motivations or desired outcomes for investing in AI. Half (53%) cited "increased efficiency and productivity" as their top motivation and a majority (84%) included it in their top three. Other top-three motivations among respondents included enhanced data and security (69%) and the ability to redeploy human capital (51%).

While it's encouraging that a high number of respondents understand the advantages of AI's capabilities, roadblocks continue to impede implementation. Nearly half of respondents (46%) cited legacy technology as their top challenge. This tracks with the difficulties associated with modifying or replacing a current infrastructure and the potential need for vendor or personnel changes. Cost of investment/perceived ROI was named the second largest roadblock (31%), while executive buy-in was considered a challenge by only 7% of respondents.

Avengers Style: Wall Street's Relationship with AI Partners

When asked which superhero relationship best describes their company's interaction with AI technology partners, a majority (58%) chose "The Avengers," alluding to their desire for teamwork. Conversely, 8% admitted to having an adversarial relationship with their Fintech partners, likening it to that of Batman and the Joker. Other respondents compared their technology-related relationships to that of "frenemies" like Professor X and Magneto (16%) and internal conflict like The Hulk's (14%). The power of partnership for planning smooth AI adoption is clear and prevalent for financial services professionals and technology vendors.

The Four Stages of AI Adoption

The corresponding Broadridge white paper reveals the four stages of AI adoption — beginner, experimenter, fast follower and innovator — and how they differ from the stages that have played out in previous waves of technology transformation. According to the white paper, AI algorithms are often self-teaching and improve over time, making them opaque and difficult for competitors to copy or reverse engineer. Those in the innovator stage truly have an advantage over fast followers and experimenters.

For more information and to read the full white paper, please visit: [Is Your Firm Ready to Implement AI for Smarter Operations?](#)

Methodology

The survey of 153 financial services professionals was conducted at the 46th annual SIFMA Operations Conference & Exhibition in Boca Raton, Florida on May 7-8, 2019.

About Broadridge

Broadridge Financial Solutions, Inc. (NYSE: BR), a \$4 billion global Fintech leader and a part of the S&P 500® Index, is a leading provider of investor communications and technology-driven solutions to banks, broker-dealers, asset managers and corporate issuers globally. Broadridge's investor communications, securities processing and managed services solutions help clients reduce their capital investments in operations and infrastructure, allowing them to increase their focus on core business activities. With over 50 years of experience, Broadridge's infrastructure underpins proxy voting services for over 50 percent of public companies and mutual funds globally, and processes on average more than US \$5 trillion in fixed income and equity trades per day. Broadridge employs over 10,000 full-time associates in 18 countries.

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