

Citi Institute - AI at the Inflection Point From Productivity Tool to Business Transformation

Alex Miller

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- Do we entirely re-engineer for an AI era or is it more about using what we have and optimizing?

Ranjeet Kapur

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- And the investment horizon is from now to less than two years.

James Simcox

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- And so it's really important to focus your investments on the areas that actually move the needle for your customers, either on cost or on functionality, and not just build whatever you can.

Ranjeet Kapur

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- Typically, what we've seen is that five to 10% of tech budget is being deployed towards AI.

James Simcox

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- If it does something wrong, who's at fault, is it the agent? How do I sue an agent, you know? Like, no one's thought these kind of journeys through yet.

Ranjeet Kapur

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- AI is a tool, period. And it's not going to replace people. It's a tool at the end of the day Humans have AI as well, actual intelligence,

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and it's very difficult to replace that.

Alex Miller

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(dramatic music)

- Hi, I'm Alex Miller. I'm delighted to be joined today by two distinguished guests. First, we have James Simcox, Chief Operations and Product Officer at Equals, known for his deep expertise in AI-driven payments, stable coins, and the architecture of embedded finance.

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And second, we welcome Ranjeet Kapur, Global Head of fintech at Citi Commercial Bank, who works on the front line, helping corporate clients navigating the digital transition and making critical technology investment choices.

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In today's episode, we're going to explore how AI has reached a critical inflection point, moving from a back office productivity tool to a core catalyst for business model evolution.

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We'll discuss where AI is delivering real impact, the strategic choices facing businesses, and what the future holds as this technology becomes more powerful and autonomous.

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So without further ado, let's jump right in. James, maybe I could ask you to introduce yourself, your journey today, and of course your company.

James Simcox

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- Absolutely, yes, so I'm James. I'm the Chief Product Officer for Equals. Equals has been around for almost 20 years now. We started out as a retail travel card business back when everyone was still using cash and traveler's checks and everything.

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But we've evolved a long way since then. So we're now a European financial technology provider. So we provide our customers with the ability to send payments, use cards, do FX, but more importantly, embed those products inside their own platforms.

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So our customers are not just the customers that we speak to, it's the customers of our customers. So we have a really wide range of use cases to deal with. And yeah, we operate across UK and the whole of Europe.

Alex Miller

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- And your own journey to date, have you always been in the fintech space, the entrepreneurial space, or?

James Simcox

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- No, actually, I approached fintech eight years ago. Before that, I used to work in consumer goods. So my whole past before that was manufacturing automation, which was a very different space, but actually, weirdly similar to fintech, right? It's very complicated problems to solve in the background, just to get products to customers as quick as you can, soap and payments are surprisingly similar.

Alex Miller

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- So infrastructure is critical, thank you. Well, it's great to have you on the podcast today. Ranjeet, perhaps you could just explain your role at the firm and where you fit in, please.

Ranjeet Kapur

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- Sure, so I'm Ranjeet Kapur. I head the fintech segment for Commercial Bank, as Alex pointed out, as you pointed out. So my role really is at the end of the day, all fintechs need, and all clients, all entities need a banking service provider.

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So this is where I and my team come in, that we liaise with fintechs such as Equals, for example, to see how we can deploy our network and our products and processes to help our clients deliver services to their clients faster, quicker, and a more efficient manner.

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So that's the embassage of my team, to ensure that we're making the power of Citi available to all our clients.

Alex Miller

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- That's fantastic, well, it's great to have you both on. Thank you very much for your time. James, so let's kind of dive in. So there's a strong view emerging, I think out there in policy in the market that AI is reaching some sort of inflection point. You've obviously got a unique vantage point to having senior oversight of products and operations. Does that ring true to you? Are you seeing a real shift here in terms of how either Equals or indeed some of your customers are deploying AI?

James Simcox

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- Absolutely, I think in the last year, we've really seen that change kind of come to fruition, right? We've had AI around for a long time. People always go, "Oh, AI is brand new."

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Well, we've been using machine learning models for a very long time and, you know, 10 years ago, there was AI in the marketplace, right? But I think we're now at the point where every business is able to actually get access to it through those tools that we kind of all know about.

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And so we've definitely seen AI appearing in places where before, it never really happened. Code generation being a big piece, we see lots of our code now being generated through AI.

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I think we're up to about 86% of our code now is written-

Alex Miller

- Wow.

James Simcox

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- By AI, which if you asked me in December last year, it would have been like five, 10%, right?

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So it moved from being an experiment-

Alex Miller

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- Well, as big a change as that, that's huge.

James Simcox

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- Absolutely, like last year's experiments, I think this year, very much we're seeing real things, but it's applying across the whole organization, right? So like reconciliation and finance now I think is largely AI-driven across lots of organizations.

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We're finding that, you know, fraud has always been a very AI-heavy place, but actually, we're seeing amazing new tools now that can really read the conversation inside the fraud space rather than just matching those patterns, because the benefit of Generative AI is it understands that context behind the, like, what's happening rather than just, "This matches a pattern I knew before, so I'm going to go down that route."

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And having-

Alex Miller

- 'Cause that's the bit that was missing, wasn't it?

James Simcox

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- Absolutely, but before it was just,

"Here's a bunch of data, let's just read what we can read out of it and see what happens."

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But now we're kind of going, "Here's the data,"

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and I'm also understanding it as much as AI can about what's actually going on inside. So you can start to spot patterns that are not just patterns but behaviors people are doing.

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So for us in payments particularly, when we're trying to, you know, our journey from onboarding a customer right through their life cycle is to help them get the money where it needs to get to and protect them and their customers, but more importantly, to make sure we're protecting the whole ecosystem and that those payments to customers are doing are seamless, frictionless, but protected from fraud, right?

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And, you know, the biggest challenge in payments has always been fraud and always will be fraud. Fraudsters love to try and steal people's money.

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So using AI is really helping us out there.

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But it's not just in that bit, right?

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Across the whole org we're seeing it. I mentioned finance is a big place. I think finance teams are one of the areas where actually AI is having such a huge impact on their ability to model, their ability to plan. They can start to ask questions to data just like,

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"What was sales last week?" Which historically, you'd have gone to the data team and asked them to build a report for, now you just -

Alex Miller

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- And waited for.

James Simcox

- Type it in,

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and off you go, right? So it's really has been transformational, I think, in the last probably six or 12 months.

Alex Miller

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- Yes, that ability to sort of interrogate different parts of your datasets and, you know, you unify them as well.

Ranjeet Kapur

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- Actually, can I pick up on one of the points that James made? That AI has been around for a long time. And in a past life and actually a past century, I used to be a computer engineer. (chuckles)

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And we were doing machine learning courses at that time. I think the big shift in my mind that has happened is that the hardware has caught up. Because for a long time, hardware speeds, processing speeds were not quite there to help with the sort of pattern-matching necessities that AI had.

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And that's, I think in my mind, sort of big shift that's happened over the last 10 year, a decade or so, that has allowed AI to become such an effective tool now.

Alex Miller

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- So it's that convergence of different parts of the tech stack.

Ranjeet Kapur

- Right.

Alex Miller

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- Well, maybe, Ranjeet, just sort of drawing upon that, obviously you work, as you described, with corporates leading in that digital economy, both here in Europe and globally.

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What are you seeing? How's firms approaching AI? Are motivations changing in terms of why they're investing?

Ranjeet Kapur

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- So if I look at it, and we speak to a lot of clients in the digital tech and comm segment, because fintech belongs within that for Citi, right? So if I look at it through four factors, let's say exploring, piloting, production, and scaling, in that, you know, path or that journey, the vast majority are beyond exploring.

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A little more than half are in piloting or production stage. So in my mind, that shows that this is not a new technology or capability anymore, but it's more in the deployment phase.

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Yes, it's recent, but it's not new anymore, if that makes sense. And the interesting aspect in terms of investment that you spoke about, Alex, investment horizon.

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The investment horizon is not three or four years from now, but most of our clients are investing now and the investment horizon is from now to less than two years.

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So that means that everyone investing now, everyone is deploying now and wants to see the benefits of it right now. So that's sort of what we've seen. And a couple of other interesting facts that come out, right? Around the impact of AI. Everyone expects us to have a material or transformative impact on the business.

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And what I mean to with that is that AI will lead to fundamental change in performance or productivity, at the very least, significant change in productivity. So there is a lot of hype, we all read about a lot of hype, but it seems to be backed up by a lot of investment expectations. So this is a technology in my mind that is here now and not going away.

Alex Miller

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- Interesting, so expectations are not low, but Equally, you're beginning to see kind of real materials and productivity gains coming out of those deployments.

Ranjeet Kapur

- Correct.

Alex Miller

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- So, James, obviously, you know, your background, you know, in terms of that sort of operational side in particular and understanding the complexity of the ecosystem that you serve, where are you seeing this most mature, and maybe mature is not quite the wrong word, maybe sort of integrated AI deployments in that payments ecosystem?

James Simcox

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- So I've mentioned fraud already, right? I think fraud's the place where, and transaction monitoring as a whole, it's been a space where we've been innovating as an industry for a very long time because for us, it's the place that has the biggest impact, right?

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You know, if fraudsters get hold of a customer's account or something, they're not just walking away with data, they're walking with real money. So we have to kind of focus on that space. So around the fraud space and security, it's probably the most advanced area.

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But that was easy to do with older AI tools. With the newer AI tools, we're definitely seeing a lot more in the onboarding journey. We're seeing onboarding times for products and services being cut down by a huge amount.

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You know, every time you go and sign up for an account now, you're doing like a docs-and-selfie thing. The amount of data we're collecting in that space and how we can process it and how we can match that to other customers has changed dramatically in the last couple years because again, we're able to understand what's actually happening in front of us.

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And then I think what we're actually really seeing as well on the customer service side particularly is that customers have always wanted to be served instantly, right? And historically, that means if you want your phone answered in 30 seconds, you're going to have to have a call center that matches the size of your customers doing that.

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And that's the same whether it's Friday afternoon, Monday morning, middle of the night, you have to balance against that thing. And you never know when something will go wrong or you have to deal with a particular influx 'cause something's happening, right?

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So I think we've really seen in the customer service space the ability just to scale your organization as demand happens with AI. It's amazing because we're seeing real life use cases now where customers are doing whole interactions on the phone with an agent where the agent's AI and the customer is getting the same experience or better than they get having spoken to a human originally.

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And so knowing when to deploy the humans for the right tasks and AI for the right task in that space is important so the customers don't just go, "Well, they're using AI, so I can just go to this," somewhere else, right?

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So that human element is still very, very important there in the service space, but allowing you to adapt to scale, allowing you to meet those customers where they are, where the easy tasks is, is I think a space where we've all seen a huge, huge change.

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And there's lots of this whole, "Oh, AI will replace all the customer service jobs." It might do, but also, you might get a phone call where you spend 30 minutes on the phone to an airline suddenly becomes you spend 30 seconds on the phone to the airline because they actually can deal with the capacity in a way, which works better.

Alex Miller

- Yes, not all of those

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interactions are the ones you want, are they?

James Simcox

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- Exactly, and so, you know, I think it's allowing some amazing new customer experiences where that personalization piece is really happening, where services you no longer have to deliver to just a group of people.

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You can go, actually, Alex, you've called up, we know exactly who you are, we know how you like to get spoken to and what you're interested in doing. We can offer you that really bespoke experience. But even that comes the halfway through customer lifecycle, right?

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It's not just when you call us for service, it's during that onboarding journey, all those pieces. And so I think AI is also driving an amazing change in personalization for people, the experiences that we can actually design for one person.

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And that makes your entire business then way more efficient because your customers are happier, you're able to serve more people more quickly and it's, you know, it's across those pieces.

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So a lot of AI-efficiency people go, "Oh, internal efficiency." Yes, but actually, think of the customer lens. You can make the customer experience better and faster and cheaper whilst as a business being more efficient. And I think that's like, that's the amazing change we're seeing right now.

Alex Miller

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- And presumably that's the key sort of challenge, is to keep that customer-first lens, you know, right at the forefront of everything you're doing. Because I love what you were mentioning there about actually you've got to think differently about where the human interaction comes in. Now you're powered by a whole set of kind of personalized information.

James Simcox

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- Absolutely, I think any business that doesn't put the customer first is doing something wrong, realistically, right? Because the customer is the person you're servicing.

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And I guess we also have a slightly interesting perspective in that we don't just service our customers, we also serve our customer's customers. So we're not just thinking about who we're selling to, we're actually thinking about who our customers are selling to as well, right? Which I think is a very important piece. And we're providing, you know, customer-service services through to that end user as well and that's kind of making sure that they have the experience that they want, to customize them is exceptionally important.

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And I think being able to design your business around that customer journey is really key. The barrier to build software has really, really lowered. Like I mentioned, we're 86% of AI-written software now.

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Like, you can actually build your systems around different customer types whereas before, you'd have to go,

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"Ah, this fits most of you, off you go."

James Simcox

Now you can go, "Actually-

Alex Miller

- So you've built capacity.

James Simcox

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- We could really go into some very specific customer use cases and say, "Actually, this is what you want to do with our product. So let's make that happen for you," because we can now think about customer groups that before maybe were just too kind of individually small to kind of move the needle, but yeah.

Alex Miller

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- So that's that idea of micro cohorts or sort of almost digital twins that you can begin to model for.

James Simcox

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- We might start seeing a world soon, we're not there yet, but we might start seeing a world soon where like every single person's experience of their banking app is effectively completely different.

Because if you build the product in such a way that allows you to customize down to an individual person's level, like, you can in theory get to that, rather than having a bunch of buttons and things that aren't relevant to you, out the way, here's what you're doing and what you care about.

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And I think that's the direction that we're heading in that AI enables us to do because that barrier to build is now so much lower.

Alex Miller

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- And Ranjeet, obviously, you speak to a wide set of companies across the sort of digital tech and comms space. Do you see nuances by geography or indeed by sort of sub-sector within that?

Ranjeet Kapur

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- Sure, I think a couple of points on the geography, where we definitely see some nuances come in, right? No surprises, North America is ahead of other regions. Most of the entities that we speak to in the North American continent, they're either in production or scaling phase.

Other regions seem to be somewhere in between.

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Entities in Europe and North America see the impact as being business model transformative. So they see that relevant impact on the business model. Other regions are either exploring to understand the technology or deploying in various ways to either reduce cost, improve processes.

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So, slightly different lens than business model transformative, but that just shows me that this is a journey that they're on, that they'll eventually get to that as well.

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So that's important differences that we see. No surprises, North American entities are far ahead, Europe, a little behind, and then the rest of the region's catching up.

Alex Miller

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- And presuming other parts of the world are going to be looking to peers and leaders within those same sectors to kind of try and understand where best practices is going towards.

Ranjeet Kapur

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- Correct, exactly, and I think that everyone's trying to learn from each other, everyone's trying to see who's doing what, how, and then adopt those models if it makes sense for them. So there's this whole cohort of entities talking to each other, learning from each other, and adopting from each other.

Alex Miller

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- Interesting, James, when you're kind of at the board table and you're talking about how AI is used, presuming there's a few different areas, there's around how to differentiate the product or the customer experience, and then there's that sort of operational efficiency side.

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Do you sort of have a priority where you place your bets in terms of your AI investments? Is there a, maybe a benchmark by which you judge where you should be spending? Presumably, you can't be spending everywhere all at once.

James Simcox

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- Absolutely, and I think where to spend the AI investment is probably the hardest challenge that any business has, right? So for us, I guess we're looking at it really in two different places. There's the first one, is can I serve a customer for a cheaper internal price?

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So that's going to be around operation efficiency, giving payments for us more quickly. Can I use smart routing to make sure the payment gets to them more quickly for a customer? All those pieces that mean internally, we're delivering our core business more quickly to customers.

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And then the other side is, well, do I build AI-facing features for customers, you know? Do our customers wanna interface with us through just typing into the platform now? Is that the way we wanna work?

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Or do they wanna have extra information brought into their journeys, but it's pulling from the real world outside? All those kind of use cases. And also, do we just build new features for our customers, right? Like, what features before where it was marginal gain for us to build, but actually, we could build those much more quickly now.

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And trying to balance those two things is quite interesting. I mean, as a business, you kind of need to be building brand new stuff for customers to compete with your competitors 'cause your peers are probably doing the same thing. But at the same time, as a business, you also want to serve those customers as cost effectively as you can to ensure that you are delivering the service system at a price that's competitive, right?

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It's great having brand new services, but if you've spent \$100 million on your AI budget because you thought tokens were a cool thing this week, like, that's a challenge for you as a business. So we're always balancing those two things. I don't ever have a particular framework between the two.

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I think we kind of look at individual use cases and projects and say, "Yeah, this will have a material impact on the business." And more importantly, it's something that if we build it today, that I can still support and deliver tomorrow. Because I think one of the challenges with this reduction in barrier to do stuff is it can be really tempting just to do stuff.

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And if you don't build the right things, like people forget, you might get someone in your team who builds a fantastic CRM product for you. I love that, but are you going to want to maintain that product for the next five to 10 years?

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Because realistically, that's what you're going to have to do.

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And so when you think about that journey, it's also important to think about that ongoing maintenance cost of what you're trying to deliver, right?

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And we see loads of statements that, "Our software companies are all dead. SaaS is over because anyone can build anything."

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It's like, yeah, they can. But thinking back to my soap days, like, if you're a company that makes soap, you do not want to build and maintain a CRM, right?

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That's not your product, that's not what you do.

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You're going to spend all your investment resource in getting soap to customers as quickly as possible, as fast as possible, and as many new sensors you can, right?

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And so for me, as a payments business, I'm looking at how can I use my technology platform to deliver payments to

customers as quickly as I can, as cost effective as I can, and we're probably, even though we're a tech business with a, you know, a huge engineering team to build software customers, even in that environment, I'm still not going to rebuild my CRM, right?

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And so it's really important to focus your investments on the areas that actually move the needle for your customers either

on cost or on functionality and not just build whatever you can. And I think that's a battle that we're seeing quite a lot in the industry, is people just going, "Oh, you could build this." It's like, you could build it, but should you build it?

Alex Miller

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- That's fascinating because you've actually anticipated a question I would have asked, that sort of classic age-old buy versus build. And really what you're saying is, what's the core competency of the firm, you know, what's your core product, should you not focus on that?

That's fascinating.

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Ranjeet, and maybe to that question, you know, the conversations you're having with clients, are they thinking differently about how they position their business platform models, margins? You know, the capacity that James there was talking about that you can now do stuff that you couldn't before, requires presumably some different questions about whether you should do that relative to a whole host of other capabilities.

Ranjeet Kapur

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- Correct, and I think the segment that we serve, they have to think about deploying their dollars very wisely. So that is a big thought process that's going on in their minds as well. And whenever I talk to my clients, there are a couple of points that come up there. The first is where do you see or where do they want to see the greatest value creation coming through?

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And then decide how to deploy your products, right? Now, from a value creation point of view, is it in a productivity of automation or new product development, enhancing business model, or improving client customer service or customer experience? Those are the three main areas where we've seen our clients' thought process go through in terms of how to use AI.

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Then, the next point comes in is how much, which is also very important consideration. Typically, what we're seeing is that five to 10% of tech budget is being deployed towards AI. Of course, there are some entities that are deploying more than 20%, but the typical range we've seen is five to 10%. And the last point, which I think James was alluding to, as well as how.

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Four different models, four different thought processes that are coming out, do you want to develop it in house? Do you want to develop the AI model in house and the infrastructure in house?

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Do you want to build on top of other foundational models or use open source or buy something off the shelf? No clear pathways are emerging when we speak to our clients. So that also shows that this is a new capability and everyone's still figuring out which is the best approach. But eventually, it goes down to, you know, where do you want to see the biggest impact and how much do you want to deploy?

Alex Miller

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- Presumably, part of the challenge is are you a 100-years-old company, a 50-years-old company?

Ranjeet Kapur

- Correct, yeah.

Alex Miller

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- Are you a newer company?

Ranjeet Kapur

- Yeah.

Alex Miller

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And I guess part of the debate is do we entirely re-engineer for an AI era or is it more about using what we have and optimizing? And presumably, that's quite a big set of decisions because one of those has quite different pathways to the other.

Ranjeet Kapur

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- Sure, and I would say that depends very much on the industry segment that you're in. So digital tech and comms which are at the forefront of using AI are seeing it more as transformative while other industries, for example, making soap is probably more process efficiencies, cost efficiency.

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So I think it depends very much on the industry that you're in, how old the organization is, and how quickly you're willing to adapt. And all of that plays into part into for how long the journey you are in.

Alex Miller

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- Maybe I could, James, ask you to turn the sort of conversation a little bit towards how you deal with the emerging risk and regulation that comes with all these opportunities. I know you've spoken publicly about Agentic AI. Could you kind of talk to us about how you think about that?
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It's a small phrase with big implications. And then perhaps are there other implications perhaps into the cybersecurity side there around autonomy?

James Simcox

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- Absolutely, yeah, so Agentic AI is the word that is on everyone's lips currently and we are starting to see customers want to use agents to do everything, right? I mean, the use case that often gets trotted out is you want to book a holiday, there's probably three or four transactions you need to do in that situation.

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You want to book a hotel, you want flights, you want to book a car hire, something, or an activity, whatever. And it's how do you let an agent go and do that transaction for you? Technically, how do you let it do a transaction for you in a secure way, but then also how do you deal with the human authorizing the transaction as well?

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And I think those two things are like a huge challenge for everyone in the industry to deal with. On the technical side, we're treating AI agents as a weird mixture of humans and machines, right? Because we're seeing they're acting on behalf of the human who is your customer. So we have to deal with the agent as a customer, but give them the right ways to interact. So everyone uses the term MCP currently as the server type that agents interact with.

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As long as you make your product available that way, they are kind of using customers' authorization to do the transactions. But the bit that we as an industry and as a world have yet to work out is how do we actually deal with AI agents in those environments? Because if I say, "Okay, AI agent, go and do those transactions for me," am I doing the transactions?

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Is the agent doing the transactions? Who's making the decisions there, right? And then as a human, do I want to go and approve every single one individually? 'Cause if I do, I could have done this myself maybe, right?

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It can do the research, I'll go book for it myself. And I think we haven't yet got that framework together of what happens in those environments? How do we approve the agent to deal with it? How do we, as a financial service provider, how can I, Equals, approve an agent to act on behalf of my customer up to, let's say, I don't know, two grand to go and do that transaction?

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You deal with the account-to-account transfers that act fully autonomously at the correct merchants and what's the framework we all, you know, deal with that in? Today we're all just, we're paying with our cards, right? That's how it works.

Alex Mille

- Yes.

James Simcox

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- But we're typing the card number in or we're using our token and our face is being used as authorization at that point in time, whatever it is. So we need to kind of, how do we allow the agents to do that? And I think that's the space which we have to deal with. Some countries are approaching Agentic like they have their identities.

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I think Argentina recently came out and said that they're going to treat AI agents as a different class of a legal organization, right? That's one way to look at it. But then if that happens, okay, the AI agent's by itself, if it does something wrong, who's at fault, is it the agent? How do I sue an agent, you know?

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Like, no one's though these kind of journeys through yet. So until we've got a framework to regulate the way that AI agents interact those systems, we're going to run up against this challenge. And what we're seeing right now is that I think lots of individuals, when they use their AI agents, they're kind of just letting them do whatever they want. And like, you see people giving their bank account login details to an AI agent, that's terrifying to me because you've just given an AI agent, that you probably haven't done any DD on behind in the background, full access to your bank account. Off you go, and unfortunately in the current world, that's entirely on you, right?

Alex Miller

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- How to innovate in a way that's safe, but also kind of, you know, moving things forward?

James Simcox

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- Yeah, 'cause we know that customers want this, right? We know that customers out there really want to use AI agents to do transactions, and so do businesses. Ideally, you just say, "Hey, here's a repetitive task that needs to be done. Agent, go do, you're pre-approved to spend 1,000 pounds at these five merchants, enjoy yourself," right?

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Done. Straightforward. Or, you know, "AI agent, go file my tax return for me because you can do it far better than I can, off you go." All those use cases we need to solve, but it's how do we solve Agentic identity in that space, which there is currently no standard out there that everyone's adopting for. There's lots of ideas from different people, but until we coalesce from that stand, I think that's going to be like a barrier to adopting that.

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Having said that, there is lots of Agentic use cases out there that businesses are using internally, which are working really well. And on the security side, I think it's important that you treat your AI tools like any other piece of software, right? Realistically, manage it in the same frameworks. You wouldn't give a piece of software admin access to this platform, so why would you give an AI agent admin access, right?

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You wouldn't onboard a supplier without going and checking their privacy policy, their security credentials, or those things. So, you know, don't onboard an AI model that you haven't done the same piece of work for, right? And so it's, if you don't treat it as a new class of thing and you treat it like, control it in your existing frameworks, that's generally a good way to do it.

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It's also how our financial service regulators in most countries are looking at it, is don't create a special one for AI 'cause if you do, you'll probably weaken the safeguards that you have against your existing kind of control framework.

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So it's concerning in that space, but I think from the security side, there's lots of opportunity there as well 'cause you can use AI tools as security agents to find vulnerabilities, to do all those like positive things.

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And you can manage it well, but on the how do customers use AI agents side, I think there's a long way for us as an industry and as a world to go and actually, how do we regulate or control AI agents acting for humans?

Alex Miller

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- I mean, you can imagine that becomes a real competitive advantage for the firms that really solve that successfully and get the customer confidence as well as a function of it.

James Simcox

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- Absolutely, but it's going to be hard to get everyone to coalesce around it. If you think about financial services in the past, how hard it is to get people to coalesce around standards, I think it's going to be a very required, very short-term battle that needs to be had, but it's going to be a challenge.

Alex Miller

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- And different jurisdictions, of course, you know, want to have a different policy sometimes, don't they? Ranjeet, I mean, that notion of risk is obviously one that as a bank, you know, we're very familiar with. But perhaps more broadly, as you see that Agentic model get increasingly integrated, how do you see the role of perhaps what James touched upon at one point, sort of the digital relationship manager change or evolve perhaps?

Ranjeet Kapur

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- Sure, I think evolve is the right word here, evolve. And that's actually a question that's being asked everywhere, not just in banking. My view on that is, I think which we are all agreeing to, is that AI is a tool, period. And it's not going to replace people. It's a tool at the end of the day. And I like what Steve Wozniak said in a commencement ceremony in the US a few months ago, that humans have AI as well, actual intelligence, and it's very difficult to replace that.

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So I see this, I see AI as a tool to make bankers more effective. At the end of the day, banking is a relationship-based business. Yes, the way bank systems and client systems talk to each other can be automated, but that's built on a foundation of trust and relationship that a banker has built with their client and that's not going to go away. I think AI will help us become more effective bankers by taking away some of the operational tasks away, for example, the time taken to develop PowerPoint presentations, and give us more time to actually do what we're supposed to be doing, developing relationships with our clients.

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So I think at the end of the day, this is a relationship-based business and that aspect will not go away. AI will just make us more effective in the way we deal with banks. And then going back to some of the points that James mentioned, right? Yes, there will be a change in the way how banks and clients work together. Client service is a great example of that.

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You could have an agent triaging the service requests coming in from clients and send the simpler ones to other Agentic AI bots while the more complex one goes to a human client service team that can take care of the more complex task. The advantage of that is those require, potentially require more thought, more activity behind it, but they can be turned around sooner because then the simpler tasks are being handled by more Agentic Ai.

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So that's, it's often an efficiency play that I do see coming in, but at the end of the day, the core role of a banker doesn't change it, how we deal with our clients. We are there to develop relationships and that's what we do and I don't see AI replacing that.

Alex Miller

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- Perhaps just sort of looking ahead, James, when you think about the journey that Equals is on, but also the payments industry is on, what excites you most? Is it that ability to kind, you know, successfully agentify you know, the payment transaction process itself? Is it something else?

James Simcox

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- I think for me, it's around that Agentic payments piece. We've been trying for years to simplify account-to-account payments, right? The reason that cards are still so prevalent in the world is because they're really easy for humans to use. They're just an easy way, everyone can remember their card number for their primary card, right?

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It's like an easy thing for you to deal with. So when you try and actually use the best particular use case, be it a wallet or a payment or a stable coin or whatever else you think

for a particular transaction, the human friction of going, "Which one do I use? Where do I send it, how do I make it work," it's hard for us to do. We don't like making those choices and we go,

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"Well, I've got my credit card, so I'll just use that because that's what I've always used," right Easy option, but credit cards are expensive for merchants, they're expensive for the whole kind of ecosystem generally, and for years, loads of countries, the EU being, classically they're open banking and PSD2, but the US as well, have been trying to push accounting of payments as the way we send money, right?

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We have the infrastructure, we have the payment systems, we should use those. And so I think and I hope that agents doing payments on behalf of customers will actually allow that account to account payment world to suddenly really take off because no longer do you have to care if it's a 32-digit IBAN, if it's a 6-digit card number, if it's a 32-bit wallet address that I'm never going to remember. Like, you can do all those things and say,

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"Agent, pay most effective way, thanks, please." And it can be able to deal with the currency conversion, the payment piece, whatever you need to do at the right price, best option, best choice for the customer and remove all that friction piece from payments, which, you know, which is what we're all trying to do, right? At Equals, what we're trying to do is remove friction from people for payments and let them get on with their lives, you know, so that the money just kind of happens.

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And so for me, that's a really exciting piece. But for it to work, we need to have all the consumer protection frameworks in place. We need to have all the identity frameworks in place so that, you know, on a card, you can do a chargeback if it goes wrong.

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With an account-to-account payment, often you can't and if you can, can you do it if an agent's done it for you? Probably not, and so until we have kind of those pieces in place, it's going to be, you know, a bit bumpy. But for me, that is the really exciting place to get to, is that actually, I wanna make a payment and it just happens in the most effective way possible for the customer at the best price for the customer.

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And I think genuinely, we might actually be at the point in our lives when we'll finally get to that part.

Alex Miller

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- And Ranjeet, yourself, when you think about sort of AI and how it affects partnerships, investments, you know, both between fintechs, but also banks and corporates, is something changing in those interactions as well?

Ranjeet Kapur

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- Well, I think so, in a way, and going back to the point that James made as well, right? How banks and clients interact with each other, that will change. Agentic AI, for example, clients no longer will need to go in and instruct payments in that sense. For the small nuisance-value payments, Agentic AI can come in, pass information that you have, look at your ERP, see which are the small payments that need to be made and make that automatically.

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All the points around identity, what happens if something goes wrong, are very valid there as well, but that, again, going back to that efficiency play, that takes away the nuisance value or that value of someone spending time for the small-value payments to push them through, and then spend their time more on the higher-value adjusts.

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So that's where I see that relationship and that point changing a little bit in how both entities interact with each other.

Alex Miller

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- And I'm sure, I'll speak for many of our listeners, that they would love to hear if you had a sort of final call to action in terms of, you know, you're an emerging midsize growing company, whether in Europe or elsewhere, just starting on their AI journey, what's that kind of one key piece of advice?

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But maybe, Ranjeet, if I could ask you first, then James, I'll come to you.

Ranjeet Kapur

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- I think at a very macro level, this is something that I tell all my clients as well regardless, decide on a strategy and stick to it. Don't go chasing hobbies,

don't be attracted by the shiny object. And I think that stays with AI as well. Decide on where you want to spend your dollar, where you want to see the most impact. Is it in productivity and automation? Is it in new product development? Is it an improving client service? And then invest your dollars in it.

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Yes, it's okay to change parts as you go along and change strategy, but after a thoughtful process, and then stick to it rather than trying to find benefits in too many different areas. I think that's especially important for smaller organizations. Decide on a strategy, stick to it, make sure that that delivers for you before looking at something else.

Alex Miller

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- So don't try to do everything all at once?

Ranjeet Kapur

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- Correct, yeah.

Alex Miller

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- Sounds like very sensible advice. James?

James Simcox

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- Yeah, Ranjeet's taken the sensible ones, so I'll go for more expensive.

(Ranjeet and Alex laughing)

I think for me, it's a case of if you're an organization that hasn't yet actually found an AI use case to deliver, oh, now is the time to start, right? AI is at the point where it works, it's functional, it's being used in the real world, and we know that lots of small businesses, mid-sized businesses are using the AI, they've turned the AI product on in their thing there and think, "Oh, I'm doing AI." It's like, you're probably not.

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So find a customer-facing use case particularly 'cause customers at the end of the day are the ones the most important. Either one that will help them by making a faster, cheaper service or one that adds new functionality, pick it and just do it, right? The first one you do may not work. That's fine, right? But you have to at least try something to understand what's going on. And we know that lots of businesses are quite scared to give that first one a go because it's quite a big change for business to go, "Oh."

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Like, for us, when we first let AI right code, the reviews we gave it were insane. Like, you're reading line by line what's it done. And now we're at the point like we did with humans where we go, "Well, actually, we've done all the functional testing, we've done the normal approvals, it behaves like a human, off we go." So I think making that big first step to do the first piece is the most important thing you can do because then all the benefits come straight out of that right afterwards.

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You know, we went from minimal AI use case in our business to, I think over 100 active AI use cases now in production, 85, 86% of our codes written by AI, and that's happened in the last 12 months. So the transformation can be huge, but you just need to start with something.

Alex Miller

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- Well, look here, you started with telling us about your journey to here

(uplifting music)

and I think you've left us with a real glimpse of the, you know, the future forward from here and thinking about what you can actually do. So look, James, thank you very much for sharing your time and experiences and vantage points, it's been fascinating.

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And Ranjeet, likewise, for helping us understand how this is evolving. So with that, many thanks for both of you for joining and I look forward to continuing the conversation, thank you.

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James Simcox

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- Thank you.

Ranjeet Kapur

- Thank you.

Alex Miller

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- That was a fantastic conversation. Two things that really stood out to me. One was really thinking about that customer-first lens that James emphasized, making that the prism to which you think about all the decisions you're making about where to spend time on AI investments. And as Ranjeet said, there's no time better than now to start thinking about what you should be doing.

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So for those who are early in the journey, it's just time to get stuck in. For more on this topic and others around artificial intelligence, go to citigroup.com and look for Citi Institute.

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(music)