# AI's Impact on Banking Sector: Profits Set to Soar by $170 Billion



Artificial intelligence (AI) is set to revolutionize the global banking sector, potentially increasing profits by USD 170 billion or 9% by 2028, according to a report by CITI. AI is poised to transform finance by reshaping operations, enhancing security measures, and redefining intellectual property landscapes. One significant aspect of AI's impact is its role in preventing financial fraud, notably Authorized Push Payment (APP) fraud, which accounts for 40% of banking fraud losses in the UK. The report predicts that unchecked APP fraud could cost USD 5.25 billion across the US, UK, and India by 2026.

Countries like the European Union, China, and Singapore are early adopters of AI regulation in finance, while the United States has taken a more cautious approach. India's stance on AI governance has fluctuated, initially adopting a non-regulatory position in early 2023 and later considering comprehensive AI laws by mid-2024.

The economic impact of AI is significant, with potential productivity gains of 10-50% for developers, leading to annual savings of USD 2 to USD 16 billion in the US banking sector. AI-driven software solutions are expected to optimize tasks traditionally handled by technology staff, driving these efficiency gains.

The report highlights AI's potential as a General-Purpose Technology (GPT), comparable to the steam engine of the industrial revolution and the transformative power of the internet. AI's enhanced analytical capabilities, decision-making processes, and content creation are anticipated to drive economic growth while disrupting existing norms and industries.

As financial institutions navigate the AI revolution, adapting to technological advancements and changing regulatory landscapes will be crucial to leveraging AI's full potential and mitigating potential risks.