# WELLS FARGO IS BANKING ON AN AI-FIRST STRATEGY

## BUILDING AN ECOSYSTEM FOR AI AT SCALE

## SUMMARY

Artificial intelligence (AI) is one of the most significant technological revolutions in recent history, if not the foremost, and is becoming a critical driver of productivity and growth across the global economy. Like many other enterprises, Wells Fargo has used AI technologies in the company's products and operations for over a decade. Generative AI (GAI), part of a new generation of AI capabilities, now brings the potential to extend AI technology to more customer-facing products, and the bank plans to capitalize on it to position itself for significant forthcoming transformations. The bank's strategy for the technology is AI-first — and at scale. The institution's engineering teams are actively constructing foundational model frameworks to expedite and deploy AI securely and sustainably.

Wells Fargo's strategy harnesses the power of AI to revolutionize customer experiences. The bank's existing customer-centric platform architecture is at the core of this strategy. This platform is designed so that each customer interaction is tailored, personalized, and aligned with their preferences and needs. For scalability, the bank created reusable micro-services and adopted cloud-native technology. This flexibility helps Wells Fargo stay agile and quickly adapt to changing customer expectations. But it's not just about technology — Wells Fargo also values collaboration. It works closely with a vast network of partners and maintains a solid commitment to responsible AI practices. According to Wells Fargo, its approach focuses on making AI decisions understandable, ethical, and informed by applicable regulatory guidance, reflecting its dedication to doing right by its customers.

## A CUSTOMER-CENTRIC APPROACH TO AI

AI is a problem-solving tool designed to replicate human logic through learning from interactions. Wells Fargo exemplifies this with the bank's virtual assistant, Fargo, which employs Google's conversational AI, Dialogflow, to provide a virtual banking assistant. AI systems, such as the Customer Engagement Engine[1], enhance banking experiences

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[1] https://stories.wf.com/wells-fargo-artificial-intelligence-and-you/

by offering insights into customer needs and conversations to Wells Fargo bankers. These applications provide contextual, conversational tools for timely, personalized services and information.

Traditional customer experiences are often linear in nature. They involve predefined steps or processes that customers follow sequentially, typically going through a fixed set of steps: greet, gather information, troubleshoot, provide solutions, and conclude the interaction. These standardized interactions often lack personalization. Wells Fargo's approach to customer experiences using AI is to make them more fluid, adaptable, and tailored. AI can analyze large volumes of customer data, including past interactions and preferences, and apply this analysis to make each interaction more relevant and valuable to customers.

> "The endgame is not to build AI. The endgame is to solve the customer value proposition."
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> **CHINTAN MEHTA**
> CHIEF INFORMATION OFFICER AND HEAD OF DIGITAL TECHNOLOGY AND INNOVATION, WELLS FARGO

By harnessing the transformative capabilities of artificial intelligence, the bank explains that it crafts personalized experiences that cater to individual preferences and needs. This is made possible through AI's extensive data analysis, which enables tailored recommendations and solutions. Contextual understanding further enhances interactions as AI systems grasp the nuances of conversations to provide relevant responses. Predictive insights enable Wells Fargo to anticipate customer requirements while maintaining consistency across various communication channels, ensuring a seamless experience.

By efficiently handling routine tasks, AI enhances service efficiency, allowing human agents to focus on more intricate matters. The bank values customer feedback and uses it to refine its AI systems to continually elevate interactions. Importantly, Wells Fargo prioritizes transparency, customers' control over data, and interaction preferences. Through its customer-centric AI strategy, Wells Fargo aims to strike a balance between technology and human touch.

## WELLS FARGO OPERATIONS ON THE CUTTING EDGE OF TECHNOLOGY

Wells Fargo's AI-first strategy is firmly grounded in its cloud-native approach. This entails harnessing the scalability and flexibility of cloud platforms to handle substantial data volumes and execute intricate algorithms. By doing so, the bank says it gains the

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capacity to expedite operations, seamlessly deploy AI models, and optimize resource allocation. This agility allows Wells Fargo to foster innovation and swiftly adapt to the ever-changing demands of its operations.

Through the strategic implementation of AI, the bank plans to streamline its internal processes, enhance decision-making capabilities, and automate routine tasks. According to Wells Fargo, this pivotal shift empowers the bank to cultivate data-driven insights, mitigate operational bottlenecks, and achieve heightened productivity.

## AI IN AN ECOSYSTEM OF PARTNERS

To achieve AI at scale, Wells Fargo established a robust ecosystem encompassing active involvement in the open-source community and extensive collaborations with universities, accelerators, and vendors. The bank is leading the financial services sector in a number of AI investments[2]. The bank's approach to an AI strategy is to make AI integral to its overall strategy rather than a standalone initiative.

As Wells Fargo deploys solutions, the company says it approaches AI as a collective ecosystem. For the bank, this has meant starting from the "why?" and applying the value, constraints, cost, time to market, and other considerations when deciding what to build or what solutions can be used or adapted. For example, in financial services, institutions must consider fact-based data alongside language-based tools. In a large language model, the bank needs to build the prose, but much fact filtering must happen inside of that. Wells Fargo says the bank solves this by holding onto its proprietary data, building ecosystems around it to train the model using that data safely, and collaborating with the builder of the best architecture from a neural network or AI perspective.

Wells Fargo's AI-first strategy is implementing AI at a large scale — integrating artificial intelligence as a fundamental component where appropriate in every product brought to market. Wells Fargo addresses this in three distinct, yet interdependent, components.

The first component pertains to the enterprise data strategy and identifies the pertinent signals or information the company needs for visualization purposes or developing AI models. The bank views data as a valuable "product" in itself, treating it as a resource that data science teams can effectively utilize.

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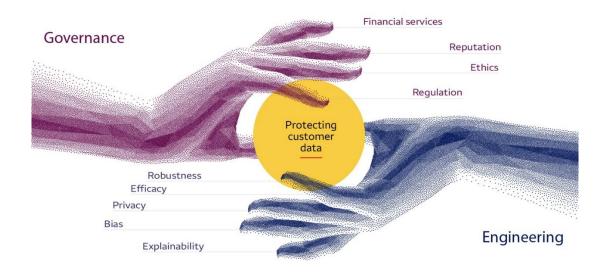[2] https://www.evidentinsights.com/innovation-report/

The second component is the AI capabilities embedded in each product — the core mechanisms through which the system learns, processes, and generates insights. This encompasses a range of technologies, such as large language models, neural networks, and statistical models.

The third vital component is an independent verification and mitigation structure that functions organizationally, operationally, and technically. This structure sets up safeguards and parameters over how Wells Fargo develops and deploys AI, and how it employs AI on behalf of customers. With these safeguards, Wells Fargo aims to have responsible and effective AI.

## RESPONSIBLE AI

Wells Fargo shows a solid commitment to responsible technology and robust AI risk management. The bank endorsed the White House's Blueprint for an AI Bill of Rights[3], a directive from the White House's Office of Science and Technology Policy. The endorsement reinforces the bank's focus on safe and effective use of AI — critical in mitigating risks and discriminatory practices with AI.

## FIGURE 1: WELLS FARGO RESPONSIBLE AI



*Source: Wells Fargo*

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[3] https://www.whitehouse.gov/ostp/ai-bill-of-rights/

The bank says it predominantly leverages its proprietary datasets, orchestrating post-hoc procedures that facilitate interpretability for transparency and explainability of the AI model's decisions and outputs. Wells Fargo says the bank places a premium on using AI responsibly and meticulously reviews for known risks like bias in its AI models, substantiating their integrity through independent assessments. Vigilant monitoring of AI models' telemetry is necessary for financial services and shows the bank's commitment to compliance and tracking of AI drift.

Wells Fargo knows that creating effective AI at scale requires seamless incorporation of AI into each of its go-to-market products. Its approach to AI implementation highlights the bank's focus on making AI an intrinsic component of the entire organizational spectrum.

## CALL TO ACTION

At the core of Wells Fargo's AI-first strategy, it says, lies a profound understanding of customer demand's pivotal role in innovation. By meticulously analyzing customer needs, preferences, and behaviors, the bank claims it crafts AI solutions that resonate with individuals, effectively aligning technology with human interactions.

Wells Fargo has fortified its readiness to deploy an AI-first strategy at scale with its comprehensive AI ecosystem and collaborative partnership model. The bank says it accelerates innovation and fosters an environment conducive to sharing knowledge and resources by engaging with academic institutions, industry accelerators, and technology vendors. This interconnectedness should allow Wells Fargo to harness the collective intelligence of the AI community and align its strategy with the forefront of AI advancement.

Responsible AI must remain a cornerstone of Wells Fargo's approach. This commitment to ethical and explainable AI reflects a dedication to industry best practices and a profound understanding of AI's lasting impact on customers and the broader banking sector. Moor Insights & Strategy's assessment is that Wells Fargo's focus on responsible AI will be a pivotal factor in its successful deployment.

In conclusion, Wells Fargo's AI-first strategy should answer the call of customer demand but also improve operational efficiency. The bank's position, bolstered by its collaborative ecosystem, responsible AI practices, and commitment to customer-centricity, should enhance its capability to lead the way in deploying AI at scale within the banking sector.

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