

Citi Institute



# AI in the Family Office

Privacy, Efficiency and Institutional Rigor



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# AI in the Family Office

## Privacy, Efficiency and Institutional Rigor

Family offices have reached a crucial turning point in their adoption of artificial intelligence. In contrast to institutional investors', their AI journey is shaped by the need for privacy and a mandate to manage both institutional-grade investments and deeply personal family affairs.

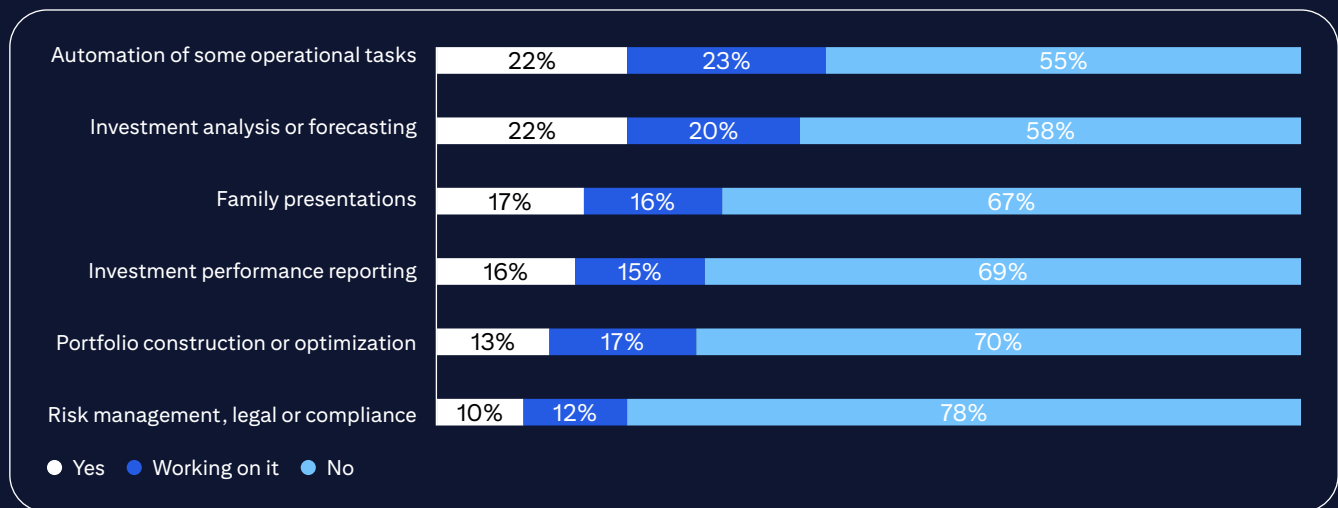
This report is based on numerous in-depth discussions with single-family office principals and chief investment officers (CIOs) across North America, Europe, Asia and Latin America. Our findings highlight significantly different levels of AI adoption. The spectrum ranges from firms with company-wide daily AI usage mandates to those still navigating the fundamental tension between AI's promise and their families' cautious stance on data privacy and security.

While family offices have very different needs, they can draw lessons from institutional investors' AI journey of the past few years, which has evolved from operational efficiency to front-office exploration and, now, agentic AI.

The ideal family office is not one without humans, but one where humans are liberated from repetitive tasks to focus on high-value activities such as strategic investment decisions, relationship management and complex problem-solving. AI is envisioned not as a replacement but as the infrastructure that makes this possible.

Family offices that successfully navigate the challenges of security, implementation and change management are likely to emerge as the model for a new way of working: lean, intelligent and capable of delivering institutional-quality outcomes with a fraction of traditional resources.

Use of AI in family offices



Source: Citi Wealth, 2025 Global Family Office Report

## Key Takeaways

- 1 **Privacy comes first:** Data privacy is non-negotiable for family offices. AI solutions that cannot guarantee data security are unlikely to be adopted.
- 2 **Prime goal is leanness – not (yet) alpha generation:** Currently family offices tend not to focus on AI to help drive investment returns. But they do seek to use AI to automate routine tasks so that small teams can focus on strategy and relationships.
- 3 **Adoption is slow but accelerating:** Only 22% of family offices currently use AI for operational tasks or investment analysis, up from 13% in 2024. A significant gap remains compared to institutional investors.
- 4 **Practical applications win:** The most successful AI applications solve everyday problems: summarizing documents, transcribing meetings, managing emails and automating reports.
- 5 **Younger generations are driving change:** Junior staff and younger family members are the biggest advocates for AI. They experiment, demonstrate value and bring older generations along.
- 6 **Humans stay in charge:** Family offices tend to see AI as an assistant that handles the operational burden. Final decisions – especially on investments – always remain with experienced humans.

## Survey Highlights<sup>2</sup>

57%

of family offices cite lack of internal expertise as the biggest barrier to AI adoption.

22%

have automated operational tasks or are using AI for investment analysis – up from 13% in 2024.

16%

are using AI for investment performance reporting, more than doubling in one year.

1 See [AI in Investment Management – The Pursuit of a Competitive Edge \(2024\)](#), and [AI in Investment Management – Beyond Efficiency Gains \(2025\)](#)

2 Citi Wealth, [2025 Global Family Office Report](#)

## Jargon Buster

| Term                                 | What Does It Mean?   |
|--------------------------------------|--|
| Generative AI (GenAI)                | A type of AI model that can create new content, e.g. texts, images, code, audios and videos, based on patterns it has learned from large amounts of data.  |
| Large Language Model (LLM)           | A very large AI model trained on vast amounts of text data. It can understand and generate human-like language/interaction, answer questions, write code, and summarize documents etc.   |
| Small Language Model (SLM)           | A more specialized, cost-efficient version of an LLM. It has fewer parameters (internal settings) and is designed to run on less powerful hardware, often specialised for specific tasks.  |
| Foundational Model                   | A large AI model trained on very broad, general purpose, multi-modal data that serves as a starting point. It can be adapted for different tasks without the need to be retrained from scratch.  |
| Open-Source Model                    | An AI model of which underlying code and trained parameters are made publicly accessible. Users can download, run, modify and build upon it.   |
| Prompt                               | The text instruction or question one gives to an AI model to perform a task. The quality of the prompt directly affects the quality of the output.   |
| Prompt Engineering                   | The practice of crafting and refining prompts to achieve the best possible response from an AI model. It involves being specific, precise, providing examples and structuring questions clearly.   |
| Context Engineering                  | The broader practice of designing the entire information environment an AI model operates in, including what data it can access, what tools it can use, and what instructions it should always follow. This is important when scaling up AI deployment to achieve consistency. |
| Context Window                       | The maximum amount of text (measured in tokens) that an AI model can read and consider at one time – both user input and its own previous responses.   |
| Hallucination                        | When an AI model generates information that sounds plausible and confident but is factually incorrect, made up, or nonsensical.  |
| Temperature                          | A setting that controls how creative or random an AI model's responses are. A low temperature produces more focused, predictable answers while a high temperature leads to more varied and creative outputs.   |
| Fine-Tuning                          | The process of taking a pre-trained foundational model and training it further on a smaller, specialized dataset to make it perform well in a specific domain or task.   |
| Retrieval-Augmented Generation (RAG) | A technique to direct an AI model to first search a knowledge base for relevant information before generating a response. This grounds the AI's answer to a specific data source, mitigating the risk of hallucination.  |
| Agentic AI                           | AI systems designed to operate with a high degree of autonomy, capable of planning, reasoning and executing sequences of steps to achieve assigned tasks.  |
| Multi-Agent System                   | A framework where multiple specialized AI agents work together, each with a defined role, to accomplish a somewhat complex task that would be difficult for a single agent.  |
| Human-in-the-Loop                    | An integrated approach where a human is required to review, approve or provide feedback at key decision points in an AI workflow, rather than allowing the AI to act entirely autonomously.  |
| On-Premise (On-Prem)                 | Deploying and running software on an entity's own physical servers within its own data center, rather than using a cloud provider's infrastructure.  |
| Public Cloud                         | Running software on infrastructure provided by a third-party cloud provider and accessed over the internet.  |
| Private Cloud                        | A cloud environment dedicated exclusively to one organization, providing the scalability of the cloud with greater control, privacy and security than a shared public cloud.   |
| Hybrid Deployment                    | A deployment strategy that combines on-premise infrastructure with cloud services, allowing organizations to run different workloads in the most appropriate environment.  |

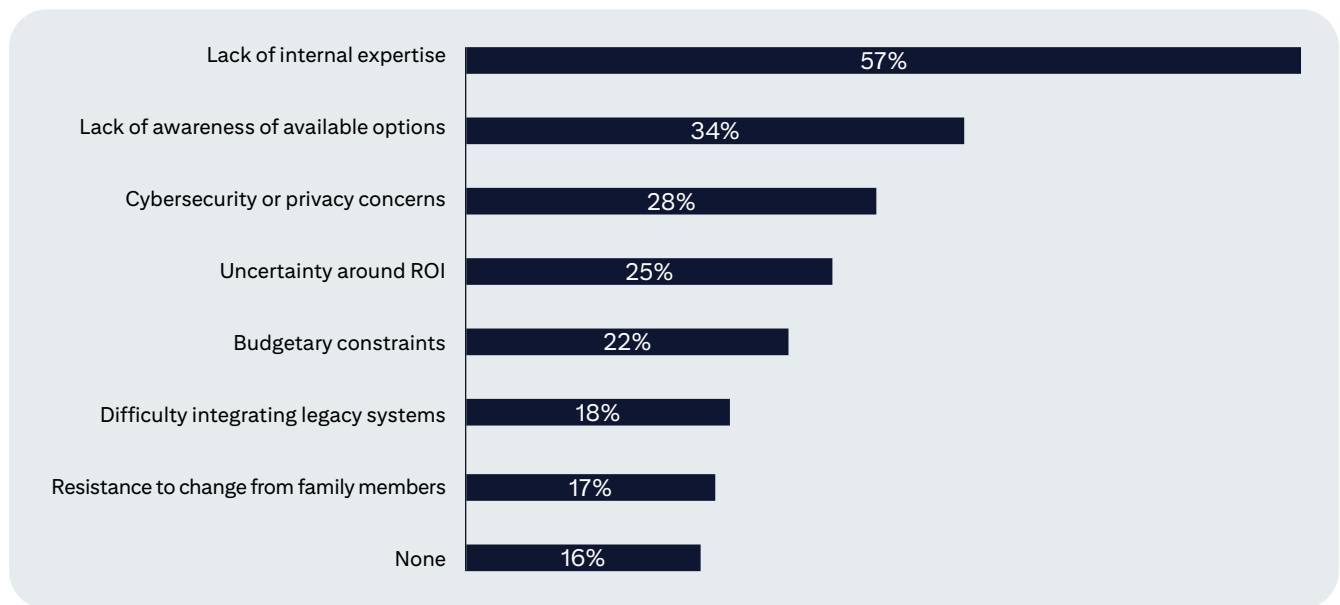


# How AI Could Transform Family Offices

Artificial intelligence is starting to reshape the investment management industry, but family offices are forging their own distinct path. Unlike large institutional investors looking to harness AI for investment returns, family offices are focusing on automating operations while preserving their privacy and maintaining a personal touch.

Single family offices tend to operate with lean teams and do not have the ability to scale technology resources like institutional investors. The Citi Wealth 2025 Global Family Office Report<sup>3</sup> found that the top three barriers to technology adoption in the family office are lack of internal expertise, lack of awareness of available options and cybersecurity or privacy concerns (figure 1).

Figure 1. Barriers to technology adoption in the family office



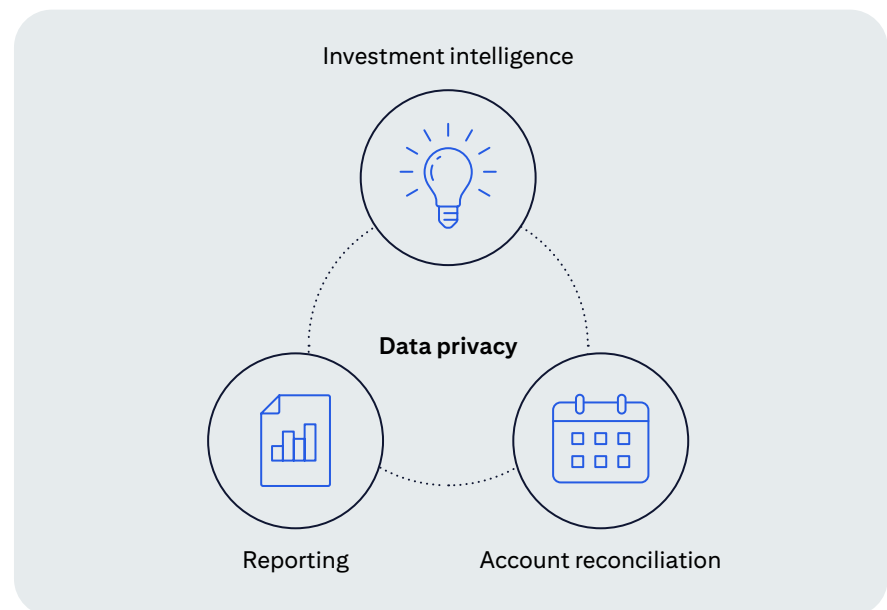
Source: Citi Wealth, 2025 Global Family Office Report

3 <https://www.privatebank.citibank.com/doc/family-office/2025-global-family-office-report.pdf>

However the pace of AI adoption has been accelerating in family offices over the last two years. More than a fifth of the annual survey respondents (22%) had automated some operational tasks or are doing investment analysis or forecasts with the help of AI, up from around 13% in 2024. AI use in investment performance reporting (16%) and portfolio construction (13%) more than doubled in the same period. These observations suggest broader acceptance of AI tools which could be due to better understanding of their capabilities and limitations, while models continue to improve. However, it is worth noting that there is still a significant adoption gap versus institutions, which reflects unique challenges family offices have to tackle with adoption.

Commonly mentioned AI uses in family offices relate to reporting, account reconciliation and investment intelligence. One overarching guiding principle is that strict data privacy must be safeguarded. What is also important is to adopt AI while maintaining operational leanness. With constraints on technology budgets, the family office chief investment officer is tasked to deploy AI by optimizing existing resources while minimizing overheads.

**Figure 2:** Data privacy at the core of family offices



*Source: Citi Institute*

## Lessons from Institutional Investors' AI Journey

Family offices operate in a fundamentally different context from institutional investors, but could learn valuable lessons from the investment management industry's AI journey.

Citi Institute's October 2025 report "[AI in Investment Management: Beyond Efficiency Gains](#)" highlights the industry's evolution from considering the benefits of AI to investigating its incorporation into the investment process in a transparent and risk-controlled way.

After hundreds of conversations and discussions with C-suite investor clients over the last few years, the trajectory of AI adoption in advanced institutional investment management firms reveals a pattern:

**Focus shifting from efficiency to alpha generation:** The industry's AI adoption has evolved from the automation of middle and back-office functions, such as document processing, form filling, report generation and compliance monitoring, to its incorporation in front-office investment applications. The systems at firms that are further advanced in their AI journey institutional firms tend to have the following functionality:

- Synthesizing vast amounts of information that would be humanly impossible to process manually to uncover hidden insights
- Generating high-quality investment thesis drafts in days rather than weeks
- Analyzing management communications to spot behavioral cues and identify early warning signs

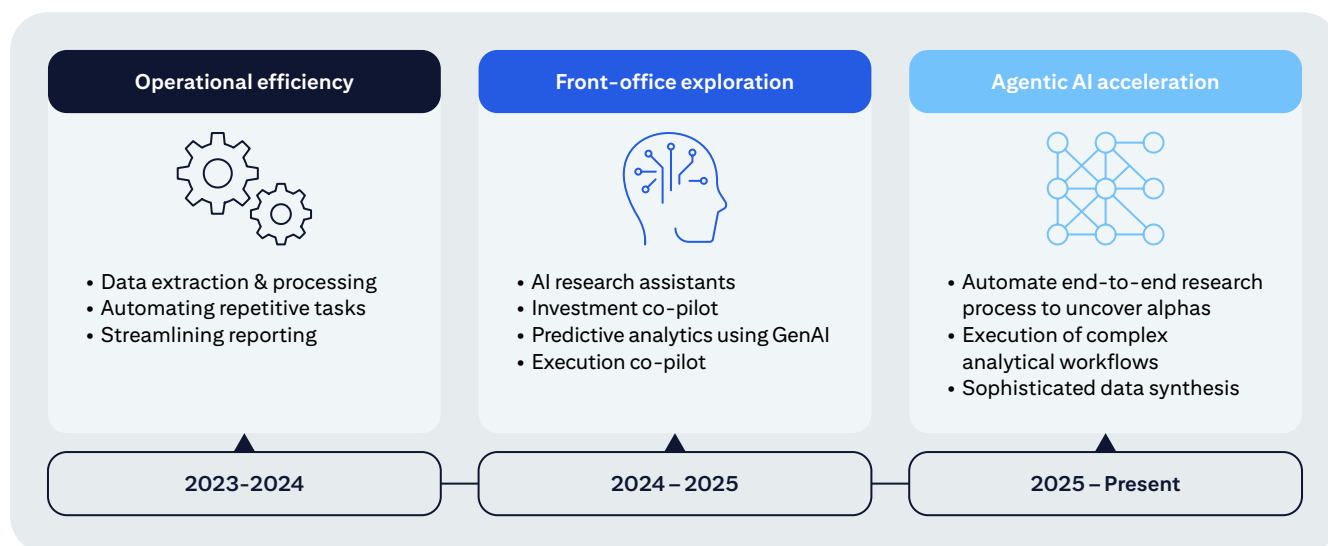
**The combination of GenAI and agentic AI:** The emergence of agentic AI, where it can autonomously plan, execute and adapt multi-step tasks, combined with deep thinking capabilities of generative AI, allows for:

- Autonomous full-cycle signal research with unprecedented speed
- Real-time monitoring and reaction to market events
- Proactive risk management with minimal human intervention
- End-to-end automation of complex, multi-stage workflows

This evolution reflects growing confidence in the technology, maturing governance frameworks within investment firms and the competitive imperative to leverage AI for alpha generation.

The structural differences between family offices and institutional investors create a distinct set of AI adoption drivers and constraints (figure 4).

These differences mean that while family offices can learn from the institutional AI journey, they cannot simply adopt the same playbook. Their path must be tailored to their unique constraints and ambitions.

**Figure 3.** The evolution of AI in the investment management industry

Source: Citi Institute <sup>4</sup>

**Figure 4.** The structural differences between family offices and large institutions

|                  | Family offices   | Large institutions  |
|------------------|--|---|
| Data sensitivity | Acute sensitivity with family privacy and confidentiality  | Concerned with competitive advantage and regulatory compliance  |
| Decision making  | Some are principal-driven and can make rapid decisions subject to individual family member preferences, while others are institutional-like and process-driven | Process-driven with formal governance structures and approval committees  |
| Tech set-up      | Strong preference for control, limited internal IT support and capabilities  | Increasingly comfortable with cloud-based solutions, large teams and dedicated specialists                      |
| Risk tolerance   | Varying greatly from open to experimentation to ultra-conservative. Cannot afford errors in critical functions like tax or compliance                          | Sandbox environment for experimentation. Focus on learnings to fine-tune the path towards competitive advantage |
| Talent strategy  | Many want to avoid adding headcount entirely. Perceived AI efficiency would allow existing team to focus on value-add tasks                                    | Investing heavily in upskilling, hiring AI specialists, building internal capabilities                          |

Source: Citi Institute

<sup>4</sup> Based on the findings from Citi Institute reports: [AI in Investment Management – The Pursuit of a Competitive Edge](#) in 2024 and [AI in Investment Management: Beyond Efficiency Gains](#) in 2025

## Main Areas where Family Offices can Apply AI

Family offices are pursuing AI applications in three main areas, with varying levels of maturity and success.

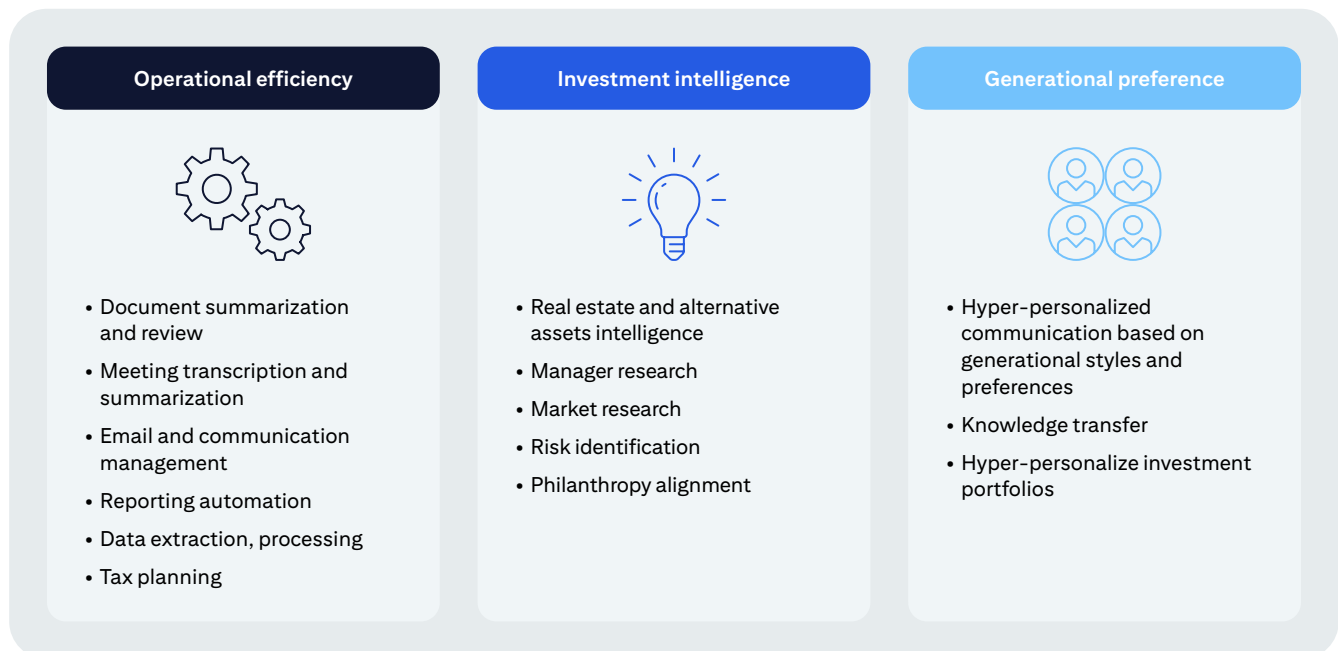
### i. Efficiency, Document Ingestion and Extraction, and Reporting

This category covers the most mature and widely adopted uses of AI, delivering immediate, measurable value.

**Document summarization and review:** The ability to rapidly digest lengthy documents is perhaps the most universally appreciated capability. Applications include:

- **Investment memorandums:** Summarizing 100+ page documents from fund managers and investment banks.
- **Legal and regulatory documents:** Using AI to extract key terms, identify unusual clauses and summarize risk factors, though with significant caution. Referencing contract reviews, one principal said: “AI is an assistant, not a decision-maker... Human legal review remains essential.”
- **Manager due diligence:** Putting private placement memorandums (PPMs) and supplementary documents into an AI tool to generate standardized summary reports for comparison, streamlining the manager selection process.

Figure 5. The main AI focus at family offices



Source: Citi Institute

“

Initially we were tracking what we were asking AI to do and still reading through investor decks to make sure nothing fell through the cracks. Then with lengthier documents we got more confident and did spot checks.

*Principal, Family Office*

”

**Meeting transcription and summarization:** This emerged as a high-impact, low-risk application as family offices regularly conduct meetings with fund managers. The capability to convert hours of discussion into actionable summaries and next steps is seen as a direct productivity enhancer with clear audit trails.

**Email and communication management:** This feature is seen as an intuitive but major efficiency gain for family offices. AI can summarize long email threads that can suggest next actions based on thread content and draft responses that align with the principal's intent and tone.

**Reporting automation:** The desire for near real-time reporting across custodians and managers on demand is universal, but implementation has proven challenging. The current state is that monthly reports from advisors are manually consolidated into Excel due to privacy concerns, but many notably also lack confidence in the report accuracy produced by AI tools. This is a major roadblock to full AI automation.

**Data extraction and processing:** This specifically focuses on the data element of reporting by automating the ingestion of data from custodian APIs, extracting information from numerous tax forms and processing insurance documentation to create consolidated views.

**Tax planning:** Tax management can be an operational burden, draining resources. Several CIOs we spoke to said the workload was highly manual and voluminous. AI could automate much of the process, including data gathering, identification of optimization opportunities and flagging potential issues. Several interviewees pointed out that one system to manage the whole process would be desirable.

## ii. Investment Sourcing and Decision-Making

While operational efficiency dominates current implementation, investment-focused AI applications are the ultimate goal for most family offices.

**Deal sourcing and due diligence:** Family offices are exploring AI for:

- Real estate and alternative assets, including private markets, to identify opportunities in less-covered markets where data might be sparse.
- Manager research where CIOs of family offices use third-party providers to conduct analysis and research. Specifically, they deploy AI tools to create company profiles and conduct preliminary screening.
- Risk identification by using AI to raise potential red flags in financial statements or management communications.
- Aligning philanthropic goals with charitable activities. As large language models (LLMs) increasingly replace traditional search engines, family offices should consider how LLM responses portray their principals' charitable work, or at the very minimum, to ensure the families' philanthropic efforts are "discoverable" by LLMs.

These AI uses are not dissimilar to those from institutional investors. What is consistent is the need for a human in the loop. The expertise and judgement of experienced finance professionals is required to find the best course of action. However, some family offices say that it is important to strike a balance between spending time on customizing AI prompts for research questions versus how long it takes for humans to complete the task. Another recurring theme is uncertainty about AI's reliability for investment decisions, i.e. whether AI-generated investment research produces credible, decision-ready insights. Effectively, AI serves as an assistant rather than the actual decision maker.

**Hyper-personalized investment portfolios:** Family offices need to manage highly customized portfolios for each family member based on:

- Individual risk tolerance and investment objectives
- Spending requirements and liquidity needs
- Tax situations and estate planning considerations
- Personal values (ESG, impact investing, philanthropy)

AI could enable this at scale where asset allocation recommendations are derived according to the aforementioned considerations and monitor them on an ongoing basis.

### iii. Addressing Generational Gaps

AI is emerging as a bridge across the generational divide that characterizes many family offices.

**AI-native versus traditional wealth management:** The third generation (typically the grandchildren of the founder of the family office) have a fundamentally different relationship with AI as they tend to be more familiar and comfortable with AI tools. Many family offices see the third generation as key to modernizing.

**Bottom-up innovation:** Several family offices stated that it was the younger analysts in the office who pushed for AI adoption. These younger analysts are more likely to see the potential benefits of leveraging AI and, in most cases, were given permission to test it out. If not embraced, there's a risk of losing talent to organizations that fully endorse the technology as foundational to transforming family offices' operating models.

**Communication preferences:** The different generations in a family tend to have different expectations of how to interact with their family office. Older generations tend to prefer face-to-face meetings, phone calls and detailed written reports, while younger generations tend to expect digital-first interactions, real-time dashboards, mobile access to APIs and AI-generated insights.

AI enables family offices to serve both cohorts effectively by:

- Automating the creation of traditional reports for senior family members
- Providing interactive, on-demand analytics for younger members
- Hyper-personalizing communication styles and preferences

**Knowledge transfer:** AI can also help capture and codify the institutional knowledge of senior family members and long-tenured advisors, to facilitate knowledge transfer to the younger generation in digestible formats.

## Most Commonly Used AI Models and Tools

Family offices are primarily in the experimentation phase with general-purpose tools, but some are pushing for more sophisticated implementations.

### Large Language Models

The dominant tools are consumer-grade or enterprise versions of major Large Language Models (LLMs). The most frequently mentioned tool in our interviews with family offices was ChatGPT, where usage ranged from basic prompts for information to enterprise licenses for more sophisticated applications. Examples included drafting policies and employee handbooks, comparing insurance and drafting emails and letters.

Interviewees also noted that Microsoft Copilot was seen as a natural extension for enterprise due to its integration with Microsoft Office.

Most family offices currently use only one model – often due to budget constraints – but they are increasingly considering other frontier LLMs, with the aim of comparing the strengths and weaknesses of the models. Institutional investors experiment similarly, but are likely to afford multiple models for their employees.

### Specialized Tools

- **AI-enabled market intelligence platforms:** Many offices mentioned using this type of services for research to leverage their expert advisor database for in-depth analysis.
- **Transcription and recording providers:** Being evaluated for meeting transcription and summarization.
- **Wealth management platforms:** Some providers have embedded AI onto their platforms through better user interfaces for interactivity and agentic AI.
- **Investment reporting tools:** Being explored for building dashboards and interactive reports on alternatives, structured investments often through automated data ingestion pipelines.

**Figure 6.** The pros and cons of cloud-based and on-premise solutions

|         |                  | High data privacy | Lower upfront cost | Lower long-term cost | Minimal tech resource | Customizability | Complex task or capability | Vendor independence | Speed to deploy |
|---------|------------------|-------------------|--------------------|----------------------|-----------------------|-----------------|----------------------------|---------------------|-----------------|
| On-Prem | Foundational LLM | ●                 | ■                  | ●                    | ■                     | ●               | ●                          | ■                   | ■               |
|         | Open-Source LLM  | ●                 | ■                  | ●                    | ■                     | ●               | ●                          | ●                   | ■               |
|         | Open-Source SLM  | ●                 | ■                  | ●                    | ■                     | ●               | ■                          | ●                   | ■               |
| Cloud   | Foundational LLM | ■                 | ●                  | ■                    | ●                     | ■               | ●                          | ■                   | ●               |
|         | Open-Source LLM  | ●                 | ■                  | ■                    | ■                     | ●               | ●                          | ●                   | ■               |
|         | Open-Source SLM  | ●                 | ●                  | ●                    | ■                     | ●               | ■                          | ●                   | ●               |

○ Best choice ● Good solution ■ Suitable but with caution ■ Unsuitable

Source: Citi Institute

**Small Language Models (SLMs) and On-Premise Solutions**

Some family offices indicated that they prefer open-source small language models on site due to security concerns, and lower costs. Some also expressed concerns over unwittingly sharing information with the dominant LLM providers. The family office CIOs acknowledged that such open-source models tend to be less advanced than frontier models, but point out that they have the advantage of customization at a lower cost.

**Agentic AI – Still Nascent**

While institutional investors are racing to build farms of agents, family offices tend to be more wary. Some family offices are building teams of agents that work together, such as analysts, risk managers and portfolio managers, where each agent is given a different personality or role. Such efforts are still in their infancy while the agents remain unreliable.

**Different Approaches to AI Adoption**

Our interviews with family offices revealed vastly different approaches to AI adoption, reflecting attitudes to technology, privacy and innovation. Some support a broad roll-out of tools to all employees while others seek to embed AI as part of their business-as-usual workflows, allowing team members AI access that only pertain to those workflows. For a smaller cohort, the ultimate goal is to automate all operations by deploying AI and agents, where employees focus on high value-add tasks such as researching investment opportunities while providing oversight and management of AI agents.

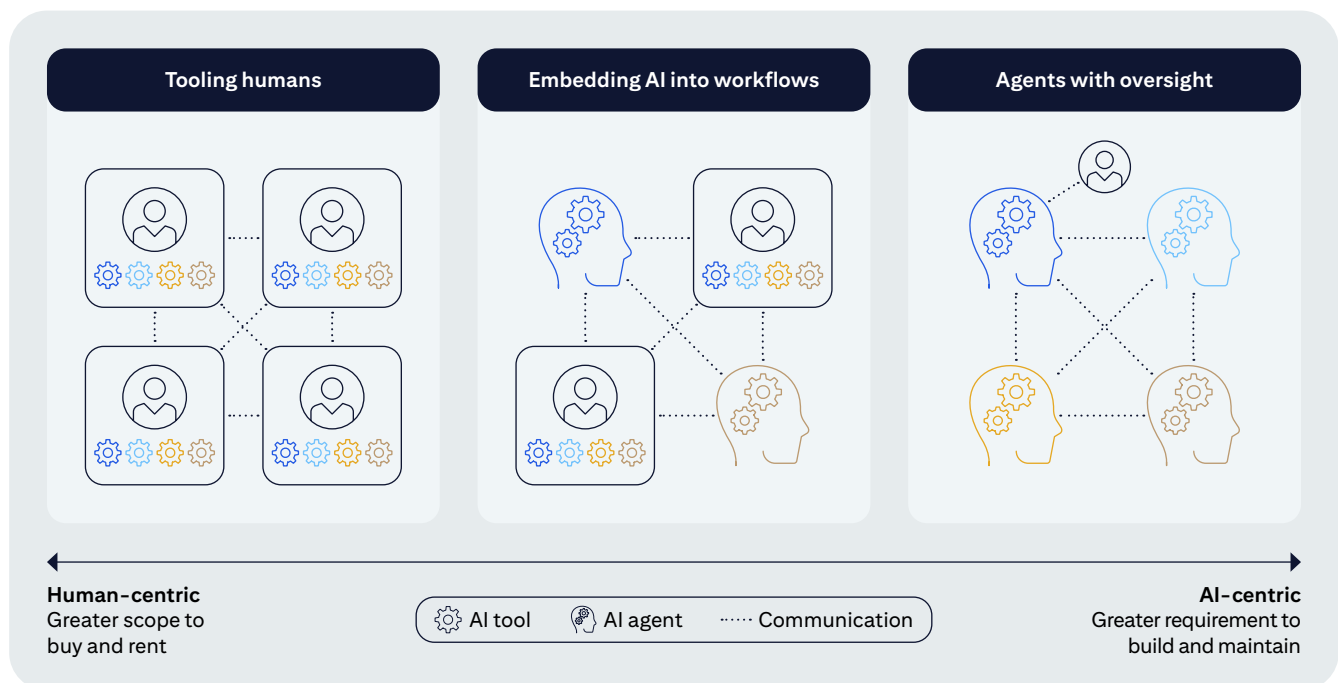
We found that family offices broadly fall into one of the following three categories:

**Pragmatic innovation:** These family offices tend to be willing to experiment but are focused on efficiency, with some citing 80%+ time-saving improvements from AI as a threshold in their day-to-day tasks. They are budget-conscious, seeking scope-specific solutions rather than comprehensive platforms. They could be comfortable with cloud-based solutions for better compute power if there is appropriate security. Often, these CIOs actively engage with fintech vendors to explore solutions but focus on transparency and explainability of the outcomes. They would also consider building their own tools using open-source models with specialist help. They would rather wait for solutions that meet their needs than rush into decisions they might later regret.

**Innovation with institutional rigor:** At the other end of the spectrum, some family offices are very sophisticated in their approach to AI. Some said they were early investors in AI companies, where the knowledge could help them develop AI governance policies and institutional-grade risk management. These firms are also more willing to invest in training and talent development. They tend to buy mature AI solutions with customizable capabilities rather than build the tools themselves. They have a progressive stance on AI, and believe its adoption is of existential importance.

**Cautious exploration with pockets of leadership:** Some family offices are at the start of their AI journey. Interviewees for this report have been clear that data security is non-negotiable, but some CIOs are also keen to explore AI’s potential to ensure they remain relevant. It will require careful management to introduce internal tools while balancing their principals’ conservatism.

Figure 7. Family offices: Approaches to human capital and AI



Source: Citi Institute



# Navigating Challenges and Best Practices

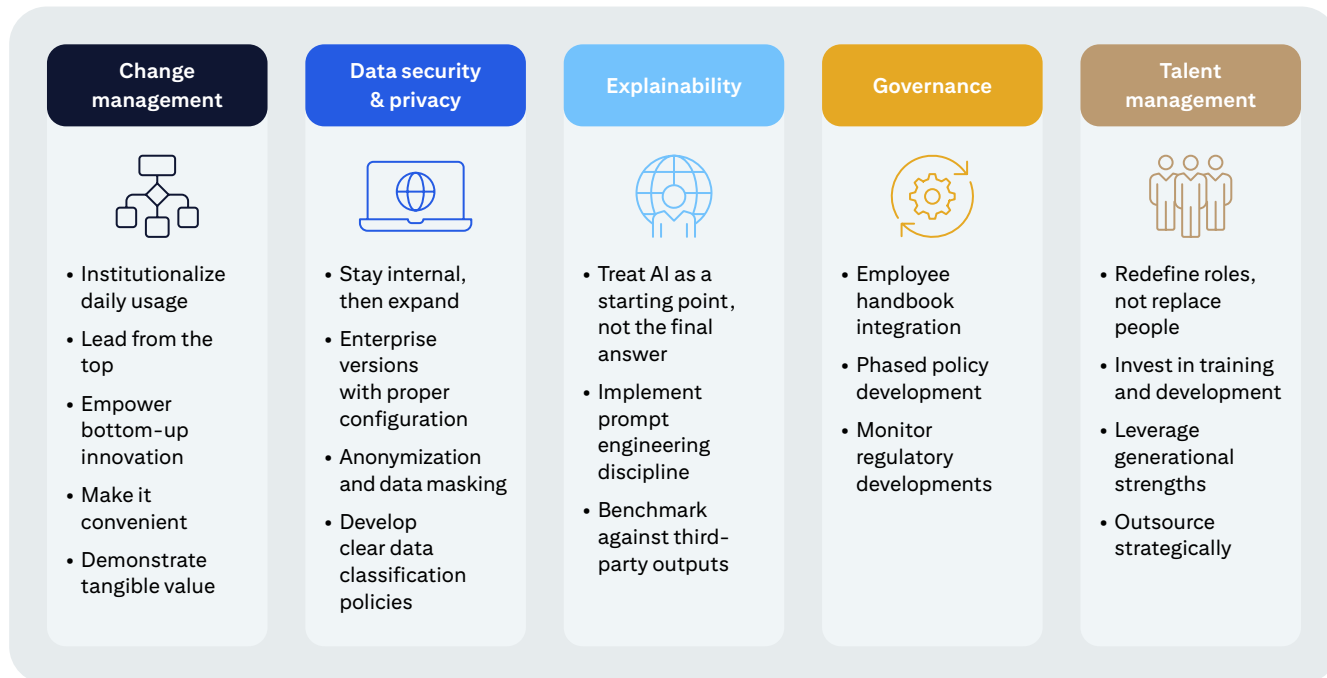
Family offices face significant challenges in adopting AI, but our interviews also revealed emerging best practices from those furthest along the journey.

## Change Management

Successfully integrating AI requires overcoming organizational inertia and building a culture of experimentation. Change management in family offices can face unique obstacles:

- Small teams mean every person must adapt.
- Some principals/CIOs may feel “behind on AI”, despite championing it organizationally
- Generational differences in technology comfort can create friction
- Fear of the unknown can paralyze decision-making

Figure 8. Examples of best practice in AI adoption



Source: Citi Institute

**Best Practices:**

- **Institutionalize daily usage:** All team members are expected to actively use AI in their day-to-day work. This institutionalizes experimentation, builds AI literacy across functions, and ensures AI innovation becomes part of the culture. This also sets a baseline of familiarity and fluency, while reducing future resistance and enabling faster adoption of advanced capabilities.
- **Lead from the top:** Senior management visibly champion AI adoption. By sharing their own use cases, seniors demonstrate willingness to learn alongside staff. Celebrating successes and learning from failures publicly helps ease the fear of getting it wrong.
- **Empower bottom-up innovation:** Our interviews suggest that junior staff have a tendency to try out AI tools first. By empowering these enthusiasts to be early adopters, senior management can set a culture of positivity on adopting advanced technology. Training could also be encouraged and funded.
- **Make it convenient:** If AI tools are easy and convenient to use, it could reduce friction and encourage further AI adoption.
- **Demonstrate tangible value:** It may sound trivial, but a good way to overcome resistance is to show “how” and not merely “tell”. Some CIOs are looking to address reluctance by focusing on uses that save time or reduce frustration.

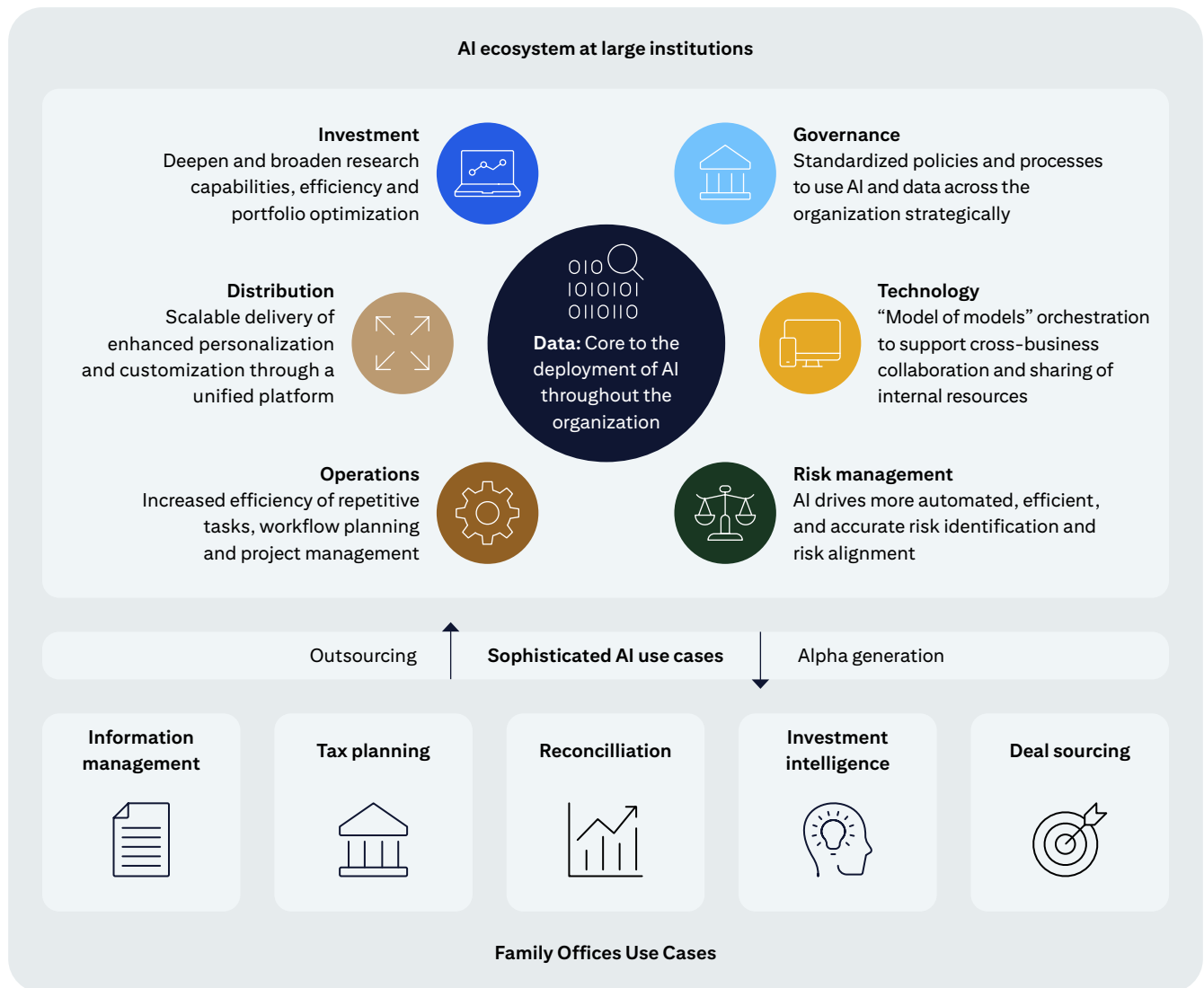
## Data Security and Privacy

Data security and privacy is the main concern for family offices and the primary barrier to broader AI adoption. The need for security cannot be overstated, although a small number of family offices might inadvertently have access to AI through “the back door” via SaaS providers or daily devices they already use.

Specific concerns center around AI tools storing sensitive financial data, third-party vendors accessing family information and lack of clarity on what information is truly confidential. At the same time, they must be mindful of risks in treasury and finance functions, given fraud or cyber threats.

The recognition of the need to move forward from solely using legacy tools and the data privacy mandate leads to the possibility to lean on existing trusted partners in banks and institutional fund management firms. Several CIOs cited these ‘outsourcing’ possibilities are preferred as they seek a safe environment for them to explore. They acknowledge that institutional investors have significantly more resources and strong motivation to deploy cutting-edge AI ranging from efficiency to outright alpha generation. By leaning on these partners, family offices stand to reap the benefits of AI adoption from these firms while the data privacy is kept intact.

**Figure 9.** AI in family offices: in-house needs and outsourcing options



Source: Citi Institute

**Best Practices:**

- **Start internal, then expand:** Build confidence incrementally by starting with on-premise or locally run models. Once in place, use internal tools to demonstrate value-add and build trust among the employees and family members, before expanding to vetted external solutions.
- **Use enterprise versions with proper configuration:** When using external tools, enterprise version are preferential while ensuring it remains within the firewalls. This ensures data residency and processing remain within internally controlled environments. There should also be strict access controls and audit trails.

- **Apply anonymization and data masking:** For testing and non-critical applications, confidential information should not be uploaded. If such data is required, it should be obfuscated and anonymized.
- **Develop clear data classification policies:** Defining what information is confidential is critical to safeguarding data privacy when using AI tools. Without clear classification, employees cannot make informed decisions.

Some family offices take a pragmatic risk assessment approach by focusing on day-to-day efficiencies rather than guarding against ad-hoc events. They argue that even large companies get hacked or have data leaks, and that the risk of transferring funds to the wrong bank is more of a concern. This suggests a need to calibrate security concerns against actual risk probabilities and opportunity costs.

## Explainability

The perceived “black box” nature of AI outputs – where it is not always obvious how and why decisions were made – creates challenges for family offices that cannot afford errors in critical functions. AI errors can be subtle and are often detectable only by experienced professionals. Hallucinations also remain a concern, particularly for financial calculations.

### Best Practices:

- **Treat AI as a starting point, not the answer:** To avoid over-reliance, the most sophisticated users view AI outputs as drafts requiring human validation. They do so by initializing a full review of AI-generated summaries, then progressing to spot-checks as confidence builds. Cross-referencing AI outputs against known sources is also recommended.
- **Implement prompt engineering discipline:** Some see explainability as a prompt or context engineering problem that can be solved. Models need to be told precisely what users are looking for by providing a detailed context and specifications of what the outputs should entail, akin to training a new joiner with comprehensive instructions.
- **Benchmark against third-party outputs:** Benchmarking is another approach to validate outputs. By using third party tools and asking the same questions, the quality and accuracy can be compared.

## Regulations and Governance

Family offices are in the early stages of developing formal AI governance frameworks.

### Best Practices:

- **Start with employee handbook integration:** A practical first step could be an employee handbook, which employees have to sign, that requires staff to ask for approval for AI use cases. This creates accountability without requiring extensive policy infrastructure.
- **Implement policy development:** Rather than waiting for perfect policies, some family offices are starting with basic usage guidelines and documenting approved tools and use cases. Once in place, policies can be improved.
- **Monitor regulatory developments:** While family offices may not be directly subject to regulations like the European Union’s AI Act, they are attuned to institutional requirements as a guide for best practices.

## Talent Management and Upskilling

The integration of AI is fundamentally reshaping the family office workforce and the skills required for success. Family offices face a dilemma where they want to avoid adding headcount but they need increasingly sophisticated technical capabilities to unlock valuable time and resources through efficiency gains brought about by AI. To do so, they must upskill any existing staff who have limited technical knowledge before they can reap the benefits.

### Best Practices:

- **Redefine roles rather than replace people:** Family offices say they find most success by repositioning their teams, using AI for repetitive tasks to free up staff for higher value tasks. Analysts are expected to do more of their core activity – finding new investment opportunities, rather than being occupied by mundane tasks.
- **Invest in training and development:** Most family offices are committed to upskilling their employees, and expect new hires to be tech-savvy and AI-native. Some have hired staff directly from the foundational LLM firms.
- **Leverage generational strengths:** Our interviews point to junior team members having an enthusiasm for AI that can be harnessed to drive adoption. Junior staff should be encouraged to experiment and share learning with seniors.
- **Outsource strategically:** Rather than building internal teams from the ground, many offices are evolving their outsourcing model. Some family offices outsource front-office investment functions to their banking partners or directly invest in institutional investment firms that are at the cutting edge of AI deployment. Outsourcing investment functions to experts would allow family offices to concentrate on the automation of day-to-day operations.

### The Future of Work in Family Offices

Some family offices believe that teams of analysts will be replaced by agents, who would be able to do the work much quicker. In such a scenario, employees have to know how to manage processes and agents rather than just do the analytics. This represents a fundamental shift from hiring people to do tasks to hiring people to manage AI systems that do the work.

## Implementation – Buy vs Build

Perhaps the most acute strategic dilemma for family offices is whether they should buy systems or build their own. Family offices tend to be constrained by limited resources and little to no development capacity internally. At the same time, our interviews suggest that fintech market currently offers no perfect single solution for family offices to buy.

### Fintech in Family Offices

The fintech landscape for family offices continues to evolve with an influx of new entrants as well as acquisitions of smaller providers by more established ones. From the names mentioned in our interviews with CIOs and principals, we have categorized family office specific fintech providers into five main buckets for simplification:

- Performance reporting and intelligence
- Accounting, entity and financial control

- Integrated/multi module platforms
- Private markets operations
- Governance, risk and collaboration

Note that the providers in each category are by no means exhaustive and assigned based on best fit and in many cases may overlap as their functionality evolves. (figure 10).

In evaluating vendors, typically family offices are looking for software maturity, data readiness and comprehensive solutions that can be integrated easily. With advancements in AI, traditional vendors have become AI-enabled, but family offices have pointed out in interviews with us that the pace of AI enablement is often slower than they would like.

Family offices also face a tension between moving quickly and managing costs. On one hand, they fear they might be at risk of falling behind rapid AI changes. On the other hand, a solution found today might be superseded by a better solution tomorrow. For many family offices, adopting AI is a huge learning curve, which is further complicated by the speed imperative versus costs.

While most family offices prefer to buy readily available solutions, some opt for building their own AI tools using open-source models but with a high acceptance threshold, e.g. 80%+ efficiency gains. If such threshold cannot be met, they prefer to wait for later iterations rather than expend resources on early-stage solutions.

A modular approach is one option – breaking the task into smaller chunks by building smaller apps that can be pieced together in an economical and organized way. This allows family offices to focus on solving one problem at a time and solving it well, rather than attempting to address multiple issues and settle for imperfect solutions. This allows for flexibility to swap components should a better solution emerge.

**Figure 10.** Family offices: Mapping the Fintech landscape

| Performance reporting and intelligence  | Accounting and financial control   | Integrated/multi-module platforms   | Private market operations   | Governance, risk and collaboration  |
|---|--|---|---|---|
| <ul style="list-style-type: none"> <li>• Addepar</li> <li>• Altoo</li> <li>• Black Diamond</li> <li>• Burgiss/Caissa</li> <li>• Canopy</li> <li>• Copia</li> <li>• Landytech</li> <li>• Masttro</li> <li>• Solovis</li> </ul> | <ul style="list-style-type: none"> <li>• Asseta</li> <li>• FundCount</li> <li>• NetSuite</li> <li>• QuickBooks</li> <li>• Sage Intacct</li> <li>• SoftLedger</li> <li>• SumIt</li> </ul> | <ul style="list-style-type: none"> <li>• Archway</li> <li>• Clearwater</li> <li>• Elysys</li> <li>• Eton Solutions</li> <li>• WealthSpectrum</li> </ul> | <ul style="list-style-type: none"> <li>• Arch</li> <li>• Canoe</li> <li>• iCapital/AltExchange</li> </ul> | <ul style="list-style-type: none"> <li>• Daysium</li> <li>• Dilitrust</li> <li>• iPaladin</li> <li>• LeafPlanner</li> <li>• Summitas</li> <li>• Trusted Family</li> <li>• Way2B1</li> </ul> |

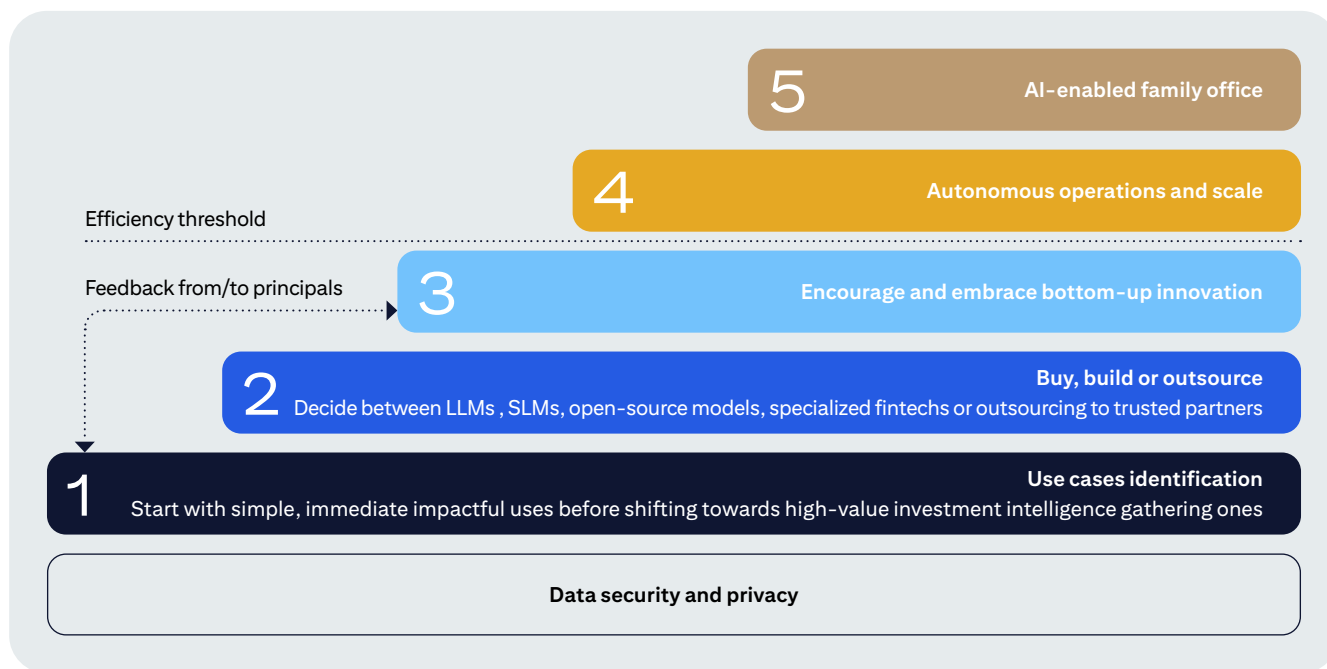
Source: Citi Institute

# What Does the Future Hold?

When asked to envision their ideal future state, family office CIOs and principals painted a remarkably consistent picture in our interviews: a lean, intelligent operation where AI handles the operational burden, freeing humans to focus on strategy, relationships and complex decision-making.

- **Security as the defining constraint:** While institutional investors balance security with competitive advantage, family offices view data privacy as the top priority, which is unlikely to change soon. This single factor shapes every technology decision and often delays or prevents adoption of otherwise compelling solutions.
- **The zero-staff vision:** A significant cohort of family offices, particularly those led by tech-savvy CIOs and principals, are pursuing radical automation with the explicit goal of achieving near-zero operational headcount with a high bar of at least 80% efficiency saves. This represents a fundamentally different ambition than institutional investors seeking incremental efficiency gains.
- **Pragmatic, immediate uses drive adoption:** The most successful implementations solve tangible, immediate pain points such as email summarization, document review, meeting transcription and automated reporting.

Figure 11. Recommended steps to implement AI for family offices



Source: Citi Institute

- **Generational divide as opportunity:** Our interviews suggest that the third generation of family members, already AI-native from their educational experiences or general aptitude towards technology, represents both a catalyst for adoption and a bridge to convince more conservative family members.
- **Integrated fintech solutions:** Despite active searching, family offices report that current fintech offerings are immature for their needs, particularly in areas requiring integration of structured and unstructured data, comprehensive wealth management and private markets reporting. The ideal fintech provider would be a one-stop shop they can rely on to perform full-suite of personal wealth services.
- **AI-powered portfolio management:** The ideal state for many principals was said to be comprehensive AI-powered portfolio analysis tools. If there are no security concerns, some CIOs would ask AI tools to critique the holdings and allocation decisions. Other desired capabilities include continuous monitoring against risk factors and market shifts. Also, the ability to perform automated rebalancing recommendations based on changing family circumstances is very much sought after.

### How Does it Differ from Institutional Investors' Wish List?

While institutional investors envision AI as a collaborator in alpha generation, family offices tend to see AI as the operational backbone that enables organizational leanness.

Figure 12. AI aspirations of family offices vs institutional investors

| Dimension       | Family office   | Institutional investors*                                  |
|-----------------|---|---|
| Primary goal    | Operational leanness while maintaining service quality        | Competitive advantage through better investment decisions |
| Staffing vision | Minimal staff, maximum automation                             | Redeploy existing staff, more productive teams            |
| AI role         | Operational infrastructure to AI-powered portfolio management | Alpha generation partner                                  |
| Human focus     | Oversight, relationships, human to make final decisions       | Enhanced analysis and strategy. Human in the loop         |
| Risk tolerance  | Cautious, demanding near-perfect accuracy                     | Willing to experiment for edge                            |

Source: Citi Institute interviews with CIOs/principals of family offices; [\\*AI in Investment Management: Beyond Efficiency Gains](#)

## More Automation Allows Greater Focus on Investment

Our interviews suggests family offices believe more automation will enable a more strategic investment focus. CIOs and principals want fool-proof operational processes, administrative burden elimination and information organization. When operations are automated, the vision for investment activities is not reduction but elevation to conduct seamless AI-augmented research, obtain deeper due diligence and facilitate continuous monitoring.

Effectively, the future family office will be simultaneously more automated in operations and routine processes, more investment-focused because CIOs, principals and analysts are freed from operational burdens, allowing for more strategic decision making.

### The Human Element

Critically, even in a highly automated future, human involvement will remain vital. Regardless of how sophisticated AI deployment is, humans are still the ones who make the final decisions and need to bear responsibility if anything should go wrong. The ideal state for family offices is not one without people, but one where people do exclusively what humans do best – build relationships, make nuanced judgments, provide direction and take ultimate responsibility for decisions made.

“

I am hoping AI can do more on the control side... I would like AI to help me with the control framework and operational risk side.

*A CIO of a family office*

”



## Conclusion

While the broader investment management industry moves toward AI-powered alpha generation, family offices are focusing on the creation of radically lean, highly automated operations that preserve privacy while managing exponential complexity from the families they serve.

Our report depicts a sector in transition which is characterized by fragmented adoption, pragmatic focus with data privacy concerns overriding every technology decision. They face resource constraints with limited budget and yet demanding high-ROI solutions.

The ideal family office of the future is likely to be:

- **Operationally autonomous:** With near-zero staff handling middle and back-office functions, all automated through AI and intelligent systems.
- **Strategically focused:** Where CIOs, principals and analysts spend their time exclusively on high-value activities such as investment decisions, relationship management, and complex problem-solving.
- **Privacy-preserving:** Built on a security-first architecture that never compromises family confidentiality.
- **Intelligently augmented:** Where AI acts as a always-on research assistant, risk monitor, and operational backbone, but humans retain ultimate decision-making authority.

AI could lead to a fundamentally new operating model with the potential for institutional-quality investment management and comprehensive wealth services with a fraction of traditional resources. It could enable family offices to scale their capabilities without increasing their headcount, to manage growing complexity without growing bureaucracy and to serve multiple generations with personalized attention.

Family offices that balance innovation with security, automation with human judgment, and efficiency with service quality could redefine the future of private wealth management.

The age of the intelligent, automated family office has arrived. The question is no longer whether to adopt AI, but how quickly and how well one can navigate the journey.

“

If you don't know how to use [AI] then other people will take advantage of it. It was just starting but now everyone needs to know how to use it, like how they needed to know how to use the internet.

*CIO, Family Office*

”



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