

Use and Risk Management of Generative AI  
by Japanese Financial Institutions  
—Based on the Results of FY2025 Survey—

September 2025  
Financial System and Bank Examination Department  
Bank of Japan



## Objectives of the *Financial System Report Annex Series*

- ✓ The Bank of Japan's *Financial System Report* has two main objectives: to assess the stability of Japan's financial system from a macroprudential perspective and to communicate with all relevant parties on any tasks and challenges ahead in order to ensure the system's stability.
- ✓ The *Financial System Report* provides a comprehensive assessment of the financial system twice a year and is occasionally supplemented by *Financial System Report Annex Series* papers, which provide more detailed analyses and insights on specific topics.

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## Background of this survey

- ✓ In recent years, generative AI (GenAI) has been rapidly penetrating society, and Japanese financial institutions are progressing its use with a focus on improving the efficiency of existing operations.
- ✓ On the other hand, when financial institutions try to promote GenAI in their business, they need to recognize the risks specific to GenAI, such as information leakage and hallucination, and continuously review their operating rules in accordance with technological innovation and changes in risk.
- ✓ With these issues in mind, the Bank of Japan conducted a survey on the use of AI, etc., targeting 153 financial institutions.\* This is the second survey following fiscal year 2024.\*\*

\*The breakdown of the survey by business type is as follows: Major Banks (10 banks): Mizuho, Mitsubishi UFJ, Sumitomo Mitsui, Resona, Saitama Resona, Mitsubishi UFJ Trust, Mizuho Trust, Sumitomo Mitsui Trust, SBI Shinsei, and Aozora. Regional banks and *Shinkin* banks: 61 member banks of the Regional Banks Association of Japan, 36 member banks of the Second Association of Regional Banks, and 19 *Shinkin* banks excluding the members of Shinkin Kyodo Center. "Other": Japan Post, PayPay, Seven, Sony, Rakuten, Sumishin SBI Net, au Jibun, Aeon, Daiwa Next, Lawson, Minna, UI, ORIX, GMO Aozora Net, Master Trust Bank of Japan, SMBC Trust, Nomura Trust, Norinchukin Trust, Shinsei Trust, JSF Trust, Custody Bank of Japan, SBJ, Shinkin Central Bank, Shoko Chukin, Shinkumi Federation, Rokinren, Norinchukin (27 banks). The survey response rate was 100%.

\*\*For details, see "Use and Risk Management of Generative AI by Japanese Financial Institutions -- Based on the results of questionnaire survey --," *Financial System Report Annex Series*, October 2024.

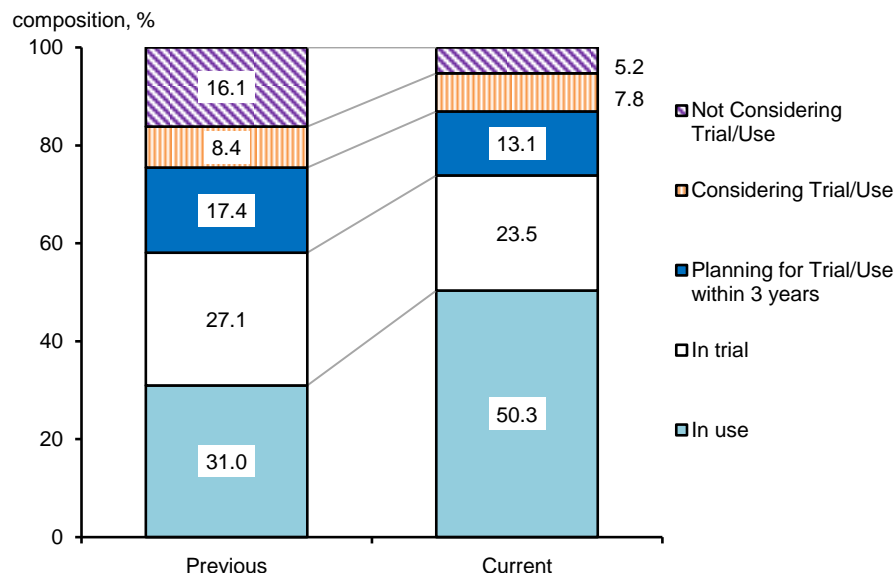
## Background of this survey (continued)

- ✓ This *Report*, drawing on the views exchanged with some IT vendors and financial institutions, describes the current status and challenges in the use of GenAI and risk management issues in the financial industry, comparing it with the previous survey and analyzing recent trends.

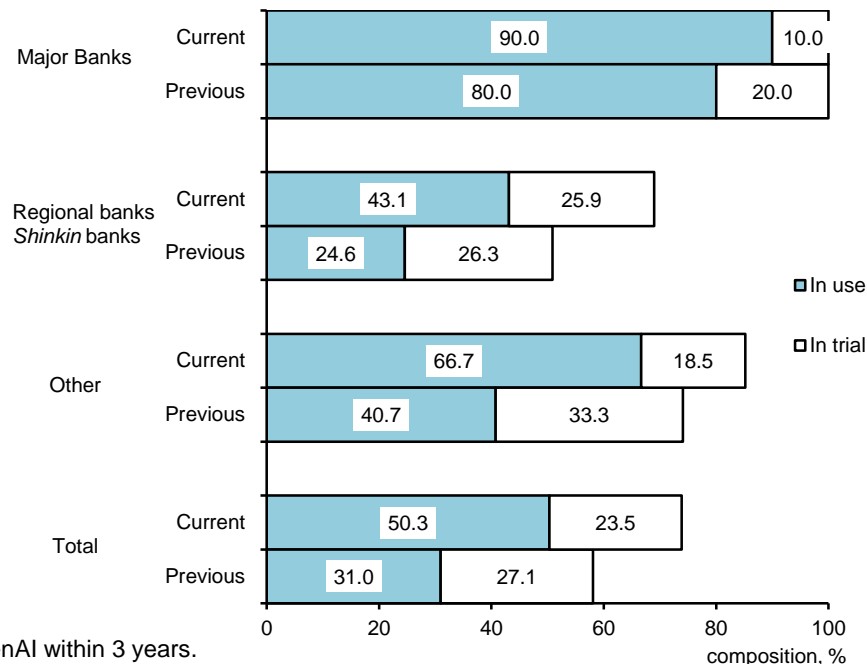
# I. Use of GenAI

- ✓ The results of the FY2025 Survey show that the use of GenAI was expanding rapidly: about 50% of financial institutions were already using GenAI, with this figure rising to over 70% when those currently undertaking trials was included, and to over 90% when those considering trials or use was included.
- ✓ The number of financial Institutions that responded "Not considering trial or use" fell sharply from the previous survey. As the trend of adopting GenAI intensifies throughout the world, it can be assumed that efforts to use GenAI were becoming more widespread among financial institutions.
- ✓ Sorting financial institutions by business type, the proportion of regional banks, *Shinkin* banks and "Other" already using GenAI increased significantly.

▽ Use of GenAI



▽ Use of GenAI by business type

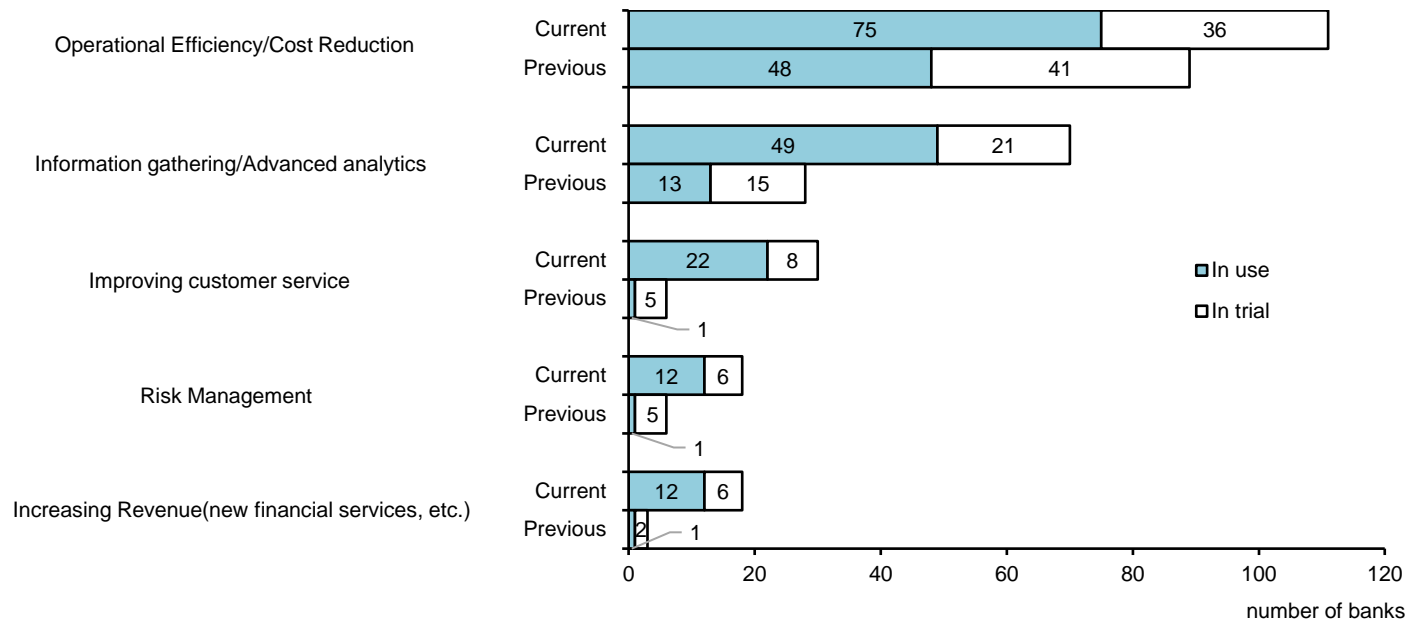


Note: Planning for Trial/Use within 3 years: financial institutions that plan to trial or use GenAI within 3 years.

Considering Trial/Use: financial institutions that do not have plans to trial or use GenAI within three years, but are considering future trial or use.

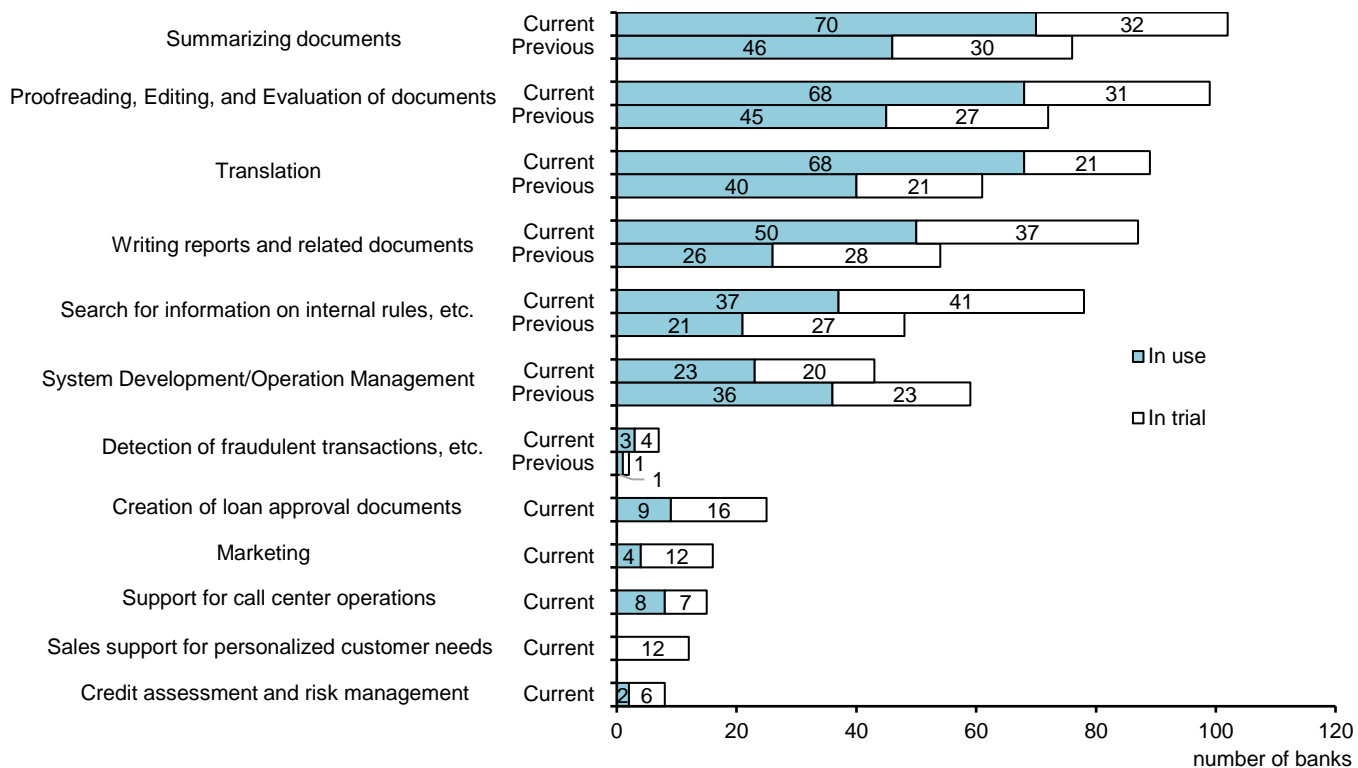
## II. Purpose of Introducing GenAI

- ✓ Regarding the purpose of introducing GenAI, the number of financial institutions that aimed at "improving operational efficiency and reducing costs" and "information gathering and advanced analytics" increased significantly, compared with the previous results.
- ✓ The number of financial institutions aiming at "improving customer service", "risk management" and "increasing revenue"-- which had a low response rate in the previous survey-- also increased.



### III. Applications of GenAI

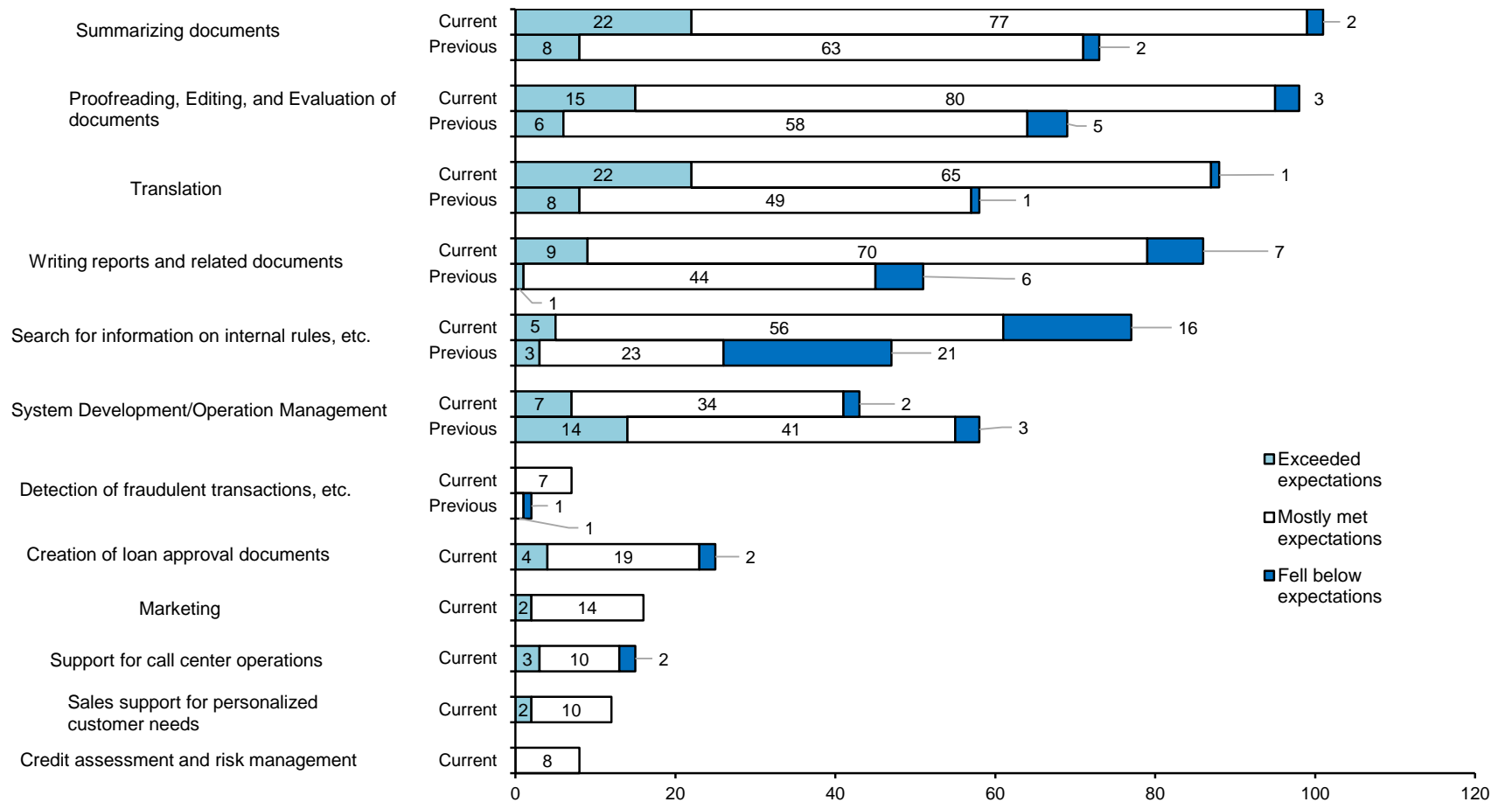
- ✓ With respect to the applications of GenAI, an increase was observed in areas that lead to improving operational efficiency, such as "summarizing documents, proofreading, translation and writing reports and related documents" and "search for information on internal rules, etc."
- ✓ The use of GenAI was further expanding into new application areas, such as "creation of loan approval documents", "marketing", "support for call center operations" and "sales support for personalized customer needs".



Note: Writing reports and related documents: the previous survey included "creation of loan approval documents".

## IV. Evaluations after adopting GenAI

- ✓ Regarding the evaluations after adopting GenAI, the financial institutions that responded "exceeded expectations" or "mostly met expectations" increased.
- ✓ As for new application areas, such as "creation of loan approval documents", "marketing" and "support for call center operations", the financial institutions gave reasonably positive feedback.

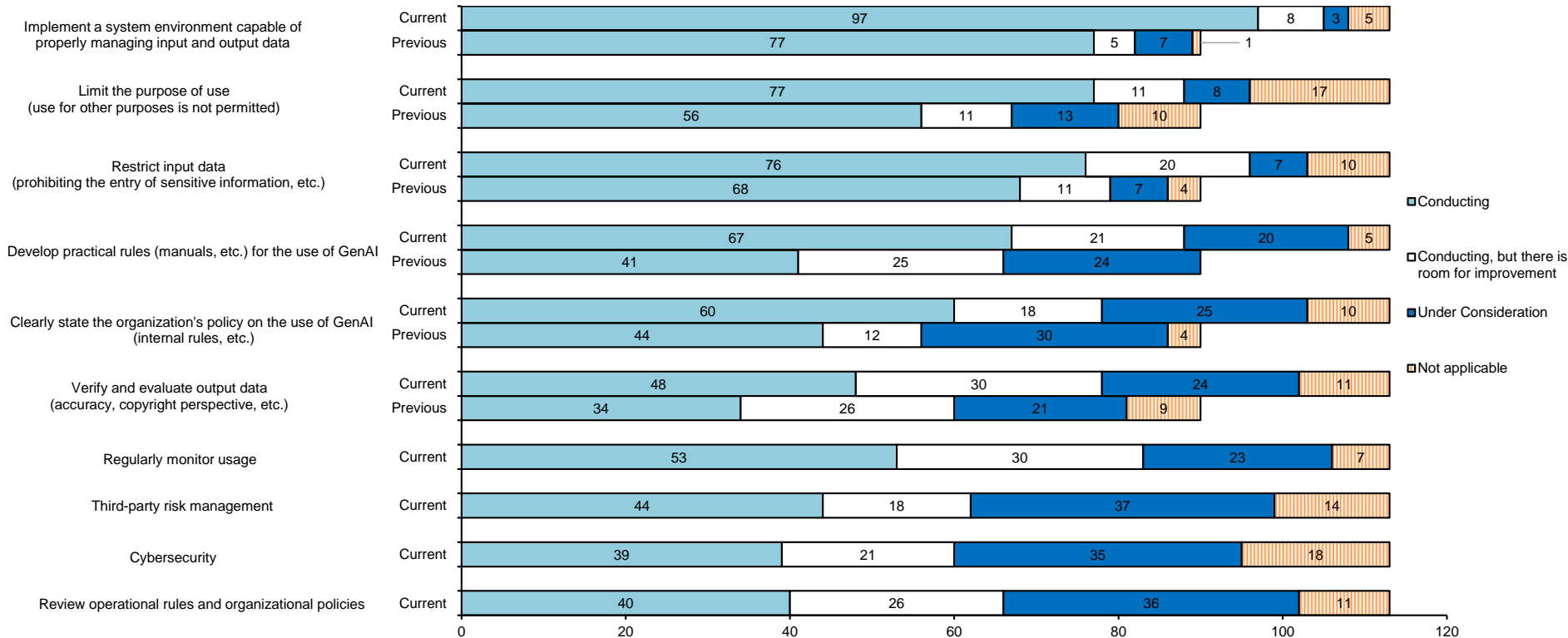


Note: Writing reports and related documents: the previous survey included "creation of loan approval documents".



# V. Management status of GenAI

- ✓ A significant increase was observed in the number of financial institutions that have developed practical rules and clearly stated organizational policies. The survey result suggests that the financial institutions were gaining a better understanding of specific risks posed by GenAI, such as hallucinations, and are progressing in developing manuals and regulations.
- ✓ On the other hand, about 50% of respondents answered that "there is room for improvement" or "under consideration", in such areas as the monitoring of usage status, countermeasures against third-party risks and cyberattacks, and reviewing practical rules.
- ✓ As technological changes related to GenAI progress rapidly, it is necessary for financial institutions, including those responding that they were "conducting", to continuously review management methods and operational rules.



Note : Third-party risk management: risk assessments and regular audits, etc.

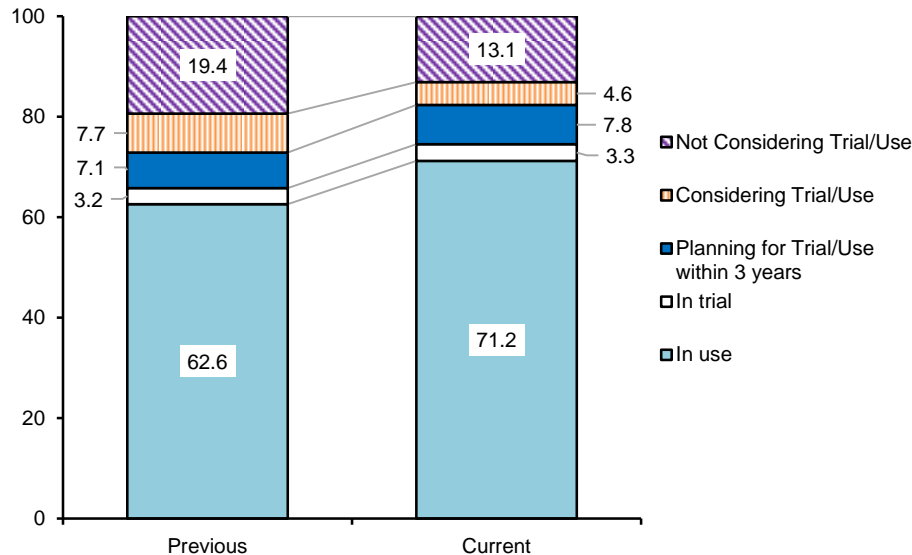
Cybersecurity: measures against cyberattacks such as prompt injection (e.g., developing an incident survey plan, conducting risk assessments).

## VI. Use of conventional AI

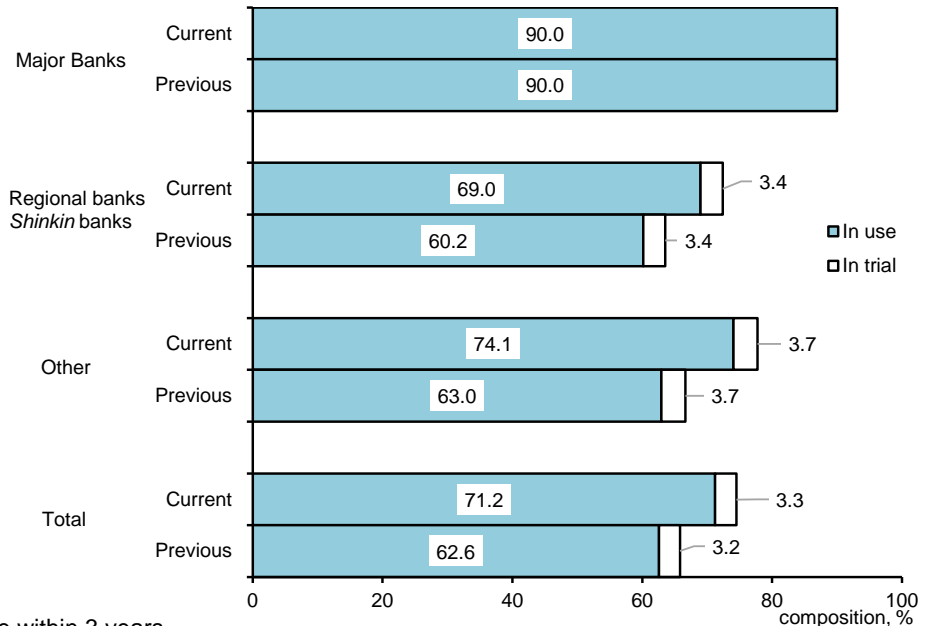
- ✓ The results of the FY2025 Survey show that about 70% of financial institutions were already using or testing conventional AI. Including those considering future trials and use, the proportion rose to just under 90%. The use of conventional AI also expanded, compared with the previous survey.
- ✓ Sorting financial institutions by business type, 90% of major banks were using conventional AI, and about 70% of regional banks, *Shinkin* banks, and "Other" were using or trying to do so.
- ✓ It is conceivable that there will be a movement to combine GenAI that includes AI agents and conventional AI in order to reform business processes and create services in the future.

▽ Use of conventional AI

composition, %



▽ Use of conventional AI by business type



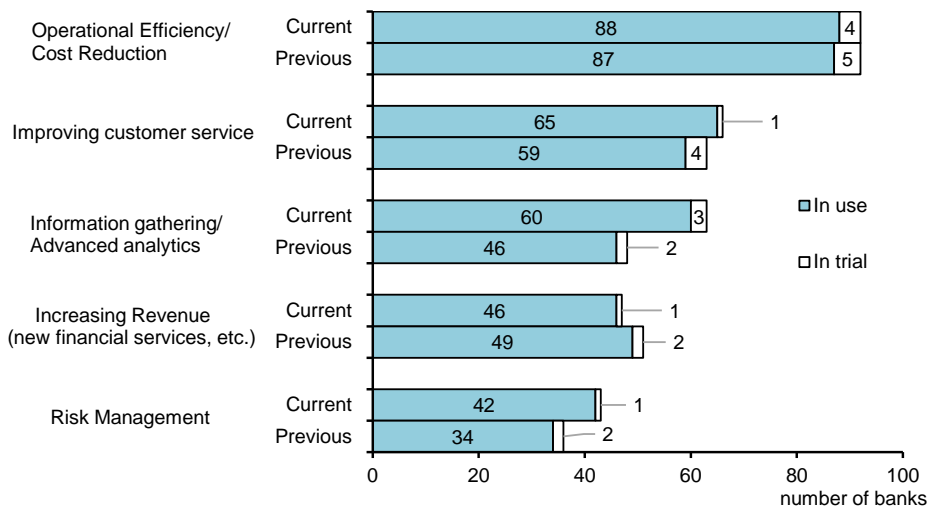
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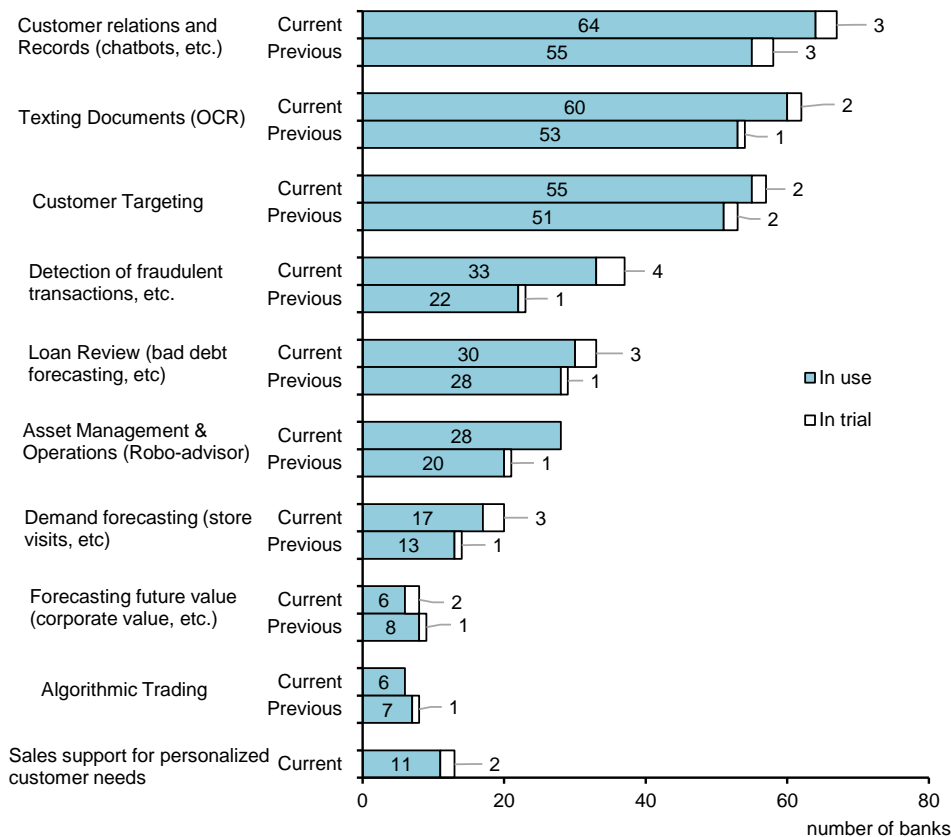
## VII. Purpose and application of Conventional AI

- ✓ Regarding the purpose of introducing conventional AI, the number of financial institutions that aimed at "improving customer service", "information gathering and advanced analytics", and "risk management" increased.
- ✓ As for the application areas, "customer relations and records", "detection of fraudulent transaction", and "asset management and operations" increased significantly.

▽ Purpose of Introducing Conventional AI

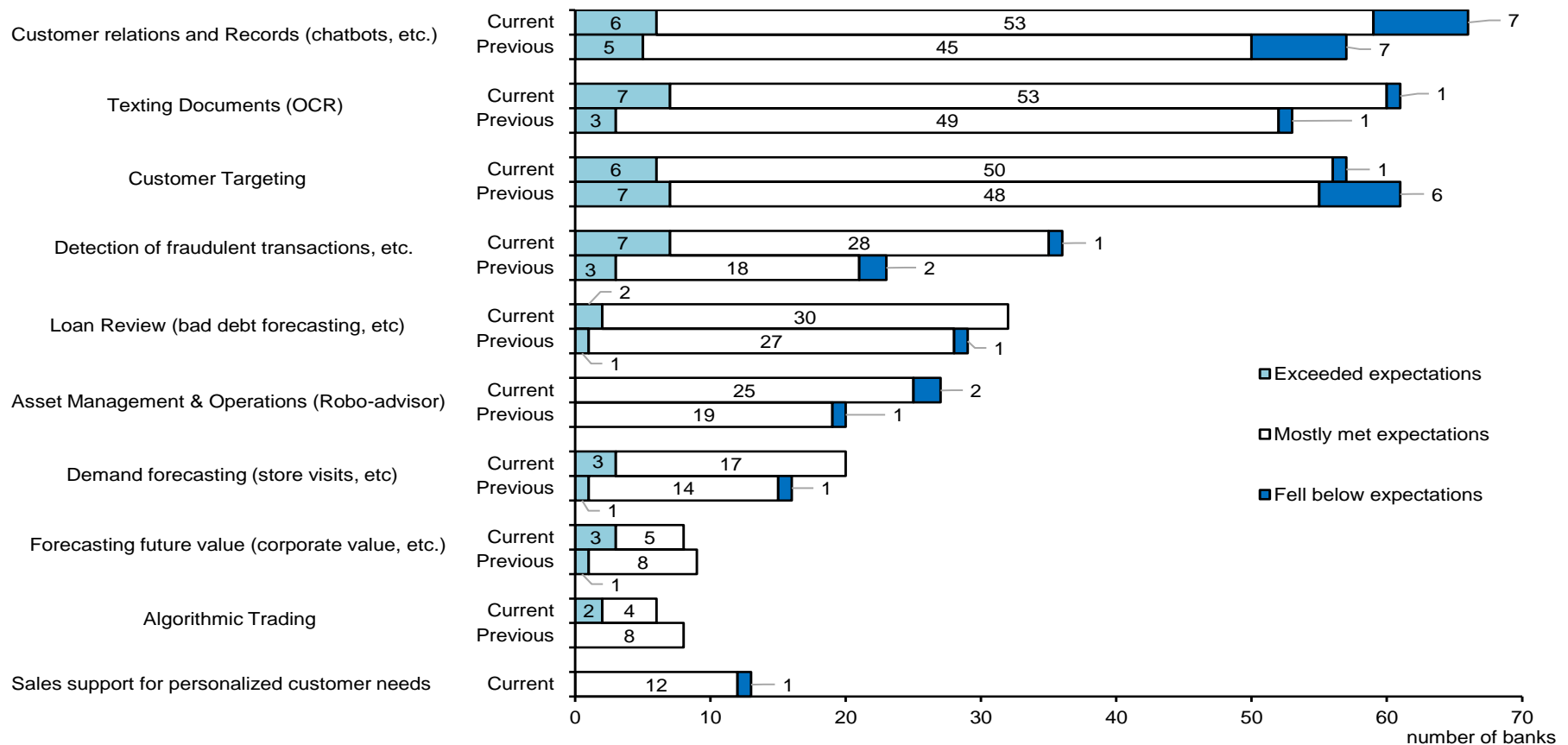


▽ Applications of Conventional AI



## VIII. Evaluations after adopting Conventional AI

- ✓ Regarding the evaluations after adopting conventional AI, similar to the previous survey, the respondents gave generally high marks.
- ✓ This result likely reflects the notion that conventional AI is said to have strength in routine tasks and data analysis and is becoming technologically stable.



# Conclusion

- ✓ The findings from the survey results are listed below:
- 1. The results of the FY2025 Survey show that the use of GenAI was expanding rapidly: About 50% of the financial institutions were already using GenAI, with this figure rising to over 70% when those currently undertaking trials was included, and to over 90% when those considering trials or use was included.
- 2. Regarding the purpose of introducing GenAI, the number of financial institutions that aimed at "improving operational efficiency and reducing costs" and "information gathering and advanced analytics" increased significantly compared with the previous results. The number of financial institutions aiming at "improving customer service", "risk management" and "increasing revenue"-- which had a low response rate in the previous survey-- also increased.
- 3. Regarding the evaluations after adopting GenAI, the number of financial institutions that responded "exceeded expectations" or "mostly met expectations" increased. As for new application areas, such as "creation of loan approval documents", "marketing" and "support for call center operations", the financial institutions gave reasonably positive feedback.

## Conclusion (continued)

4. Regarding the management status of GenAI, a significant increase was observed in the number of financial institutions that developed practical rules and clearly stated organizational policies. On the other hand, about 50% of respondents answered that "there is room for improvement" or "under consideration", in such areas as the monitoring of usage status, countermeasures against third-party risks and cyberattacks, and reviewing practical rules.
- ✓ Based on the results of this survey and trends in the world, it is expected that financial institutions will continue to expand the use of GenAI, and that they will adopt it in areas that are expected to lead to top-line revenue, such as customer services.
  - ✓ On the other hand, when financial institutions use GenAI for customer service, they need to address issues such as GenAI-specific risks, third-party management, and accountability to users. In addition, it is necessary to pay attention to new risks that may arise from the use of new technologies (such as problems caused by unexpected behavior of AI agents).
  - ✓ The Bank of Japan will continue to engage in dialogue with financial institutions on the use of GenAI and on risk management through on-site examinations, monitoring, and seminars.