



The Great Banking Transition: Lead with Sovereign AI

Only 13% get it, and they get 5x the ROI because of it.

True leadership (measured in ROI) is going to come from one foundational decision: Become your own sovereign AI and data platform now.

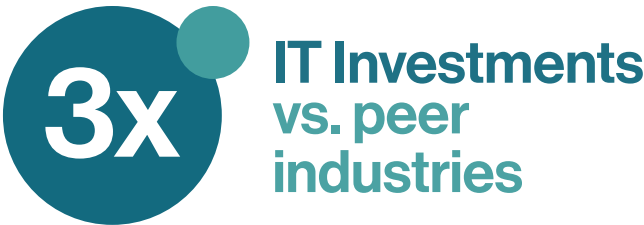
[McKinsey & Company](#) has argued that we are in the midst of the “great banking transition.” New competitors (digital and often non-bank-focused), the need to deepen existing relationships to reduce high levels of switching, and a move towards portfolio planning while navigating a more complex and still evolving risk landscape present complex issues for every banking and financial institution.

The major shift in demographics to a digital and smart-phone-first banking generation (Gen X, Gen Y, and Gen Z, across the globe) has reduced the need for physical footprint but has also radically shifted the range and type of possible interactions between customers and their banks. Half of Gen Z are likely checking their bank details daily; imagine walking to and from a bank daily to do this in the pre-digital era. One study found that 8% of customers switched banks in 2023, up from 5% in 2018, [according to Banking Exchange](#).

The pressure is on to reduce churn, increase net value, and modernize infrastructure to support a more agile experience and create a business model that is protected from the effects of macro-economic factors and shifting consumer and business needs. Ideas like banking-as-a-service (BaaS) and cross-industry areas are big boardroom discussions as the BFIS sector must work out where the sustainable differentiation can come from.

We researched the data and AI strategies of 683 BFIS enterprises (with more than 500 employees in a country) across 13 major global economies in North America, EMEA, MEA, and Asia Pacific (India, Singapore, and Japan).

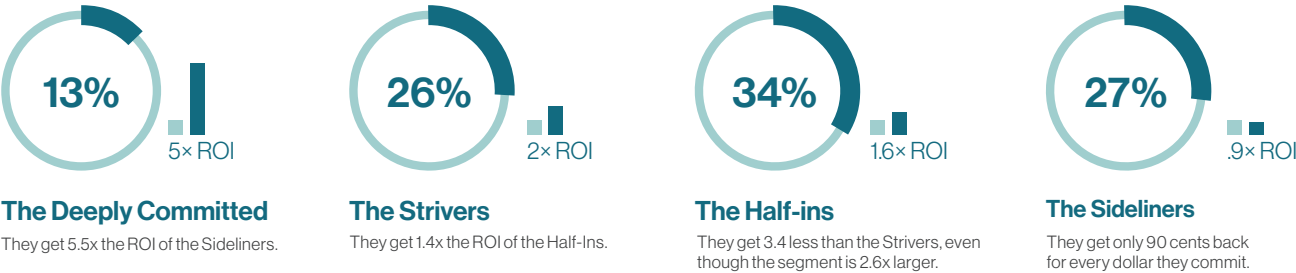
Agentic AI and GenAI promise to deliver a much more successful use of IT investments in an industry that has historically invested 3x more than peer industries but has not had the same 3x+ ROI as peer industries.



Despite the obvious landscape described above, only 13% of these BFIS institutions worldwide have worked out that they need a mission-critical focus on their AI and data sovereignty to drive differentiating results. That 13% – those most deeply committed to their own data and AI sovereignty (we call them the Deeply Committed) – delivered 5x the ROI of most of the rest of their industry peers. They were able to do 2x the volume of agentic AI and GenAI of their peers, across all but two areas of their organizations. That same 13% also saw their overall confidence in their ability elevate them to see themselves as “industry leaders,” from a current view of themselves as mainstream.

The combination of traditional economic indicators (OPEX, margins, revenue growth) were well mixed in with process changes (efficiencies) and the capacity for significant increases in innovation.

Distribution of economic high to low performers with agentic AI and GenAI in BFIS (globally)



Five major learnings separate the successful from the pack

After more than 2,000 interviews with senior executives in enterprises with more than 500 employees, the remarkable truth is that no matter what the industry (we indexed highly on regulated industries in the design), the success factors for the Deeply Committed were at their core consistent across industries (10) and global geographies—from North America to EMEA, Saudi Arabia and UAE to India, Japan, and Singapore.

Here are the big five learnings from how this unique group has already grasped the economic and transformational power of their data and agentic AI and GenAI now.

1 **Becoming your own AI and data platform is necessary but in no way sufficient for success.**

In less than three years, 100% of the C-suite leaders we researched believed their enterprises would be their own AI and data platforms. From a base of 34% of them now, that is a CAGR of 50%. If this were the case, the industry would not just be transitioned, it would be truly transformed. The collective aspiration is highly commendable, but it is not enough for economic results. The most successful right now (the Deeply Committed) deliver 5x the ROI of all the others in the BFIS sector. There is a feeling of almost complete ebullience in BFIS about being able to deliver this ROI that is divorced from the reality of how to do it around a proven blueprint—which the Deeply Committed have built.

“The foundational reality must be that your data and your AI are together in a platform that is sovereign and secure, so you and your teams across the enterprise can build a powerful new agentic AI and GenAI factory to delight customers and stockholders with. It should be open source too, to migrate legacy data and applications to the new agentic AI opportunity. One platform, secure and open source.”

– Kevin Dallas, CEO of EDB

2 **A determined vision is needed to drive all the three factors together. It won't happen naturally.**

Platforming your AI and data means you need to architect for your AI and your data to be in constant, secure, and agile connections. Even now, not all organizations wanting to be their own AI and data platforms recognize that. Only 29% of these BFIS leaders recognize the need to have their AI and data, in effect, married, compared to the 34% that aspire to be their own platforms. Three years from now that gap widens from a 100% aspiration to be a platform to merely 60% getting the idea of AI and data having to be inextricably linked 24/7/365.

The realization is growing for the importance of this marriage of AI and data—but not at the projected level of aspiration to be their own AI and data platform. It seems that these parallel pathways of thinking are not evolving or converging at the same speed. The missing ingredient for success could be the need to achieve sovereignty over your AI and data, ensuring that it is accessible anywhere, any time, safe and secure and out of silos. The BFIS leaders see this as becoming increasingly important now (30%) to 63% in three years' time.

When you put all these variables together (sovereignty, the marriage of data and AI, and the desire to be your own data and AI platform) only 23% get all three, but even then it's not enough to drive success. This gives you a one in five chance only; it's a start, but it is not a natural discussion as it demands that your CTO, your CSO, and your CIO work with the business leadership to align the platform desire with the practical and compliance needs around marrying your AI and your data together 24/7/365.

Blueprinting for this is essential, as each of these groups owns inputs and outputs such as agentic AI and GenAI frontline tools and the protection of customer and institutional data and IP.

3 Getting all your data and your AI into a truly sovereign configuration means total access, control, compliance, and agility. Nothing less.

The key dependent variable for success is whether an organization, when understanding the need to marry their AI and data together in real time as well as the desire to be their own platform, can firmly prioritize making data and AI a mission-critical priority for them. BFIS executives outside the Deeply Committed average less than 4 on a 7-point scale (71% have scores of 5 or less), meaning it is not mission critical to them. The average of the Deeply Committed is more than 6 because it is mission critical to them. That 6 and 7 score is the determining variable for their 5x ROI capacities around extensive agentic AI and GenAI in mainstream. This informs their sense of optimism that they will become industry leaders, and also the speed with which they are moving with mainstreaming agentic AI and GenAI (they do 10 agentic AI and GenAI intelligent applications in mainstream versus all others who do 4 or 5 on average, at much lower levels of mainstream density).

Gaining mission-critical sovereignty over your AI and data right now is the foundational conversation leaders need to have, or they will not be able to take advantage of the full opportunity in front of them.

See for yourself where you think your organization is right now

"Where are you on the range of mission criticality of delivering data and AI sovereignty for your organization? Secure, compliant, and available anywhere, any time across clouds and on premises?"

BFIS Responses



4 A foundation of AI and data sovereignty has a flywheel effect.

Get this right and get it right now (a mission-critical focus on your AI and data sovereignty), and it has a dramatic flywheel effect for you in three areas:

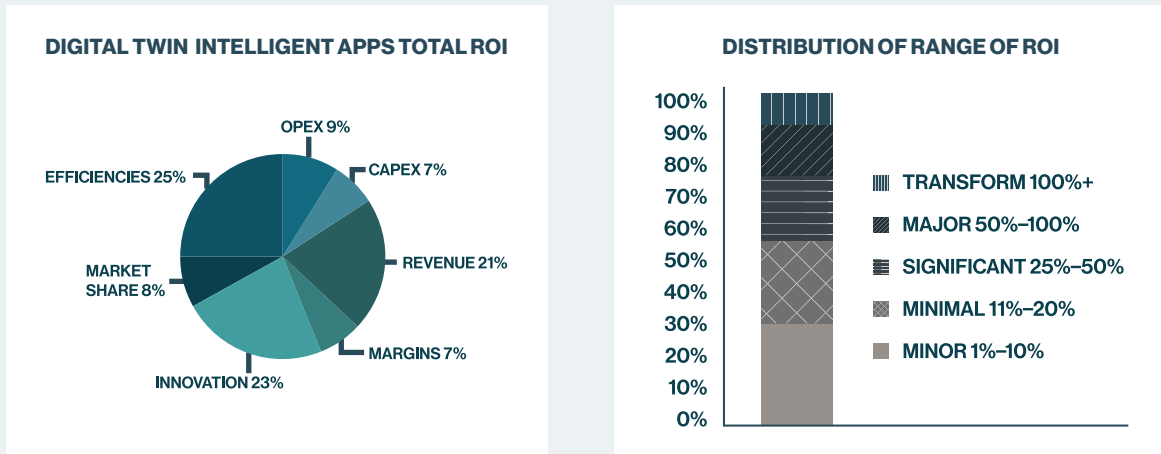
- **You can do it all in parallel:** The Deeply Committed in BFIS do more than twice the amount of mainstream agentic AI and GenAI than the remaining 87% of their peers. That means every day across their organizations they are gaining competitive advantages in innovation, efficiencies, revenue growth, and vastly more personalized customer service, given how slowly the rest of the industry is understanding the mission-critical nature of AI and data sovereignty. Even three years from now, that percent only climbs for overall BFIS by 61%, so the advantage of doing this now will be deeply extended into the next three years.
- **Confidence gets higher:** We asked these leaders if they saw themselves as leaders or laggards in their industry. The responses were generally very humble, with the vast majority saying they were on or around being in the mainstream or slightly behind. The answers did not vary much for now or even three years out. But the answers of the Deeply Committed in three years' time increased 250% to being a leader in their industry. This change marks the level of inherent and enhanced confidence that successfully blueprinting AI and data sovereignty now has for these organizations. For example, they are even architecting and thinking in a greener way. 40% of them are motivated to

"This conversation about full AI and data sovereignty is the one conversation that should be had at the board level, in management teams, and across functions at speed, because aspirations will not turn into real world results without it."

– **Stephanie Chiras,**
Senior Vice President of Partner Ecosystem
Success, Red Hat

rearchitect their data center environments to be more efficient with AI model development, compared to just 15% of their BFIS peers who are not thriving with their agentic AI and GenAI investments.

- **Agility and compliance can be solved for more easily together:** The Deeply Committed are nearly twice as confident that their data and AI infrastructure is more compliant, more independent from foreign technology dependencies, and also 30%+ more likely as a sovereign AI and data infrastructure to better protect citizens rights.



14% is the average level of ROI delivered for each agentic AI and GenAI area. Getting the right mix is key to building a sovereign AI and data infrastructure that enables rapid and extensive exploitation of the value of agentic AI and GenAI with your data across the organization.

You have to blueprint this as an architecture for success. Extensive experimentation is not a driver of success.

Just doing a lot of agentic AI and GenAI in experimental mode does not get you scale. You need to be able to build your own AI and data factories with full confidence that the data and AI remain accessible to all developer and business unit teams, secure and compliant wherever they are working.

That shift from experimentation to full production is vital, or you will experience the chasm from lab to real world that has doomed over 99% of all GenAI to deliver real ROI (McKinsey).

Take an extreme example from BFIS. The Deeply Committed have over 11 key agentic AI and GenAI apps in full mainstream production, while the least productive group of BFIS enterprises we called the Sideliners (25%) had only four in mainstream. More concerning, these Sideliners had only one of the seven hot ROI areas even close to mainstreaming.

Achieving the potential can only be done by first creating your own sovereign AI and data blueprint for the secure and permanent marriage of your AI and data as an agile factory for your agentic AI and GenAI aspirations.

The idea of the great banking transition may say modernization to some. But the real focus should be on delivering agentic AI and GenAI at scale in a sovereign manner with all your data and all your AI available, secure, and compliant to go to work, across every aspect of the organization. This goal requires a blueprinting—secure and open source for agility and mission-critical delivery of true sovereignty over all your AI and data (with all data out of silos), with a blueprinted architecture that allows developers full access to all the data they need to design, test, operate, observe, and adjust these burgeoning agentic AI and GenAI models.

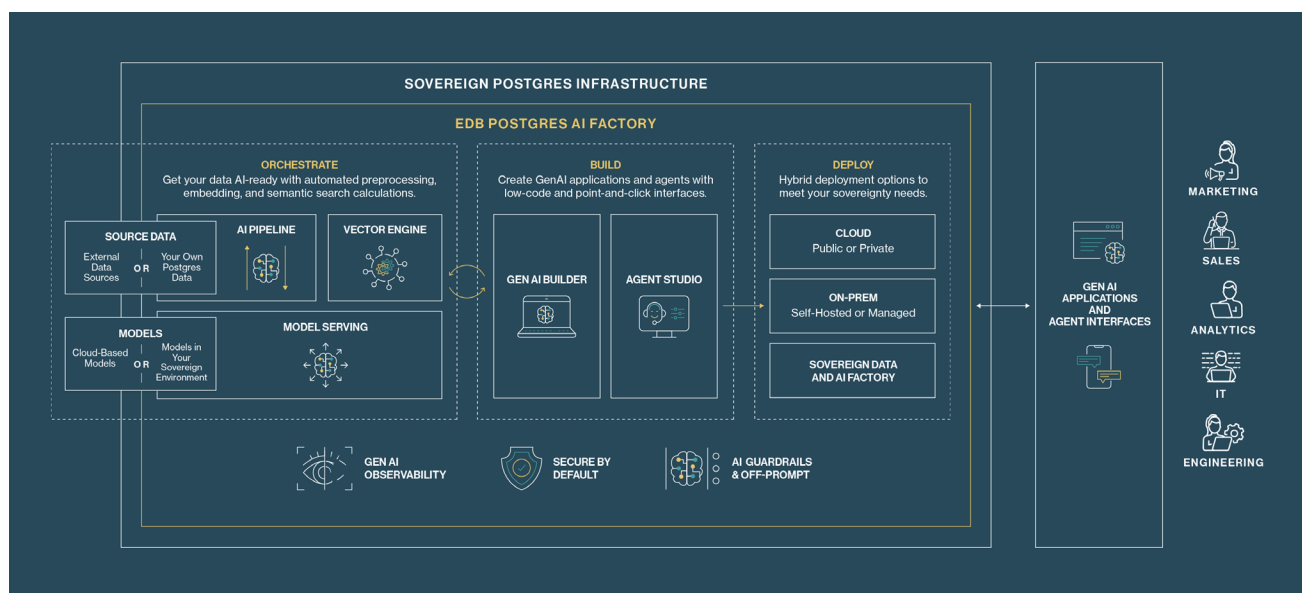
Blueprint your sovereign agentic AI and GenAI factories now

All of this must be inside a secure and compliant environment that protects the data and AI, and most importantly enables rapid learning cultures and deep and timely customer engagement models that delight and deliver. Between 33% (insurance) and 38% (banking and financial services) are considering Postgres® for their next data management projects, because as a platform it can be architected to be agile, secure, and a foundation for legacy migrations. 58% of these workloads inside BFIS are being delivered in a truly hybrid manner (software, across public and private clouds, and in engineered solutions) because of the collective power of open source that is secure, agile, compliant, and potentially all observable and manageable through a single control plane.

Transitioning legacy data and applications to a more value-creating foundation must be a key component for the BFIS sector. Only 13% get it now, and the economic advantages they are generating should be the envy of the industry chasing them. Blueprinting your sovereign AI and data success is the foundation of the 13%, and if you are not one of them yet you should make it yours too. Take one minute and test yourself against your peers to see if you are on that pathway.

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About EDB Postgres AI

EDB Postgres AI is the first open, enterprise-grade sovereign data and AI platform, with a secure, compliant, and fully scalable environment, on premises and across clouds. Supported by a global partner network, EDB Postgres AI unifies transactional, analytical, and AI workloads, enabling organizations to operationalize their data and LLMs where, when, and how they need it.