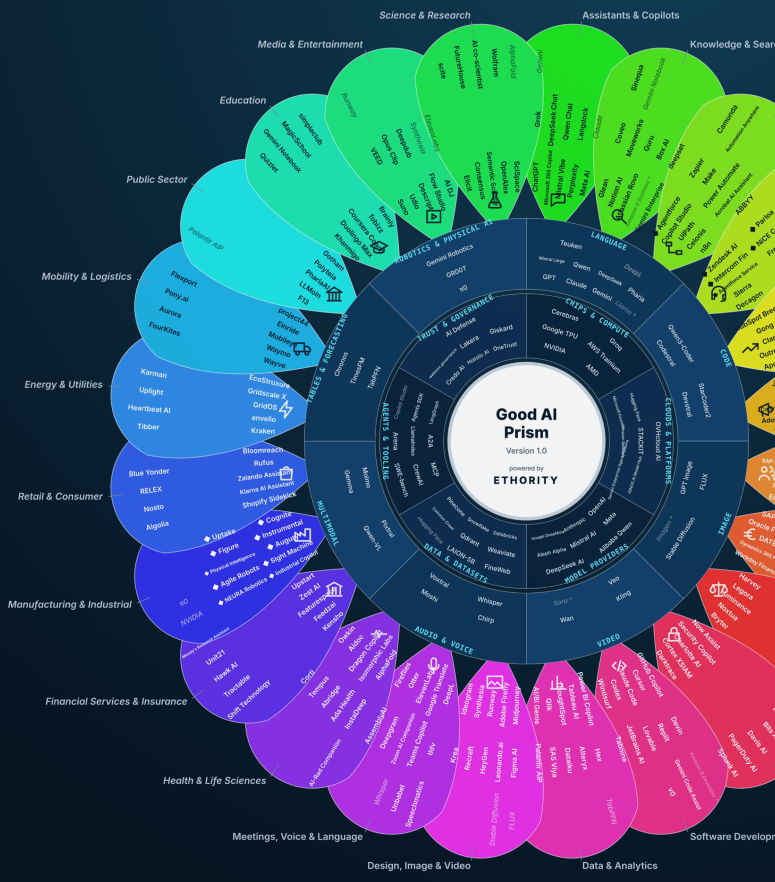
ETHORITY
AI BUSINESS OPERATING SYSTEM



GOOD AI PRISM · SECTOR BRIEF 2026/27 · FINANCIAL SERVICES & INSURANCE · GLOBAL EDITION

Put AI to work in banking and insurance

Where AI already decides, detects and advises in finance, what the market offers, and the rules by jurisdiction.

28
AI offerings mapped in Financial Services & Insurance

2 Dec 2027
EU high-risk duties for credit scoring and life and health insurance pricing apply

79%
of Japanese financial institutions use generative AI, up from 31% two years earlier (BoJ, 2026)

Created by Sten Franke with a people and governance lens by Severin L. Wilson · October 2026

AT A GLANCE

Finance is where AI meets money, risk and trust

Banks and insurers were early users of machine learning for fraud, credit and pricing. Generative AI now spreads into service, research and operations, while the decisions that matter most to customers become regulated as high-risk.

This brief applies the Good AI Prism Market Study 2026/27 to one industry: financial services and insurance. It combines the study's market map of 28 AI offerings with current research on adoption, workforce and rules across major jurisdictions. Europe is ETHORITY's hub market and Germany its home and test market, so both get the closest look. The brief ends with the questions to settle before a pilot and with how ETHORITY helps.

75%
of UK financial firms already use AI; a further 10% plan to within three years (BoE/FCA, Nov 2024)

65%
of European insurers have implemented generative AI; 23% plan to (EIOPA survey, Feb 2026)

50%
of finance and insurance establishments in Germany used generative AI in 2025, twice the average (IAB, 2026)

79%
of 150 Japanese financial institutions use generative AI in FY2026, up from 31% (BoJ)

29
US jurisdictions have adopted the NAIC model bulletin on AI in insurance (Oct 2026)

$486bn
lost worldwide to fraud scams and bank fraud in 2023 (Nasdaq Global Financial Crime Report)

About this brief

Market figures come from the Good AI Prism 2026/27 study dataset: every entry is recorded with a dated source from the provider's own pages. Job groups are ETHORITY's classification. External figures name their source, population and date; populations differ between countries and are not combined. This brief is not legal or financial advice.

WHERE FINANCE STANDS

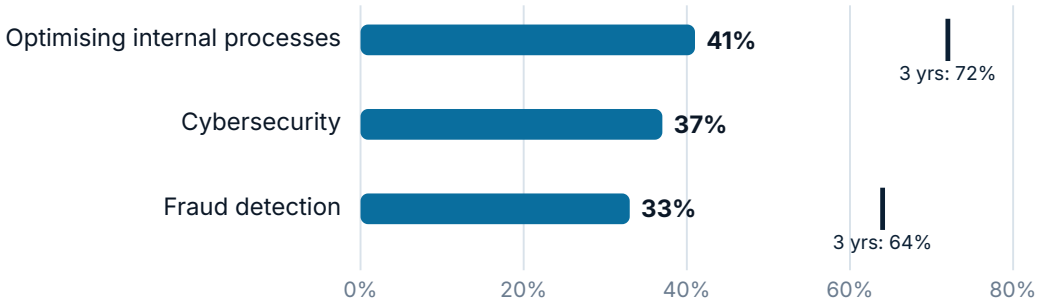
From fraud models to generative assistants

AI use in finance is high and still rising. Three in four UK financial firms used AI in 2024, and foundation models already made up 17% of their use cases (BoE/FCA). In Japan the share of financial institutions using generative AI rose from 31% to 79% in two years (BoJ). Two thirds of European insurers have implemented generative AI, across 957 reported use cases (EIOPA).

Internal process optimisation, cybersecurity and fraud detection lead today, and firms expect the largest growth in customer support and compliance. In Germany, ETHORITY's test market, half of all finance and insurance establishments used generative AI in 2025, twice the average across the economy (IAB).

Exhibit 1 · What UK financial firms use AI for

Share of firms using AI for each purpose today; marker: expected total within three years



Bank of England and FCA, Artificial intelligence in UK financial services, 21 Nov 2024 · 118 firms

THE WORKFORCE SIDE

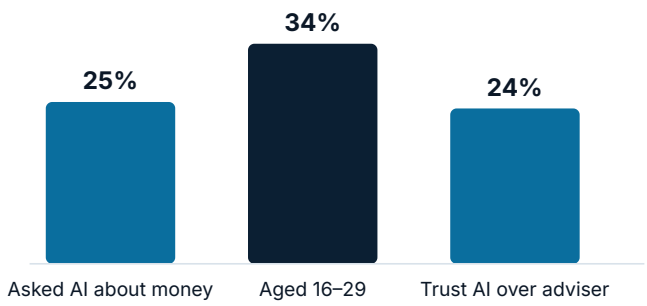
AI changes work in finance, not yet the headcount

Finance employs large, experienced workforces facing a wave of retirements. Germany's insurers employ 215,600 people and its savings banks almost 200,000. The European Central Bank finds no significant difference in hiring or firing between firms that use AI and those that do not; firms that use AI intensively are slightly more likely to hire.

Customers move faster than many institutions expect: a quarter of Germans have already asked an AI tool about money, a third of those aged 16 to 29, and 62% say AI raises their fear of fraud (Bitkom, 2026).

Exhibit 2 · Test market Germany: consumers and AI in finance

Share of German internet users, 2026



Bitkom, Digital Finance 2026 · 1,004 respondents

215,600

people employed by German insurers at the end of 2025 (AGV Versicherungen)

199,824

employees of German savings banks at the end of 2025 (DSGV)

THE RULES

Europe sets the reference dates

ETHORITY reads the rules by jurisdiction. Europe is the hub market: the AI Act adds high-risk duties for credit scoring and life and health insurance pricing on top of prudential rules, DORA and consumer credit law. Germany, the home and test market, adds supervisory guidance and the case law on credit scoring. The next pages map the other major jurisdictions.

European Union: the hub market

17 Jan 2025	DORA	Digital operational resilience applies: ICT risk, incident and third-party rules cover AI systems and cloud models.
2 Feb 2025	IN FORCE	Prohibited AI practices apply; providers and deployers take measures to support AI literacy (Art. 4, as amended).
20 Nov 2026	CCD2	Consumer Credit Directive 2: with automated creditworthiness assessment, consumers can ask for human intervention, an explanation and to contest the decision.
2 Dec 2027	ANNEX III	High-risk: creditworthiness assessment and credit scoring of natural persons (5b, fraud detection excluded) and risk assessment and pricing in life and health insurance (5c). Deployers run a fundamental-rights impact assessment.

AI Act dates as amended by the Digital Omnibus on AI, Regulation (EU) 2026/1744, in force since 27 July 2026. EIOPA explains how insurance governance applies to AI (Opinion, Aug 2025); the EBA sees no significant contradictions between the AI Act and banking law (Nov 2025).

Germany, the home and test market, adds its own building blocks

- BaFin principles for algorithms in decision-making (2021): governance, explainability and validation.
- BaFin guidance on ICT risks when using AI under DORA (Dec 2025), for banks and insurers.
- Court of Justice ruling C-634/21 (SCHUFA, Dec 2023): a credit score that plays a determining role in a lending decision is an automated decision under GDPR Art. 22.

RULES BY JURISDICTION · EUROPE AND THE AMERICAS

Where you lend and insure decides which rules apply

Rules for AI in finance combine model risk, consumer and data law. The EU adds high-risk duties; the UK and US rely on supervisory guidance; US insurance rules come from the states. Status October 2026.

JURISDICTION	INSTRUMENT	APPLIES	WHAT IT MEANS FOR FINANCE
European Union	AI Act as amended; DORA; CCD2; GDPR Art. 22	DORA since Jan 2025; CCD2 from 20 Nov 2026; Annex III from 2 Dec 2027	Credit scoring and life and health pricing are high-risk; model governance must meet prudential rules and the AI Act together.
Germany	BaFin algorithm principles; BaFin guidance on AI ICT risks; SCHUFA ruling	In force; guidance non-binding	Supervisory expectations on governance and explainability; the legal basis for credit scoring is under review after the court ruling.
United Kingdom	PRA SS1/23 model risk management; FCA AI Live Testing	SS1/23 since May 2024; testing cohorts since Dec 2025	Principles-based, no AI statute; supervised live testing of AI with firms such as NatWest, Monzo and Santander.
Switzerland	FINMA Guidance 08/2024	Since Dec 2024	Expectations on governance, inventory, risk classification, data, explainability and independent review.
United States	Revised interagency model risk guidance (OCC, Fed, FDIC)	Since 17 Apr 2026	Replaces SR 11-7; generative and agentic AI are outside its scope; adverse-action duties under fair lending law remain.
US states	NAIC AI Model Bulletin; Colorado and New York insurance rules	Adopted in 29 jurisdictions by Oct 2026	Insurers need an AI programme, governance and testing for unfair discrimination.
Canada	OSFI Guideline E-23 Model Risk Management	From 1 May 2027	Explicitly covers AI and machine-learning models at federally regulated banks and insurers.

Asia-Pacific and the Gulf: supervisors set expectations

Across Asia-Pacific and the Gulf, central banks and financial supervisors publish principles and guidelines rather than statutes, with Korea's AI Basic Act as the exception.

JURISDICTION	INSTRUMENT	APPLIES	WHAT IT MEANS FOR FINANCE
China	NFRA and PBoC data security measures; NFRA guiding opinions on AI in banking and insurance	In force; opinions Jun 2026	Stronger controls for credit approval, underwriting and trading; human oversight; review of external models.
Japan	FSA AI Discussion Paper	Mar 2025	Soft law that encourages adoption and maps risks; 79% of institutions use generative AI.
South Korea	FSC AI guidelines for the financial sector; AI Basic Act	Since 22 Jun 2026	Seven principles: AI as an aid under human supervision, executives accountable.
Singapore	MAS FEAT principles; MAS guidelines on AI risk management	Consultation closed Jan 2026	Board oversight, AI inventory, materiality assessment and lifecycle controls, including generative AI and agents.
India	RBI FREE-AI framework	Report Aug 2025	Seven principles and 26 recommendations for regulated entities.
Australia	ASIC REP 798	Oct 2024	Governance lagged AI use at some licensees; existing conduct and licensing duties apply.
United Arab Emirates	CBUAE guidance note on responsible AI	Since 23 Feb 2026	Accountability, fairness, explainability, human oversight and data duties for all licensed institutions.

Sources: regulators and supervisors (EBA, EIOPA, BaFin, PRA, FCA, FINMA, OCC, Federal Reserve, FDIC, NAIC, OSFI, NFRA, PBoC, FSA, FSC, MAS, RBI, ASIC, CBUAE) and law-firm briefings. Status October 2026. Not legal advice.

Where the 28 providers are headquartered

15
Europe, of which 3 in Germany

12
North America

1
Middle East

Headquarters as of October 2026 from provider pages and public sources. Parent companies: Visa owns Featurespace, Applied Systems owns Cytora, Backbase owns Kasisto, S&P Global owns Kensho, adesso owns omni:us.

THE MARKET MAP

28 AI offerings for finance, from the fraud desk to the pricing team

The Good AI Prism 2026/27 places 28 offerings in Financial Services & Insurance. Eight fight fraud, financial crime and money laundering. Five support credit decisions and five handle insurance claims and claims fraud. Four price and underwrite insurance risk, three serve research and market intelligence, and three power banking assistants and personalisation.

Exhibit 3 · The Financial Services & Insurance map by job

Number of offerings per job group; names alphabetical, not a ranking

8 Fraud, financial crime & AML

BioCatch Connect · Featurespace (Visa) · Feedzai · Hawk AI · Luci (Lucinity) · Napier AI Continuum · Sensa Agents (SymphonyAI) · Unit21

Fraud detection is excluded from Annex III 5(b); AML rules and DORA apply

5 Credit decisions & lending

Ocrolus · Provenir · Taktile · Upstart · Zest AI

High-risk under Annex III 5(b) when it assesses the creditworthiness of natural persons, from 2 Dec 2027

5 Claims & insurance fraud

FRISS · omni:us Claims Automation · Shift Technology · Sprout.ai · Tractable

Depends on use; Art. 50 disclosure for customer-facing automation

4 Insurance pricing & underwriting

Akur8 Pricing · Cytora · Earnix · hx (hyperexponential)

High-risk under Annex III 5(c) for life and health insurance; other lines not listed

3 Research & market intelligence

AlphaSense · Kensho (S&P Global) · Moody's Research Assistant

Minimal risk in most uses; Art. 50 marks generated content

3 Banking assistants & personalisation

KAI (Kasisto, Backbase) · Personetics · Unique

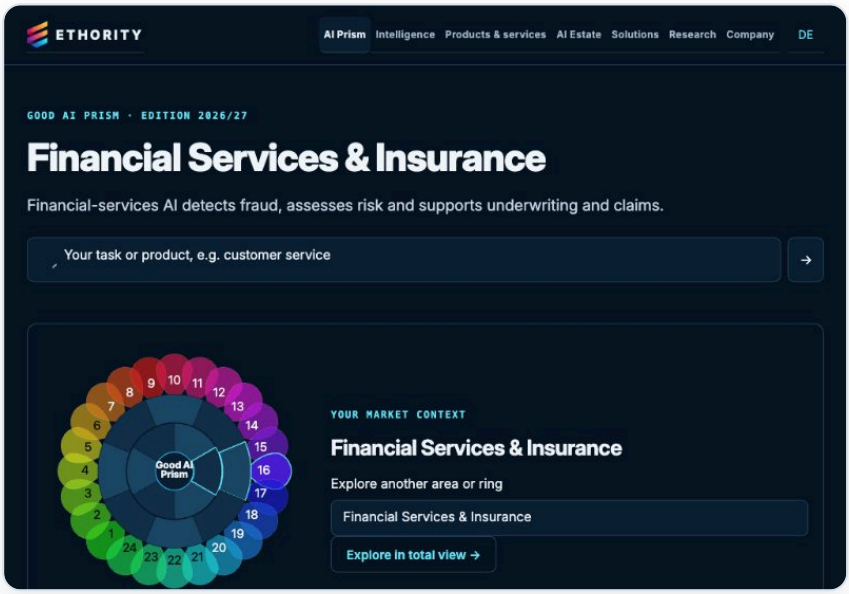
Art. 50 disclosure for chatbots; advice on credit can touch Annex III 5(b)

Good AI Prism 2026/27 study dataset · job groups: ETHORITY classification · The AI Act classifies uses, not products. Whether an offering is high-risk depends on its intended purpose and the people it assesses.

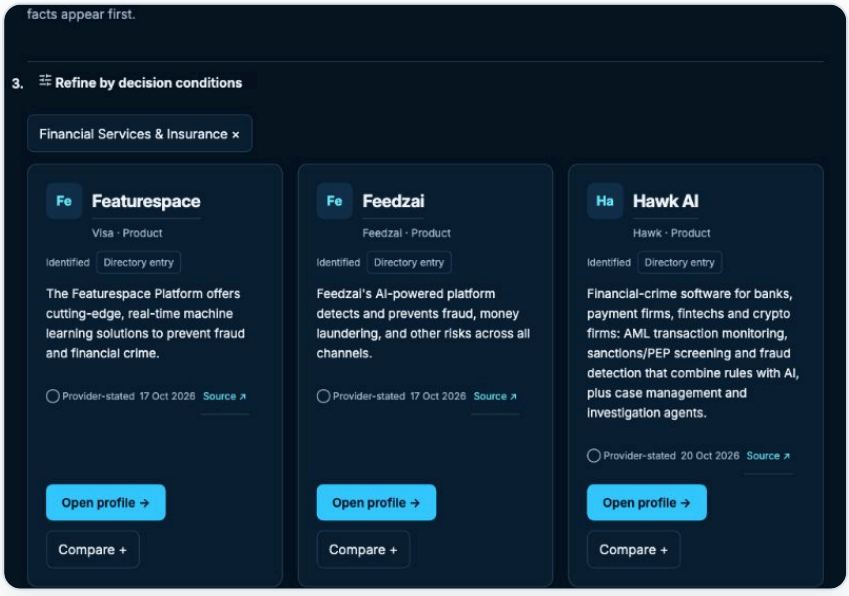
ONLINE VIEW

The Financial Services & Insurance area in the Good AI Prism

The online Good AI Prism places each offering in its business area and shows the source and date behind every entry. The preview below shows the Financial Services & Insurance area as it appears in October 2026. Select an area to see the offerings placed there, then open a profile to check the provider's own statement, its date and the decision facts recorded for it, such as pricing basis, data hosting and training on customer data where documented.



Good AI Prism online preview: Financial Services & Insurance selected (area 16), October 2026.



Entries with their source and date. This brief counts all 28 entries recorded for the edition.

NEEDS AND DECISIONS

What finance leaders need, and what to ask before a pilot

What the evidence shows

Fraud
Fraud scams and bank fraud cost an estimated $486bn worldwide in 2023 (Nasdaq).

Customers
62% of Germans say AI raises their fear of financial fraud, while a quarter already ask AI about money (Bitkom, 2026).

Governance
Australia's regulator found AI governance lagging AI use at some licensees (ASIC, 2024).

Rules
Credit scoring and life and health pricing become high-risk in the EU from Dec 2027; consumer credit rules add a right to human intervention from Nov 2026.

Seven questions before AI touches a customer decision

1. Is the use high-risk? Credit scoring of natural persons and life or health insurance pricing are, in the EU from Dec 2027.
2. Can we explain each decision to the customer and offer human review, as consumer credit law, GDPR Art. 22 and US adverse-action rules require?
3. Who validates the model, independently, under our model risk framework (PRA SS1/23, OSFI E-23, US interagency guidance)?
4. How do we test for unfair discrimination, as the NAIC bulletin and state insurance rules expect?
5. Is the provider in our DORA register of ICT third parties, with exit and incident plans?
6. Do customers know when they deal with a chatbot or AI-generated content (Art. 50)?
7. Which measures decide scaling: fraud caught, false positives, handling time, complaints and losses?

WORKFORCE PLAN

Plan the people side with the technology

When agendas change quickly, the people side breaks first: half-adopted tools, skills that lag the system, employees who were not involved, and decisions no one owns. Plan adoption, training, employee participation and accountable oversight as part of every staged commitment, not after it.

Severin L. Wilson, workforce lens in the Good AI Prism Market Study 2026/27

Workforce annex to the pilot charter

Affected roles	Which advisory, operations, risk and claims roles the pilot touches, and how many people
Baseline workload	Handling times, backlogs, error and complaint rates today, measured before the pilot
Skills needed	Operating, reviewing and challenging the model; training plan and owner
Staff involvement	Works council and employee representatives where applicable
Oversight owner	The named person accountable for decisions that affect customers
Escalation and appeal	How staff and customers can challenge an output, and the response time
Capacity plan	Where returned time goes: advice quality, customer contact, risk work or reskilling; who decides
Measured quality	Error rate, complaints, fairness test results and audit findings, tracked with the outcome measure

Saved time is not realised value. Count it when returned time has demonstrably gone into customer outcomes, risk quality or new work.

NEXT STEPS

A 90-day start for banks and insurers

01
Inventory
List every AI use and model, including generative tools staff bring themselves, in one register.

02
Classify
Mark uses that score people or price life and health cover; map all uses to the rules where you operate.

03
Involve
Bring in risk, compliance, data protection and employee representatives early; in Germany, the works council.

04
Enable
Document AI literacy measures and name trained overseers for customer-facing decisions.

05
Pilot
Run one fraud, claims or service use with a baseline, fairness tests and the workforce annex.

06
Decide
Scale only on measured losses, accuracy, handling time and customer outcomes.

ETHORITY recommendation, derived from the rules and evidence in this brief.

CONCLUSIONS

What the evidence adds up to

AI already runs through finance. The question is no longer whether to use it, but how to prove it is accurate, fair and controlled. Five conclusions for decisions now.

1 **Start with an AI register**

Evidence. Three in four UK firms and half of German finance establishments use AI; supervisors expect an inventory with owners.

What to do. Record every model and AI use, including generative tools, with purpose, owner and risk class. · Where finance stands

2 **Treat customer decisions as high-risk now**

Evidence. Credit scoring and life and health pricing become high-risk in the EU from Dec 2027; consumer credit law adds human review from Nov 2026.

What to do. Build explanation, human review and fairness testing into credit and pricing models before the deadline. · The rules

3 **Make model risk cover generative AI**

Evidence. US model risk guidance now excludes generative and agentic AI; FINMA, OSFI and MAS expect lifecycle controls.

What to do. Extend validation, monitoring and change control to language models and agents. · Rules by jurisdiction

4 **Win on fraud and service first**

Evidence. Fraud detection leads today; firms expect the largest growth in customer support and compliance.

What to do. Pilot where losses and handling times are measured daily, with a baseline. · Exhibit 1; market map

5 **Bring customers and staff along**

Evidence. 62% of Germans say AI raises their fear of fraud; ECB finds no hiring gap between AI users and others.

What to do. Disclose AI to customers, explain decisions and plan the people side with the works council. · The workforce side

THE PROBLEM

Finance is not short of AI. It is short of decisions it can defend to supervisors and customers.

Banks and insurers must choose AI that is accurate, fair and controllable, prove it to supervisors and auditors, and keep customers' trust.

THE PROBLEM	WHAT WE SEE IN THE EVIDENCE	WHAT IT COSTS
Many tools, unclear evidence	28 offerings in this map alone, each with its own claims on accuracy and fairness.	**Wrong vendor choices and duplicated models.**
Rules from many sides	AI Act, DORA, consumer credit law, GDPR, model risk and insurance rules apply together.	**Delays, rework and supervisory findings.**
Model risk for new AI	Generative and agentic AI fall outside many existing model risk frameworks.	**Uncontrolled change and hidden risk.**
Trust and fairness	Customers fear AI-enabled fraud and expect explanations for decisions.	**Complaints, churn and reputational damage.**
People and skills	Advisers, underwriters and claims handlers must use, review and challenge AI.	**Tools unused or trusted too much.**

The question behind every project

What should improve, which options are credible, what evidence is missing, what implementation requires, and who owns the outcome?

HOW ETHORITY HELPS

From AI ambition to decisions you can defend

ETHORITY helps banks and insurers choose, govern and prove AI: from independent market evidence to decisions that can be defended to supervisors and outcomes that can be measured.

01
Discover
Find and qualify the opportunity: options, evidence, constraints and rules.

02
Create
Design and build the solution with your data, systems and people.

03
Run
Operate it responsibly, with owners, controls and support.

04
Improve
Measure against the objective and adjust.

05
Grow
Turn what was learned into new capability and value.

WHERE A PROJECT CAN BEGIN

AI opportunity case
One use, such as fraud triage, claims intake or service automation, assessed against evidence, cost and rules, ending in a decision: pilot, redesign, expand or stop.

Vendor and evidence due diligence
Good AI Prism research profiles and comparisons of the 28 offerings, with a structured check of accuracy, fairness and data claims.

AI estate audit
A register of all models and AI uses, including shadow AI, mapped to owners, risks, costs and overlaps.

Governance and AI Act readiness
Each use mapped to the AI Act, DORA, consumer credit law and model risk rules, with proportionate controls.

AI literacy for finance teams
Role-based training for advisers, risk, claims and management, with named overseers.

From pilot to operation
A pilot charter with baseline, threshold and stop conditions, then building and running the solution on ETHORITY's AI Business Operating System.

Who we work with

Banks, savings banks and cooperative banks, insurers and brokers, payment and fintech companies, supervisors and associations.

Start with one question. Talk to us: sten@ethority.ai · severin@ethority.ai · ethority.ai/ai-prism-study

ABOUT ETHORITY

From understanding markets to building AI capability

ETHORITY connects market intelligence, research and practical delivery to help organisations put AI to work. It is built as an AI1st organisation: humans and AI agents work on one AI Business Operating System, with the research, engineering and operations to build and run AI after the pilot. Its roots lie in the digital intelligence business Sten Franke founded in 2005, which combined monitoring, research and advisory work to help organisations understand changing markets.

The Good AI Prism is the entry point: research profiles, documented relationships and comparisons help users investigate their options. Advisory, governance and transformation work connect those options with an organisation's objectives, data, systems, people and operating conditions.

SELECTED REFERENCES AND PARTNERS SINCE 2005

Bosch · Bayer · BMW · Siemens · Mercedes-Benz · Coca-Cola · Deutsche Bank · T-Mobile · Telefónica o2 · DHL · EDEKA · AIDA Cruises

Selected historical references and partners from the group's market-intelligence and advisory heritage, in projects or through former group companies.

METHOD

Market figures: Good AI Prism 2026/27 study dataset, Financial Services & Insurance area, 28 entries, each with a dated source from the provider's own pages (October 2026). Job groups and AI Act relevance: ETHORITY classification by intended use. Jurisdictions: status October 2026 from regulators and law-firm briefings. External figures as cited and not combined. Not legal or financial advice.

MAIN SOURCES

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- BaFin principles for algorithms (2021) and guidance on ICT risks of AI (Dec 2025)
- Good AI Prism Market Study 2026/27 and study dataset (ETHORITY, October 2026)

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AI BUSINESS OPERATING SYSTEM



FROM BUSINESS AMBITION TO AI THAT WORKS

Put AI to work, with evidence.

ETHORITY helps organisations choose, govern and prove AI: from independent market evidence to decisions that can be defended and outcomes that can be measured.

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