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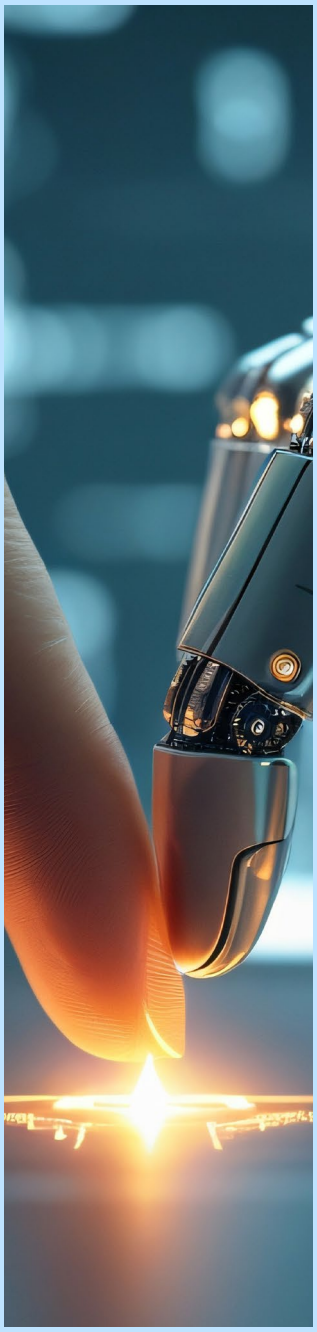

DATA EXCHANGES:
THE FUTURE IS AI-FIRST

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What happens when the speed and scale of data outpace our ability to decide? The future of finance depends on how we answer that—today.

The trajectory for data exchanges within the financial services sector is increasingly pointing towards an Artificial Intelligence (AI)-First future. Firms operating in this critical space encompassing providers of market data, credit information, risk intelligence, and sophisticated analytics—act as the essential data lifelines for banks, hedge funds, asset managers, and regulatory bodies. Their services underpin crucial functions ranging from credit risk assessment and Anti-Money Laundering (AML) compliance to broad financial market surveillance. These vital data providers are now navigating an era defined by an unprecedented explosion in the volume and complexity of financial data generated daily. They face the immense task of ingesting, processing, and managing billions of data points, queries, and vast repositories of content stemming from global financial activity and significant market events.

This sheer scale poses significant challenges:

Infrastructure strain	Traditional data exchange infrastructures are increasingly strained, struggling to keep pace with the need to derive timely insights from rapidly ingested data streams.
Rising complexity	They must contend with escalating data complexity and the constant pressure to adhere to rigorous and evolving regulatory compliance mandates.
Demand escalation	Financial institutions relying on this data require continuous risk monitoring, the integration of diverse alternative data sources, and unwavering compliance, placing further demands on the data providers.

Consequently, a fundamental shift towards AI-First transformation is becoming not just advantageous, but necessary. Adopting strategies built on AI-driven automation, Natural Language Processing (NLP), federated learning, and advanced alternative data analysis allows these data exchanges to effectively manage overwhelming data flows.

More importantly, it enables them to move beyond basic processing to extracting deeper, actionable insights, ensuring compliance, and ultimately maintaining their competitive edge in a rapidly evolving financial landscape. This AI-centric approach is crucial for data vendors to meet the sophisticated demands of the modern financial ecosystem.

Time Is of the Essence

Managing the exponential growth of financial data is a significant challenge for data vendors, stock exchanges, and market intelligence providers. Beyond the complexity of handling massive datasets, speed and agility are critical factors—financial institutions must process queries, analyze data, and make trading or risk management decisions in real-time to maintain a competitive edge.

Key pressures:

 **High data velocity**	Stock exchanges, for instance, generate and distribute billions of data points per second, requiring ultra-low-latency processing to ensure market stability.
 **Behavioral monitoring**	They need to ensure that the market participants behave in ways permitted by the stock exchanges and that they do not engage in information-based manipulation.
 **Faster refresh cycles**	Beyond trading, KYC (Know Your Customer), AML (Anti-Money Laundering), and credit risk assessment services are also under pressure to accelerate their data refresh cycles.

But with the automation and real-time capabilities of AI-First data exchanges, credit bureaus, KYC-as-a-service platforms, and anti-financial crime, data vendors can transition from batch-based updates to near-instant data synchronization, ensuring more accurate, timely, and actionable insights for financial institutions.

AI-First infrastructure turns batch updates into real-time insights.

The Promise of AI

Artificial intelligence is rapidly transforming data exchanges, financial intelligence, and compliance operations, addressing the challenges of speed, accuracy, and scalability that traditional data processing models struggle with. AI-driven solutions, particularly Large Language Models (LLMs), NLP, and Generative AI, are revolutionizing how financial institutions gather, process, and interpret vast amounts of market data.

For example, AI-powered systems can automate KYC (Know Your Customer) processes by searching and aggregating information from millions of structured and unstructured online sources, including corporate filings, regulatory disclosures, and news articles. These models can extract insights on a company's subsidiaries, executive leadership, board composition,

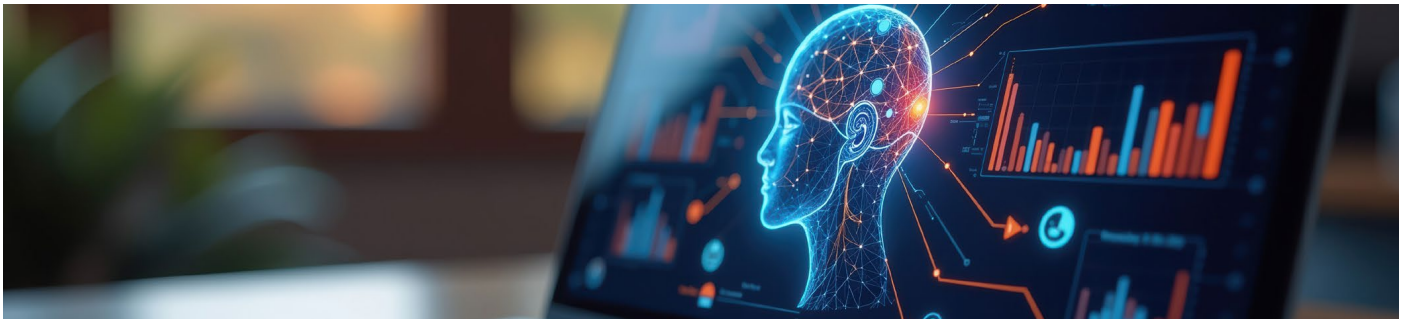
authorized signatories, and potential risks—such as outstanding lawsuits, fraud allegations, or regulatory violations—within seconds, eliminating the need for manual data collection. This capability significantly enhances the efficiency, accuracy, and frequency of risk assessments and anti-financial crime checks. AI-First data exchanges also enable real-time credit risk monitoring.

Traditionally	With AI-First data exchanges
Credit bureaus assessed an organization's financial stability on a quarterly basis, relying on financial statements, debt reports, and corporate earnings.	AI models can now continuously scan market data, earnings call transcripts, and alternative sources such as press reports and analyst predictions, alerting financial institutions to early warning signals of credit deterioration or emerging risks in near real-time.

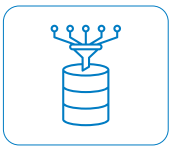
Beyond simple automation and risk assessment, artificial intelligence now represents a fundamental pillar of competitiveness for financial data providers. Forward-thinking organizations in this sector have deeply integrated AI into their data processing workflows. Advanced AI applications, including Generative AI functionalities, are being utilized to significantly boost the capacity of financial professionals to uncover deeper insights, establish connections between financial occurrences, and reduce the time spent on research. Such innovations are actively transforming the financial information environment, aiming to produce insights that are not only quicker but also richer in context and more readily usable for decision-making.

AI-First approaches also unlock hyper-personalized market intelligence and trading insights. Further, AI enhances risk forecasting and real-time trade audits, allowing regulators and compliance teams to detect anomalies, identify fraudulent trading patterns, and ensure market transparency with greater efficiency.

As AI-driven automation, predictive analytics, and personalized financial intelligence continue to mature, data exchanges that fully embrace AI-First methodologies will gain a decisive advantage in speed, accuracy, and service expansion. Organizations that hesitate to integrate AI at scale risk becoming obsolete in a financial world that increasingly demands instant, data-driven decision-making.

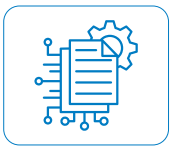


The AI advantage: 6 steps to smarter financial decision-making



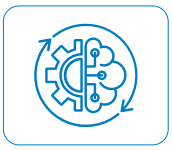
1 Multi-source ingestion

Pulls data from filings, disclosures, news, and analysts.



2 Intelligent extraction

Uses NLP and LLMs to classify, extract entities, and flag risks.



3 Automated KYC

Aggregates company data—leadership, signatories, legal flags—in seconds.

4 Real-time risk monitoring

Tracks credit signals, fraud patterns, and emerging risks continuously.

5 Contextual insights

Surfaces deeper patterns, links events, and shortens research time.

6 Actionable intelligence

Delivers hyper-personalized alerts, forecasts, and recommendations.

The Flip Side—Addressing AI Risks in Data Exchanges

Although AI-First data exchanges unlock unprecedented efficiencies, organizations must also navigate the inherent risks and challenges that come with AI-driven decision-making. LLMs and Generative AI, though powerful, are not infallible—they can misinterpret context, introduce biases, or generate misleading insights if not properly trained and monitored. To maintain high-quality, reliable financial data, data exchanges must ensure that their AI models are trained on clean, complete, and unbiased datasets. Algorithmic outputs are only as strong as the data they rely on, making data integrity a critical factor in AI deployment.

An additional major challenge is compliance with evolving regulatory frameworks, particularly about data privacy, security, and financial transparency.

With AI models increasingly used for KYC, AML, trade surveillance, and credit scoring, financial institutions must align their AI systems with regulations such as GDPR, the EU AI Act, and SEC guidelines on AI-driven market operations. ESMA's AI report (2023) warns that opaque AI models pose a regulatory risk, as AI-driven financial decisions must be explainable and auditable (**ESMA, 2023**).

To mitigate these risks, firms must adopt responsible AI practices, including:

- Robust AI governance frameworks to ensure transparency and accountability.
- Data provenance tracking and bias detection tools to prevent discriminatory decision-making.

- Embedded Responsible AI guardrails, such as Bloomberg's AI-generated financial summaries with embedded hyperlinks, which provide auditability and source verification for users.
- A human-in-the-loop (HITL) approach, where AI decisions are supervised by domain experts, ensuring that critical financial decisions are not left entirely to algorithms.

By embedding AI risk management, ethical AI design, and human oversight into their AI-First data exchanges, financial firms can balance innovation with responsibility, ensuring that AI-driven insights remain accurate, trustworthy, and regulatory-compliant.

Innovation without oversight is a risk multiplier. AI-First data exchanges must balance speed and scale with trust, transparency, and control.

The Way Ahead

To remain competitive in the evolving financial landscape, data providers must fully embrace AI at scale, not just as an enhancement but as a core driver of innovation, efficiency, and service differentiation. Although many organizations have begun integrating AI into their workflows, true AI maturity—where automation, predictive insights, and intelligent decision-making become seamless—is still a work in progress.

For data vendors, the imperative is clear: AI should not just optimize existing services but also enable entirely new capabilities. By strategically leveraging AI, firms can enhance the speed, accuracy, and personalization of data services, ultimately transforming how financial institutions consume and act on information. Those slow to adapt risk falling behind in an industry that is moving rapidly toward AI-First decision-making.

At present, financial institutions often rely on multiple specialist vendors for different types of data—credit scoring, KYC, AML compliance, regulatory monitoring, and alternative data analytics. This fragmented approach creates inefficiencies, making integration and real-time decision-making more complex. A significant opportunity exists for data providers to expand beyond niche offerings, consolidating their services into comprehensive AI-powered data ecosystems.

Additionally, as AI models become more advanced and accessible, financial institutions may explore building their own AI-driven data aggregation systems, potentially reducing reliance on third-party vendors. Data providers must proactively differentiate themselves through proprietary AI models, exclusive data partnerships, and advanced analytics capabilities to ensure they remain indispensable.

Ultimately, the future belongs to AI-First data exchanges that can anticipate market needs, adapt rapidly, and seamlessly integrate AI into every aspect of financial data management. Those that can align their strategies with the AI-driven transformation of financial services will set the benchmark for the next generation of data intelligence.

Key Takeaways

Data explosion
Demands faster, smarter, and more scalable processing models.

Deeper insights
AI connects patterns across diverse data to deliver richer, more actionable intelligence.

Strategic imperative
Embrace AI at scale or risk falling behind in a rapidly transforming financial ecosystem.

AI-led automation
Transforms KYC, credit risk, and compliance into real-time, intelligent workflows.

Responsible AI
Accuracy, explainability, and governance must evolve alongside innovation.

Authors

Sumeet Verma
Senior Consultant – Business Consulting

Sumeet is a seasoned consultant specializing in AI-First transformation within the financial services industry. With deep expertise in data exchange ecosystems, risk management, and regulatory compliance, his thought leadership focuses on navigating the challenges of data volume and complexity through strategic AI adoption. He excels in bridging AI innovation with practical execution, guiding institutions in implementing cutting-edge solutions, including Generative AI, to enhance data insights, strengthen compliance frameworks, and drive competitive advantage. He can be reached at sumeet.verma@infosys.com

Uttam C Purushottam
Associate Partner – Business Consulting

Uttam leads Process Transformation Capability, leveraging advanced technologies and analytics within financial services. His recent work focuses on setting up of a process simplification factory with an integrated approach to achieving customer experience, risk reduction, and process efficiencies. Within the retail banking sector, he has helped transform onboarding, fraud risk management, back-office processing, mortgage operations, and compliance risk management with the adoption of process mining, machine learning, Generative AI, and other advanced technologies. He can be reached at Uttam_Purushottam@infosys.com

For more information, contact askus@infosys.com

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