



Portfolio Media. Inc. | 230 Park Avenue, 7<sup>th</sup> Floor | New York, NY 10169 | [www.law360.com](http://www.law360.com)  
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | [customerservice@law360.com](mailto:customerservice@law360.com)

## Mayer Brown Study Shows Firms Are Playing AI Catch-Up

By **AI Barbarino**

*Law360 (July 5, 2024, 5:20 PM EDT)* -- A recent Mayer Brown LLP report shows that leaders at financial and investment firms see mergers and acquisitions as a key method to expand their artificial intelligence platforms, but they also think their firms aren't getting up to speed fast enough.

The report drew insights from a survey of 197 business leaders, finding that 83% of investment firms and 72% of financial institutions believe M&A will be the number one accelerator to advance their organization's AI capabilities in the years ahead.

"Hardly any sector of the financial services and investment industries will be unaffected by AI," Mayer Brown partner Joe Castelluccio told Law360 on Friday in an email.

The report indicates that businesses in financial services are seeking to merge with or acquire other companies with advanced AI capabilities in order to transform and thrive in the next economy.

But while firms are widely recognizing the value of AI, executives feel their firms aren't keeping up, the report, released late last month, indicates.

The report found that 73% and 72% of investment firm and financial institution leaders, respectively, reported that AI developments are moving so fast that their organization is having difficulty transforming quickly enough.

In addition, fewer than one-third of leaders — 34% at investment firms and 26% at financial institutions — believe they have a "sufficiently clear and future-ready strategy in place for AI," the report said.

Castelluccio said investment banking and fintech are among the sectors that are already seeking "widespread experimentation and testing, if not widespread rollout" of AI technologies and platforms.

"For investment banking, the use of AI in deal analytics can create efficiencies and speed in fast-paced M&A transactions," he said. "For fintech companies, AI can streamline coding for new fintech products and services."

Lauren Pryor, co-leader of Mayer Brown's financial services practice, pointed to consumer lending as another key area where AI is making an impact. Potential focus areas include underwriting and fair lending, as well as more niche uses.

For instance, "in secondary market trades for whole loans, there are AI products that could speed up the due diligence process and loan file reviews by a significant margin," she said.

As business leaders look to implement these technologies as fast as possible, it is naturally impacting the work of their legal consultants.

Because there is no one-size-fits-all approach to AI, firms must decipher how it applies specifically to their business and customers, Castelluccio said.

"One key area where we are advising clients on M&A and AI is the rapidly evolving legal and regulatory regimes that apply to the use of AI and its outputs," Castelluccio said. "Similar to strategies for monetization of data, AI can be a powerful driver of financial and strategic results, but only if it is implemented with a long-term plan that clears the legal hurdles for implementation."

He also noted that while AI has come a long way, "there is still a lot of work to be done for these tools to live up to their much-publicized potential."

"As a result, it can be difficult for firms to assess a type of AI technology and its long-term impact," he said.

Among the additional findings tied to the key dimensions identified in the report, 80% of financial institutions and 76% of investment firms said they believed that innovative financing solutions — including an increase in private sector credit — will power growth.

In addition, 84% of investment firm leaders said that "geopolitical agility" will be critical for an organization's expansion internationally in the future.

Asked about some key industries beyond the financial world where AI could be a motivator for M&A activity, Pryor said the "list is endless."

"AI could be relevant in nearly any industry — health care, infrastructure, energy, insurance, financial services," she said. "Players will be looking [at] AI options in all of these spaces and M&A is a way to expedite certain opportunities."

--Editing by Patrick Reagan.