



2 September 2025

UK financial institutions double down on AI as productivity surges

- Half of UK financial institutions plan to increase their AI investment in the next 12 months.
- Nearly 60% report improved productivity from AI adoption – up from just 32% a year ago.
- Two-thirds believe AI will be a key driver in UK economic growth.

Artificial intelligence (AI) has moved from pilot to performance for UK financial institutions.

According to the latest Lloyds' Financial Institutions Sentiment Survey (FISS), the sector is entering a new phase of AI maturity, with firms reporting tangible business benefits and increased investment in the technology over the last 12 months.

The annual survey, which captures insights from over 100 senior leaders across the UK's largest banks, asset and wealth managers, insurers, and financial sponsors, reveals a sharp rise in AI adoption and impact:

- 59% of institutions now report improved productivity from AI (vs 32% in 2024)
- 33% are enhancing client experience (vs 14% in 2024)
- 33% are gaining deeper customer insights (vs 18% in 2024)
- 21% say AI is directly driving business growth (vs 8% in 2024)

This momentum is fuelling a shift in sentiment, with 91% of institutions now viewing AI as more of an opportunity than a threat, up from 80% in 2024. With confidence rising, investment is increasing. Over half (51%) of institutions plan to increase AI investment over the next 12 months, with a further 22% maintaining current levels of spend.

Looking ahead, institutions see AI as a strategic lever:

- 54% expect it to deliver competitive advantage
- 53% anticipate cost savings
- 52% believe it will drive business growth
- 50% say it will help build a more technologically skilled workforce

To support this, nearly half (48%) of institutions have set up dedicated AI teams, while 20% have partnered with external AI providers to accelerate adoption. Beyond this, there is growing optimism about AI's potential to benefit the broader economy, with 63% of institutions believing that advancements in AI will support UK economic growth. However, many feel that further momentum is needed, with 70% saying the UK should accelerate its national AI strategy to keep pace globally.

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Lisa Francis, Head of Institutional Coverage at Lloyds Bank Corporate & Institutional Banking, said: “This year’s FISS findings show that UK financial institutions are not only investing in AI, they’re building it into the fabric of their businesses and seeing measurable gains. The productivity uplift alone is a compelling sign that these technologies are already reshaping the industry. We remain focused on supporting financial institutions to embed the technology in a way that drives measurable outcomes.”

Rohit Dhawan, Director of AI and Advanced Analytics at Lloyds Banking Group, commented: “We’re seeing AI move firmly into the execution phase. Institutions are building on early investments and delivering tangible outcomes, such as productivity gains and sharper customer insights. At Lloyds, we now have over 800 models in operation, representing more than 200 AI use cases, designed to enhance colleague and customer experience, and we believe that, with the right focus, the UK has an opportunity to lead in responsible AI adoption across financial services.”

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Notes

¹ The annual survey opened on 1 April 2025 and ran until 19 May 2025

Read the full interactive report [here](#).

About Lloyds Banking Group

- Lloyds Banking Group is a leading UK-based financial services group providing a wide range of banking and financial services, focused on personal and commercial customers.
- As part of the Group, Lloyds Bank and Bank of Scotland provide expert financial support and guidance to the households, businesses and communities of Britain.
- We help businesses from all parts of the UK, and across all different sectors and sizes, giving them the funding and support they need to grow both at home and abroad.
- We remain committed to helping customers of all sizes and in 2024 we helped over 105,000 small businesses, clubs and charities with new banking.

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