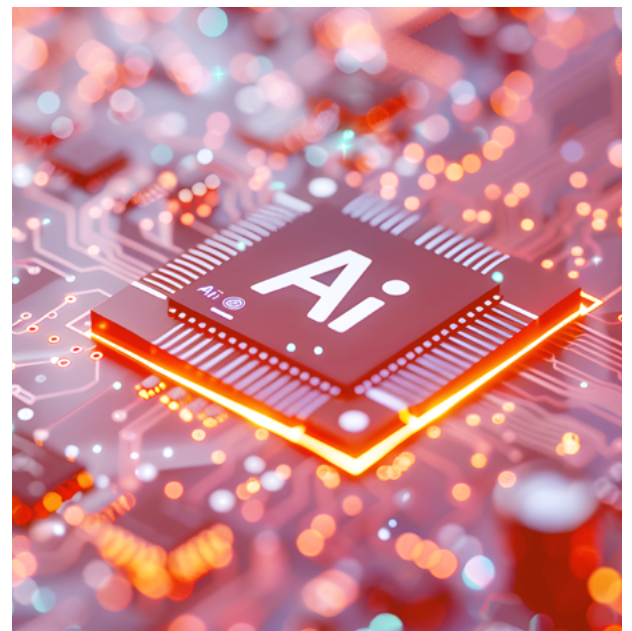


## ► FEATURE

# Finance in the AI era

Three years after generative artificial intelligence burst into the mainstream, the financial sector has embarked on a phase of fast-paced industrialisation. New use cases are proliferating as firms race to tap AI's vast potential and to scale up their capabilities. But significant challenges lie ahead in areas ranging from upskilling to regulatory compliance.



## ► EDITORIAL Stéphane Giordano and Stéphanie Hubert | AMAFI

The market integration and supervision package released by the European Commission in late 2025 will be a top priority for AMAFI in the early part of this year, consistent with the *key issues* identified by AMAFI for market activities in 2026.


The Commission's proposals for promoting capital market integration are broadly in line with AMAFI's wishes and demonstrate real ambition. At this stage, however, they merely sketch out the response to a vital issue, namely the competitiveness of European markets and participants.

Admittedly, the desire to promote consolidation among European firms — particularly in the post-trade sector — seems to have guided several of the proposals and could bring down costs. But this

in-depth overhaul of Europe's market organisation must also provide an opportunity to establish competitiveness as a major objective of regulatory action. It is important to go beyond an approach focused almost exclusively on risk mitigation; we need to prioritise the development of European capital markets and ensure that participants can operate in a competitive global environment.

Accordingly, that goal must be fully embraced at the legislative level. It must be tracked using metrics that properly assess its effects and be factored into the organisation and functioning of European institutions and authorities, starting with ESMA. Only then will integrated capital markets be able to fully deliver on their potential to finance our economy and mobilise savings for growth.

# Finance in the AI era

 Sandra Sebag

Artificial intelligence has been widely touted as the next general-purpose technology — a truly transformative innovation on a par with electricity, steam power and the internet that can reshape entire economies. Three years since OpenAI launched ChatGPT, generative AI is being used in an ever-expanding range of applications, from enabling archaeologists to digitally reconstruct ancient artefacts to creating virtual artists for the music business. In a global survey of 2,000 respondents spanning more than 100 countries and a comprehensive selection of industries and company sizes, McKinsey, a consultancy, found that almost every organisation was using artificial intelligence.

In finance, AI technology is now fully integrated into the day-to-day operations of a large and ever-growing number of firms. Banks, asset managers and market infrastructures are taking their ideas off the drawing board and turning them into reality, deploying AI tools in areas as diverse as risk management, customer relations, investment research and trading. The situation is evolving at breakneck speed. Goldman Sachs, a bank, reported in its 2026 Investment Outlook that banking would be one of the big winners of AI. PwC, another consultancy, has said that banks embracing AI could improve efficiency ratios by as much as 15 percentage points.

## Dizzying diversity

Assessing the actual scope and nature of AI in the industry is difficult because it can be used in so many different ways. Parameta Solutions, the data analytics arm of brokerage firm TP ICAP, recently surveyed 500 of its global clients, which include banks, financial intermediaries, insurance companies, investment companies, family offices, hedge funds and asset managers. Parameta found that, for example, AI is fast becoming an irreplaceable tool for

over-the-counter market participants because it boosts efficiency and effectiveness, impacts liquidity, and aids with regulatory compliance. Moreover, a full 84% of respondents said they used AI for OTC derivatives. Among financial firms, banks appear to be ahead in the transformation race, with 91% of respondents having adopted AI, 54% to an intensive degree.



TP ICAP itself has identified more than 200 use cases. The firm has deployed 22 solutions, with a further six prototypes under development, and delivered cloud-based and AI training to more than 800 employees last year. One of the solutions introduced by TP ICAP

is FirstMate, an intelligent sales assistant that optimises order placement. BNP Paribas CIB is another firm that has reached an advanced stage of industrialisation. At a media presentation in December 2025, the bank said it had deployed AI in some 800 use cases and was targeting 1,000 by 2026, enabling it to generate an estimated €750 million in additional revenue. The insurance sector is not being left behind. The Abeille group has 45 tested and operational use cases, 40 of which incorporate generative AI. These tools are used in areas from sales prospecting to fraud detection. Abeille also offers chatbots that virtually assist customers wanting to take out policies.

In every instance, the aim is to boost productivity and sharpen competitiveness. Firms that deploy AI effectively stand to gain a strategic advantage.

## Productivity, jobs and upskilling

Any discussion of AI integration in finance inevitably raises the question of the impact on jobs. Numerous studies have attempted to measure these effects. An OECD paper released in June 2025 suggested that AI could



►► add between 0.2 and 1.3 percentage points annually to labour productivity growth, depending on the adoption scenario. It may therefore seem logical to anticipate job losses. But most financial firms also highlight another effect: AI frees up time for employees, allowing them to focus on higher value-added tasks and develop new business opportunities.

This view is shared by Observatoire des Métiers de la Banque, a French banking employment intelligence unit, which teamed up with training institution Opco Atlas to carry out a cross-industry study on the challenges associated with generative AI in the domestic banking sector. The results, published in April 2025, were insightful. During interviews, respondents did not express grave fears; in fact, they exhibited keen curiosity and generally displayed positive reactions towards AI. However, the study did highlight a key issue: training for young employees. Traditionally, new recruits have been given repetitive tasks that allow them to grasp the fundamentals of their job. If AI takes over these activities, new hires will have to learn to supervise automated systems instead of doing the work themselves. This affects both recruitment and training, since young people must be prepared to take on more complex roles from the outset of their careers. The study goes on to explore two potential ways forward: cautiously phased-in AI adoption or accelerated training programmes for new entrants.

When quizzed on whether AI will simply improve productivity or spur deeper organisational changes, Marie Brière, director of the Louis Bachelier Institute, a Paris think tank, says that while artificial intelligence is currently viewed mainly as a productivity driver – saving

time and letting people switch their focus to other tasks – sweeping changes may lie ahead, particularly in areas such as customer relations. There is a real risk of disruption as people rely less on human advisors and turn to digital tools. Finance incumbents must maintain high-quality, personalised and seamless customer relationships if they are to stay in the race and counter the challenge from tech firms eager to diversify into new services.

### Impacts on price formation and efficiency for financial markets

AI is impacting price formation chiefly through improved informational efficiency, which means that information can be factored more quickly into prices. For example, markets used to respond strongly to monthly or quarterly government statistics on household consumption.

Now, though, they have access to real-time signals gleaned from satellite data, such as the number of cars parked in front of a supermarket. But weather conditions such as cloud cover might affect that data. Reactions to official statistics may therefore vary depending on the quality of the alternative signals. It is nevertheless important to remember that incorporating information more quickly is only beneficial if that information is reliable. If a signal is imperfect, biased or manipulated, it can

generate more noise and greater volatility. Manipulation is another major concern: for instance, business leaders might adjust their what they say in public, knowing that their words will be analysed by machines.

More broadly, actors could attempt to spread misinformation through social media or in the information environment exploited by models in order to influence

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productivity growth*”

►► certain market behaviours. In the past, although they may have been rigid and imperfect, theories provided a framework for interpretation. Today, given the wealth of available data, there is a temptation to disregard underlying economic models and to derive theories from empirical evidence obtained from partial data sets.

This raises serious questions of representativeness and bias. Large language models, to take an example, suffer from well-documented biases. Experimental work has shown that when supplied with identical information on several companies, LLMs give different interpretations depending on the sector, though the reasons are not exactly clear. European institutions and organisations are especially concerned about representation of their information. Since LLMs are largely trained on US data, they have an in-built bias.

## An evolving regulatory landscape

Regulatory compliance is another significant challenge. Adapting the legal framework for AI is a top priority for Europe's authorities, although in fairness, regulators did not wait for ChatGPT's launch to start tackling the issue. Algorithmic trading has been regulated for a number of years under the Second Markets in Financial Instruments Directive, and work got underway in 2018 on a framework for robo-advisors and the use of automated analysis tools. However, the swift rise of generative AI has thrust these questions back to the top of regulators' agendas. Europe's new AI Regulation (AI Act), published on 12 July 2024, marked a decisive step forward. The act, which came into force on 2 February 2025, expanded the EU framework and introduced an initial list of eight prohibited AI practices, including social scoring and the use of systems to detect the emotional state of individuals in workplace or educational settings. Financial institutions are now required to identify potential "high-risk" AI systems, to which the obligations will apply from 2 August 2026 unless the deadline is pushed back. These systems include AIs that are intended to be used to assess

the creditworthiness of individuals or to establish credit ratings. Conversely, chatbots are classified as low risk, provided that users are clearly informed that they are interacting with a machine. For Maxime Galland, a lawyer at legal firm KPMG Avocats, the way that the rules overlap calls for a cross-cutting approach to promote harmonised governance and uniform treatment of risk across the EU's AI Act, General Data Protection Regulation and Digital Operational Resilience Act. The European financial sector is additionally bound by specific regulations. The existing regulatory framework, made up of MiFID, the Market Abuse Regulation, prudential requirements and anti-money laundering measures, applies in full irrespective of whether AI is used. This legal continuity poses organisational challenges, but it also opens the way for new efficiency drivers. MiFID II requires data to be retained to support supervision, reconstruct transactions and identify parties. AI can enhance this traceability through its analytical and automated reconciliation capabilities. While the EU is leading the way in AI regulation with its prescriptive approach, other jurisdictions have taken a different tack. The UK has opted for a principles-based, non-statutory approach based around a technology-neutral framework. The United States, meanwhile, is prioritising a decentralised, deregulated, innovation-first strategy. Many jurisdictions, including the UK, the US, Japan and Canada, do not specifically regulate AI in financial services.

No longer the stuff of science fiction, gen AI is now a part of everyday life. As finance scales up its use of this transformative technology, training, regulation and governance will be key challenges in the quest to balance innovation and safety.





## EFSA CONFERENCE > DEBRIEF

### European Capital Market Integration



The European Forum of Securities Associations (EFSA) held its annual conference in Brussels in early December. The event, attended by representatives from European institutions, member states and the private sector, provided an opportunity to discuss some of the main elements of the European Commission's recent legislative package on market integration and supervision.

Carlo Comporti, Commissioner at Italy's securities regulator, Consob, outlined the key reforms, which include:

- ▶ Extending the scope of the equity consolidated tape to increase market transparency.
- ▶ Facilitating connections between trading venues and clearing houses.
- ▶ Increasing ESMA's supervisory powers over significant trading venues, which will require close coordination with national authorities.
- ▶ Overhauling the pilot regime for digital assets.

Following Mr Comporti's presentation, a panel comprising Marianne Sørensen (Danske Bank), Martin Merlin (DG FISMA), Jakub Kacki (Permanent Representation of Poland to the EU) and Stéphane Giordano (AMAFI), moderated by Urban Funered (SSMA), addressed some of the challenges connected with the MISP. These included the division of supervisory powers between national authorities and ESMA, and the impact of trading and post-trade proposals on national ecosystems.

Since all the delegates agreed on the need to make European markets more competitive and boost their contribution to financing economic activity, a consensus emerged on the importance of upholding the MISP's ambitious goals during the upcoming negotiations within the European Council and Parliament.

Arnaud Eard

## INVESTOR PROTECTION

### Retail Investment Strategy

A political agreement was reached in late 2025 on the Commission's Retail Investment Strategy. One of the main aims of the RIS is to guarantee that retail savers get real value for money. During the discussions leading up to the accord, AMAFI's chief concern was to avoid complicating investors' access to financial markets, while ensuring that their interests are protected (AMAFI / 25-43, 25-76 and 25-79).

In this respect, the decisions to scrap the initially proposed ban on inducements and remove several provisions that could significantly complicate the customer journey are steps in the right direction. But AMAFI is disappointed that simplification issues were not sufficiently taken into account to shift the emphasis of the RIS, which is centred on protecting investors rather than facilitating access to capital markets with a view to financing economic activity.

AMAFI will pay close attention as the text of the strategy is finalised in the months ahead.

Catherine Balençon

## FINANCIAL RESEARCH

### Issuer-sponsored research - EU code of conduct

ESMA published in late 2025 its final report on the European code of conduct for issuer-sponsored research, developed under the Listing Act. The new code covers how reports that are fully or partially funded by an issuer can be classified as research in their own right, rather than simply marketing communications.

Many of the proposals are taken from the *French charter of best practices* for issuer-sponsored research prepared in 2022 by AMAFI, AFG and SFAF, which ESMA recognises as a positive example of national best practice.

Key features include:

- ▶ The requirement for sponsored research to be independent and objective and produced according to similar standards to those of standard research.
- ▶ Strict supervision of conflicts of interest and contractual relationships between issuers and research producers.
- ▶ Clear rules allowing for wide or restricted distribution depending on whether the research is wholly or partly funded by the issuer.
- ▶ A minimum contract term of two years (renewable annually), accompanied, as in France, by upfront payment of at least 50% of the annual remuneration.

The stated objective is to safeguard the quality of issuer-sponsored research currently available in the EU and to build investor confidence, which is likely to improve coverage of SMEs and mid-caps.

However, there are a few noteworthy differences between the European code and the French charter. For example, distributors of issuer-sponsored research have to abide by stricter obligations: if research is produced by a third party, distributors must make sure that it complies with the code of conduct. In addition, existing contracts cannot be grandfathered, meaning that any contract in force before the code comes into effect on 6 June 2026 will have to be amended. AMAFI is currently analysing the operational impacts of the new code.

Mathieu Jacolin, Diana Safaryan



### Paying for research - Rebundling

The Listing Act has lifted the MiFID II ban on joint remuneration for research and execution services. The aim is to improve research coverage of SMEs and mid-cap firms, an objective that AMAFI supports (*AMAFI / 25-92*). However, the lifting of unbundling rules alone cannot halt the post-MiFID II decline in financial research.

AMAFI is particularly concerned about the complex requirements proposed for managing research payment accounts. RPAs are used by investment firms or management companies to remunerate financial research services provided to them, particularly where payments are being rebundled. This complexity could cause RPA management to be centralised with a handful of intermediaries, in turn creating the risk that execution flows might become concentrated. Such an outcome could adversely affect market structure, the diversity of research providers and, ultimately, SME and mid-cap coverage.

AMAFI therefore calls on the competent authorities to keep a watchful eye on how the new arrangements are implemented. Furthermore, the impacts on availability of research, competition between intermediaries, and the visibility of small- and mid-caps must be assessed.

## PRODUCT GOVERNANCE

### Revision of the AMAFI guide

AMAFI's Compliance Committee and the Product Governance & Suitability Working Group have begun updating the association's product governance guide ([AMAFI / 20-16](#)).

One aspect of this work involves incorporating ESMA's revised product governance [guidelines](#), including those dealing with sustainability requirements under the revised version of MiFID II, which introduce additional complexity in terms of target markets. A key challenge for the revision is to tackle the question of maintaining generic target markets for plain-vanilla financial instruments.

**Catherine Balençon, Julie Dugourgeot, Yannick Chassort**

## STRUCTURED PRODUCTS

### Study by the AMF working group

The AMF Board appointed a working group in 2024, led by the chairs of its Retail Investors, Market and Asset Management Consultative Commissions, to review the quality and clarity of information provided to retail clients when marketing structured products (excluding life insurance).

The resulting study, due to be published shortly, identifies best practices for the content of marketing materials and for distribution.

AMAFI welcomes this outcome. It was concerned that the AMF's work might result in new policy, even though structured products are already heavily regulated at both European and French level. Board members will now begin discussions with associations representing the structured products industry to assess how to encourage adoption of some of the best practices identified in the report.

**Catherine Balençon**

## AMF POWERS

### Proposed anti-financial fraud legislation



AMAFI supports the goals of the proposed [bill to combat financial fraud and strengthen financial security](#) tabled in France's parliament in late 2025. Among other things, the new legislation would enhance the powers of the French securities regulator, AMF. However, AMAFI stresses the benefits that could have been achieved through prior consultation with market participants.

AMAFI is therefore proposing several amendments ([AMAFI / 25-83](#)) to be considered during the review of the bill, which has not yet been scheduled. These include changes to simplified transactions (Art. 81), which need to offer a better balance between the parties by introducing the possibility of dialogue with the AMF, as well as the possibility of rejecting transactions.

AMAFI has also put forward changes concerning the use of third-party auditors that the AMF may appoint to carry out monitoring and supervisory duties (Art. 12). The proposals address issues relating to the confidentiality of processed information, conflicts of interest, and costs borne by affected institutions. A key aim is to clarify how these aspects will be handled; in addition, the use of auditors should be confined to monitoring corrective actions ordered by the AMF.

**Thiebald Cremers, Julie Dugourgeot, Léa Moukah**

## CONFERENCE > DEBRIEF

### Artificial intelligence and investment services



AMAFI and KPMG Avocats organised in late January a conference on artificial intelligence and investment services. With the entry into application of Europe's AI Act, the event afforded an opportunity to take a practical look at the regulatory and supervisory issues arising from the use of AI in investment services. The challenges of reconciling the new act with existing frameworks, such as MiFID II, DORA and GDPR, were also discussed.

The conference highlighted the potential benefits and risks associated with reliance on AI in securities and private banking activities and provided thoughts on addressing compliance and governance issues (see *Feature*, p. 2).

AMAFI continues to monitor questions raised by the use of AI, in particular through its Compliance Committees.

Catherine Balençon, Julie Dugourgeot, Yannick Chassort

## EMPLOYMENT INTELLIGENCE UNIT 2024 survey

Established under the CCNM, the employment intelligence unit looks at quantitative and qualitative changes to employment in the industry. Data for FY 2024 provided by member firms that responded to the survey revealed several trends in age, length of service, the proportion of women in the workforce and skill levels.

**Age:** Age distribution changed little from the previous year, with the share of people in the 30–39-year bracket shrinking slightly, from 25% in 2023 to 24%, while over-50s increased their share from 22% to 24%. During the 15 years from 2009 to 2024, the sector workforce aged overall: the share of those aged 30–39 declined while the share of over-40s increased. However, a rejuvenation process is underway, with the 20–29 bracket holding steady at between 20% and 25% since 2009.

**Average age in 2024, not counting internships and work placements: 42.**

**Length of service:** Employees with less than five years or between five and 14 years of service make up almost 80% of the workforce, although the 5–14-year bracket has seen a decrease over recent years.

**Average length of service in 2024, not counting internships and work placements: over 9 years.**

**Women in the workforce:** the percentage of women in the industry has fallen in recent years, contracting from 31% in 2022 to 27% in 2024.

**Skill level:** executive and managerial staff continue to have a major presence, making up around 92% of the total sector workforce. Employees in Category III.A account for 63% of all employees.

Read the [survey summary](#) to learn more.

Alexandra Lemay-Coulon, Fabien Brouez



## NEW MEMBERS

- **Dentons Europe**, a legal firm. Pascal Schmitz is its managing partner in Paris.
- **Edmond de Rothschild Corporate Finance**, an investment firm whose activities include order reception/transmission and investment advice. Its directors are Arnaud Petit (Chairman) and Julien Béraud (Deputy Chief Executive Officer).
- **Spiko Finance**, an investment firm whose activities include order reception/transmission. Paul-Adrien Hyppolite (Chief Executive Officer) and Antoine Michon (Deputy Chief Executive Officer) are its directors.

## TEAM

**Maguette Diouf**, head of tax affairs, has left AMAFI to pursue her career at CMS Francis Lefevre Avocats. The entire team would like to thank her warmly for her work at AMAFI and wishes her every success in her new role.

**Lukas Tauch** has joined AMAFI's Markets division as a data scientist. Holding degrees in financial engineering and management, Lukas began his career at Société Générale CIB, first as a structured finance data analyst and then as junior project manager working on regulatory projects, financial indicators and optimisation of reporting tools. Reporting to Mathieu Jacolin, Lukas is tasked with growing AMAFI's quantitative expertise, providing data-based studies to support the association's positions.

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ISSN: 2557-5317

AMAFI documents quoted in this Newsletter and flagged with a reference number are on our website at [www.amafi.fr](http://www.amafi.fr)

Most of them, notably AMAFI's responses to public consultations, are freely available, but some are restricted to members only.

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