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Investment banking tech trends in 2024

Oxane Partners provides technology-driven solutions to the private markets industry. IBS Intelligence spoke with Kanav Kalia of Oxane about the trends shaping investment banking in the coming year

Puja Sharma

Reporter, IBS Intelligence



The global financial markets are already experiencing a significant transformation fueled by notable technological advancements, heightened regulatory oversight, and an increasing focus on ESG/sustainability factors, while private markets have offered higher risk-adjusted returns than their public counterparts over the past decade. Our discussion with Kanav Kalia begins with a review of the emerging technology trends in investment banking for 2024, and how they are influencing investment strategies:

“As the landscape of investment banking witnesses increased disruption and competition, more firms are embracing cutting-edge technologies to remain competitive. The trends in investment banking for 2024 present numerous opportunities for firms that are proactive.

- AI is increasingly being integrated into banking operations, with generative AI (GenAI) particularly gaining traction. Financial institutions are allocating greater resources to AI-powered technologies to enhance efficiency and offset declines in deal volume and value. Utilising GenAI in front-office functions can substantially improve bank productivity and revenue generation, making it a significant trend in investment banking technology for 2024.
- Deep learning models are emerging as valuable tools for investment bankers, offering enhanced predictive capabilities across various domains, including exchange rates, stock markets, and revenue forecasting. While requiring substantial resources for implementation, deep learning is poised to become an essential component of the investment banking industry as accessibility improves.
- Robotics in banking primarily involves robotic process automation (RPA), which streamlines routine tasks and enhances productivity. RPA, distinct from AI, operates based on preset rules set by teams, providing firms with greater control over automation processes. Although the integration of RPA with AI is still evolving, it holds promise for further productivity enhancements in the banking and finance sector.
- Natural language processing (NLP) technology facilitates



Kanav Kalia, Director, Oxane Partners

improved communication in banking through its ability to understand and process human language in text and voice interactions. Implementing NLP can optimise various communication channels within firms, enhancing customer service and operational efficiency.

“The current era presents ample opportunities for leveraging new banking technologies. AI, NLP, deep learning, and automation are integral to enhancing productivity across all facets of banking operations, from deal sourcing to deal execution. Embracing these technologies positions banking firms to thrive in an increasingly tech-driven banking and finance landscape.”

How are investment banks addressing cybersecurity and data privacy concerns?

“Financial services have become increasingly accessible at the touch of a button. This unprecedented accessibility with technological advancement has brought with it a fair share of challenges as well. Among many challenges, one of the main issues is to secure sensitive data. With technology becoming more sophisticated, cyberattacks are also advancing.

“As interconnectivity within the financial sector continues to expand

and new technologies advance, information security remains at centre stage. In the evolving landscape of cybersecurity and data privacy, investment banks are increasingly relying on proactive solution partners who have cybersecurity and data protection at the core of their DNA and are committed to industry-leading standards in data management, internal controls, and risk mitigation. They are diligently adhering to regulations like GDPR and CCPA and are compliant with strong security credentials and best practices that gives comfort on how sensitive data is collected, stored, and utilised.

“To further strengthen platform security, before implementing new technologies or processes, investment banks conduct thorough data privacy impact assessments to evaluate and mitigate potential privacy risks. Designating data privacy officers to oversee and ensure compliance with data privacy regulations and safeguarding sensitive information by mitigating the risks associated with the ever-evolving data landscape.”

How are investment banks adapting to digital transformation?

“The exponential pace of new technologies, and the confluence of multiple trends, are influencing how investment banks operate and serve customer needs. The impact of generative AI, industry convergence, embedded finance, open data, digitisation of money, decarbonisation, digital identity, and fraud will grow in 2024. This point is how investment banks will adapt to the fast pace of technological disruption that is underway. Working closely with the global markets division of investment banks, we have an insight into how investment banks are adapting and integrating digital transformation into their operations, to better serve their customers.

“Looking at the advent of GenAI, mega macro-economic trends, and ongoing market volatility, it is becoming increasingly important for banks to meaningfully harness both traditional and alternative datasets, as well as forge new partnerships with third parties, to create new value in the form of personalised insights, tailored product offerings, and enhanced customer experiences.”

How has the regulatory landscape evolved, what impact does it have on market practices?

“The banking and financial services industry faces a complex and rapidly evolving regulatory landscape in 2024, with AI regulations leading the charge. New regulations such as the EU’s new AI Act and the US AI Bill of Rights, will set precedents in AI governance, pushing organisations to adopt more transparent and responsible AI practices. The impact of these regulations will be far-reaching, affecting everything from algorithm design to data management.

“On the other hand, recent bank failures highlight the need for better risk management, especially regarding liquidity and stress testing.

Regulators are emphasising capital and liquidity standards, urging firms to bolster economic resilience and crisis management while modernising IT systems for compliance and cybersecurity. Ultimately, regulators expect robust controls, high levels of transparency, and complete accountability. For financial institutions, this means high-quality data, excellent data management, and total workflow auditability.

“Separately, the proposed changes to capital management rules under Basel III will require institutions to assess how they implement an expanded risk-based approach (ERBA). These changes are more than mere compliance requirements; they represent a fundamental shift in how financial risks are managed and reported, and how financial firms do business.

“As we progress through 2024, the financial services industry is poised to undertake one of the most dramatic transformations in its history. The successful navigation of this new landscape will require a blend of technological savvy and regulatory acumen. Financial institutions that can effectively integrate the right technologies and AI to enhance their operations and adapt to regulatory changes will emerge as leaders.”

ABOUT OXANE PARTNERS

Oxane Partners provides technology-driven solutions tailored to the global private markets industry. Typical client personas the firm works with include portfolio managers and risk managers at principal financing desks of global banks, fund managers at global private credit firms, private equity firms, lending platforms, institutional asset managers, hedge funds, and the like. Broadly, the firm’s offerings cover the lifecycle of private investments, focusing on portfolio and risk management solutions.

The proprietary multi-asset technology platform, Oxane Panorama, deploys next-gen technologies like machine learning models that help investment managers institute automated workflows across asset types with strong data validation and standardisation layers to ensure all underlying data is accurate and complete. The platform also utilises generative AI practical use cases with a combination of text language processing, enabling users to retrieve data through free-text search queries on an AI-powered conversational data search engine, revolutionising data analytics.

A digital-first approach empowers investment firms to leverage technology effectively, gaining a competitive edge through digitalisation. Oxane Partners is not just a technology solution provider to its clients. Instead, it acts as their trusted partner, helping them transform their traditional operating models, greatly enhancing speed to market, and reducing overall operational overheads.