Artificial intelligence: Disruption, efficiency and opportunity

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Balancing the opportunity and governance of AI in financial services

AI is no longer an emerging technology – it is increasingly embedded across financial services, from back-office automation to research and client engagement.

Guided by expert speakers, audience polling and FRANK (Frontier's proprietary AI tool), this session explored how asset owners and financial institutions are adopting AI, where it is creating value, and how they are managing governance, complexity and risk.

A majority of the audience indicated their organisations had already begun integrating AI into existing workflows, either via pilot projects (63%) or integrated into core process (10%).

Charles Wu, Chief Investment Officer at State Super, cautioned that success with AI depends on being deliberate. "You have to be clear on your use case – otherwise you can use up your entire complexity budget without achieving the right outcomes," he said.

Both Wu and Malliga Krishnan, an executive leader of data and AI transformation, underscored the importance of setting defined goals before deployment to avoid wasted resources and misaligned expectations.

When asked which parts of their businesses would be most impacted by AI over the next three years, the audience nominated back-office operations, followed closely by market research and trend forecasting. Only 18% of the audience primarily viewed AI as strategic technology to enable innovation.

Wu acknowledged automation offers efficiency gains but noted that State Super had realised more tangible benefits from applying AI to investment research. Tools like ChatGPT can summarise large volumes of market data in minutes rather than days.

However, Wu warned against overreliance, noting human oversight is still critical to ensure contextual understanding and reliability.

Krishnan highlighted how AI is helping banks move closer to a long-standing ambition: delivering personalised, data-driven customer experiences. By drawing on data from internal systems, social media and external sources, institutions can better segment customers and anticipate their needs across multiple touchpoints.

"It's about knowing where customers are in their life journey so the bank can tailor products and services accordingly," Krishnan explained.

Achieving this, however, requires strong data governance – including clear ownership of systems and well-defined catalogues – to create a reliable "single customer view", a goal that has historically proven elusive.

Audience views on the most promising AI-related investment opportunities were evenly split across AI-driven industries, tech giants and data centres.

Wu offered a contrarian perspective, noting State Super's preference for avoiding "crowded environments" like data centres where it has no clear edge. Instead, he pointed to hedge funds with deep expertise and aligned philosophies as a preferred access point.

"The way we manage our portfolios hinges on how we work with our managers and partners," he said, adding that long-standing relationships create more informed conversations around AI and market timing.

Still, the promise of AI is tempered by risk. The top concern raised by attendees was data privacy and security, followed by trust in AI outputs and ethical challenges.

Krishnan, drawing on her background in cybersecurity, noted that the threat landscape is evolving quickly and education remains key. She also warned that regulation is tightening and organisations must be ready to meet rising expectations around transparency, accountability and ethical use.

AI offers significant potential to enhance decision-making, expand research capabilities and unlock new investment frontiers – but only if approached with discipline. Success will rely not just on technology, but on organisational alignment, thoughtful execution, and above all, clarity of purpose.