CLEARWATER

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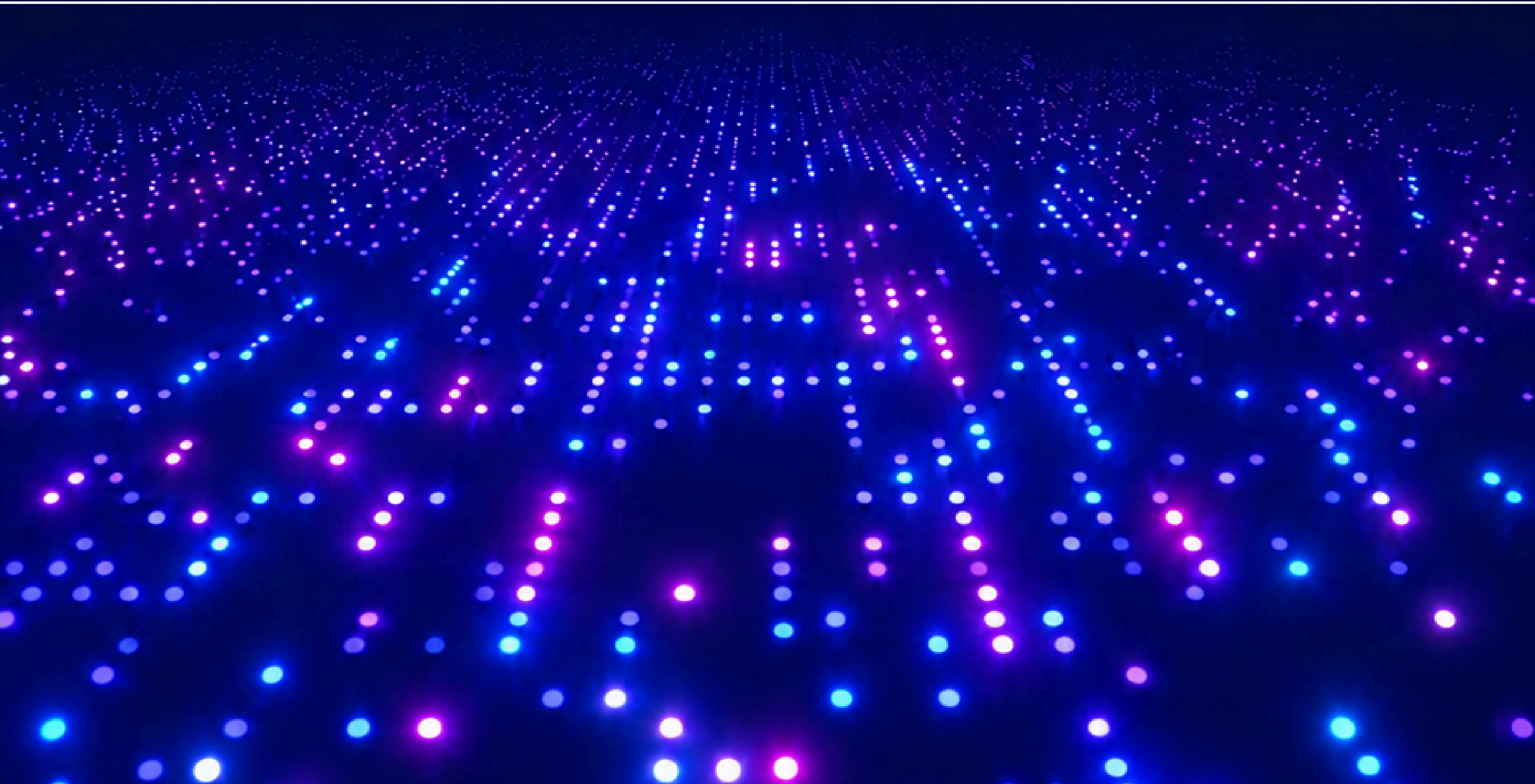
GenAI and the Data Divide

Clearwater Global GenAI Report



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Methodology

Clearwater Analytics commissioned independent research agency PureProfile to interview 178 senior executives working for asset management firms including insurance asset managers, hedge funds, private credit managers and general asset managers based in Europe, the US, and Asia. The research was conducted in March 2026.

The data divide.

The next phase of AI in investment management is defined by foundation, not ambition.

There is a moment that arrives for every investment management firm that has bet on AI. The budgets have been approved, the tools deployed, the announcements made. And then a harder question surfaces, one few anticipated: Why is this working for some firms and not others?

The 2026 Clearwater GenAI survey puts that question directly to 178 global senior leaders: CFOs, CEOs, CIOs, CROs, and CTOs across insurance asset management, general asset management, hedge funds, and private credit managers. These are not observers. They are firms already deep inside the experiment, watching the results land in real time. What they told us arguably carries more weight than any technology forecast.

And the results of AI implementation are landing, just not for everyone. The firms pulling ahead share something that has nothing to do with how much they spent or how early they moved. Firms are seeing key results in places where it matters most. Their analysis is deeper, their risk management sharper, their reporting faster. Clients have noticed: AI capability is now a factor in due diligence, and the gap between firms that have embraced it and those still waiting is widening. Every single one of those firms built on the same thing first.

Across every market, every segment, every firm size in this survey, the answer is consistent. The data foundation is what makes the difference. Our survey points to one thing many providers claim but few can prove: AI and the platforms that use it are only as good as the data they run on. This report is the story of what those leaders told us.

THEME 1

The debate to use AI is settled but new challenges are emerging.

Not long ago, the debate was whether AI belonged in investment management at all. That debate is over.

One question that remains is who is going to benefit from it the most.

79%

of senior executives now expect AI-enabled firms to outperform those that are not.

91%

Yet, 91% of senior executives say investors are increasing their scrutiny of how AI is being used.

95%

Despite this conflict, 95% of the surveyed executives have increased their AI budgets in the past 12 months.

With that conviction comes a new kind of pressure.

What makes this moment different from previous technology cycles is that the pressure is coming from multiple directions at once. Investors are not taking a cursory approach to AI; they are scrutinizing AI capability in their due diligence processes. Clients are asking how it informs the advice and reporting they receive. Regulators are beginning to examine how AI-generated outputs are governed. 84% of respondents consider themselves ahead of or more advanced than their competitors on AI. That confidence is notable. What underpins it, and whether it is justified, is what the rest of this survey tests.

The budget data tells its own story.

As we highlighted, 95% of firms increased AI spending in the past 12 months.

85%

plan to increase budget by at least 50% in the year ahead.

+50%

23%

expect it to double or more.

x2

The commitment is not in question. What is in question is whether that capital is being put to work on the right foundation. As we go through the findings, we will demonstrate that the firms generating the strongest returns are not the biggest spenders. They are the ones who understood early that AI capability depends entirely on the quality of the data it runs on.

That is the insight this report maps, across every core function of the investment management firm.

The returns are real.

AI is no longer aspirational: 95% of executives call it important or critical to their investment management goals today. The clearest sign the label is earned is that 45% of respondents are saving one to two hours a week, and an additional 16% are saving three or more. Across an industry where senior time is the scarcest resource, getting a few hours back a week can determine true success. But that time is not landing equally, and the survey is precise about who captures the most. While you would think first movers would be farthest on the AI efficiency curve, the survey actually indicates there isn't a direct correlation.

Among the heaviest savers, the 16% saving three to four hours a week as described above, 86% of them rate their data accuracy as good or excellent. Compare this to only roughly half of every other time-save group rating their data as good or excellent.

> **The firms getting the most from AI are, almost without exception, the ones who have the most faith in their data's accuracy.**

On data completeness — how much ground the data covers — the heaviest users look no different from everyone else because most firms already score themselves well there. What sets the leaders apart is their ability to leverage quality data.

Risk management is the function where AI is delivering the clearest returns.

92%

of firms say their risk management has become more proactive.

32%

describe it as much more proactive.

87%

Predictive analytics capability has improved at 87% of firms.

87%

Regulatory reporting is faster at 87% of firms.

39%

are working at least 25% faster than before.

81%

Financial close cycles have improved at 81% of firms.

But the benefits are not landing equally. Among firms that rate their data accuracy as good or excellent, 44% say their risk management has become much more proactive. For firms that rate their data as moderate or poor, that figure is just 17%.

> **The gap highlights a pattern that appears throughout this survey: The firms generating the strongest operational outcomes are not necessarily the ones spending the most on AI, but the ones building on data they can trust.**

Taken together, these numbers describe something more significant than efficiency gains. The firms achieving them are operating at a different tempo: risk is identified earlier, reports close faster, and the time between insight and decision is shrinking. Better decisions, reached sooner, translate directly into stronger client conversations and greater confidence in the advice being delivered.

The returns are real and measurable.

For the firms still closing that gap, the distance is not standing still; it is widening. The dividing line is now visible: The firms pulling ahead are the ones that got the foundation right.

What that foundation is, and why some firms built it while others did not, is the rest of the story.

THEME 2

Why it works for some and not others.

The answer has two parts, and they’re not weighted equally.

The first part is people: Firms are already closing this gap.

The second is structural — the data, infrastructure, and governance AI actually runs on. That gap is more difficult to close and more decisive to pulling ahead.

The people are ready.

61% of senior executives feel positive about their job security and only 28% are genuinely concerned. Interestingly, every respondent feels that AI is not a human replacement. Instead, there is agreement that AI allows you to digest and analyze greater amounts of information and data to ultimately surface the best potential opportunities.

The confidence is grounded in experience.

Executives who have been working with AI for four or more years are the most positive about job security, because they have seen what AI actually does inside a firm:

- **It accelerates analysis.**
- **It compresses reporting cycles.**
- **It frees investment and risk professionals from the mechanical overhead that previously consumed large portions of their working week.**

The executives who agree that AI augments rather than replaces are not being optimistic. They are describing the value they observe AI bringing every day, and the value their people add to AI's results in turn.

The hinge: Firms are actively addressing the skill gap.

This is not a workforce bracing for disruption. It is one preparing for it. Every single firm is taking actions to incorporate AI and prepare employees for the potential impact, with escalating expectations:

70%
of firms are implementing AI literacy training.

44%
of firms are running upskilling programs.

49%
are redefining roles to integrate AI.

47%
are requiring AI-skills in new hires.

The industry is not waiting for AI to reshape its workforce. It is actively building the teams it needs to get the most from the investment it has already made.

While there is an understanding of the value that AI brings, there is a manageable gap in the skills required to use it effectively. 62% of firms recognize a shortfall in AI skills, but 55% feel prepared to meet it. The difference between firms that feel their workforce is prepared to work with AI and the ones that don't is gradually closing.

Firms are more focused about the structural dimensions of incorporating AI into their work. Critical areas like data quality, technology infrastructure, and governance are the things that take longer and require more foundational investment than preparing a workforce to use it.

The foundation is data quality.

Market participants are ready: firms are upskilling, redesigning roles, and embracing AI with real optimism. Yet it is unlikely that any of these factors determines whether AI investment actually pays off. Our survey shows it comes down to data quality.

Virtually every executive reading this report knows instinctively that outputs are only as good as the data that produced them, and our survey suggests this is no different when AI is introduced into the process.

> **99% of executives say unreliable data is the single biggest barrier to trusting AI outputs.**
>
> **The deeper insight the survey uncovers is a 23-point gap between confidence in the completeness of a firm's data and confidence in its accuracy.**

The confidence data shows exactly where that barrier sits.

79%

Rate their data as good or excellent on completeness and coverage.

56%

On accuracy and reliability, the dimensions that make an output actionable, that figure falls to 56%.

Data quality matters beyond the aggregate; it is the single characteristic that most reliably separates the firms saving three to four hours a week from those saving
far less. Investment in data infrastructure is still lagging investment in AI models. For firms operating in that gap, every AI deployment is performing below its potential, and every risk framework it supports is doing the same.

79% of respondents are concerned about trust erosion, the pattern where a high-profile AI error causes leadership to write off a tool as defective, when the actual problem is the data feeding it. This framing matters because it describes how the accuracy gap compounds. Firms operating with unreliable data don't just get worse outputs. They get outputs that, when they fail visibly, create institutional resistance to the tools themselves.

> **The executives who name unreliable data as the biggest barrier to trust are describing the root cause of that hesitancy: it is more a data issue than a question of AI's ability to produce the result.**

Firms are increasing AI investment at pace: for the 95% that raised AI budgets in the past 12 months, the biggest expected gains are in reconciliation, client reporting, and financial close.

Digging into the data shows a hidden problem: 93% of executives say AI in their tools is important or very important, yet only 40% are using AI in more than a quarter of their operational decisions. The 53-point gap between the stated importance and the actual deployment of AI points to a concern over data accuracy and quality. All of those improved functions are heavily dependent on clean, reconciled, structured data moving reliably through connected systems. Without focus on the data, AI usage and AI-led operational efficiencies are inhibited.

The question worth asking is: As a firm, are you making the same investment in your data quality as you are in the use of AI?

THEME 3

The rising bar.

So far, the picture has been about where firms stand. The pressure on them is a separate story, and it's mounting from several directions at once.

The technology is growing more autonomous, the commercial expectations more demanding, the clients more inquisitive.

Each of those, in its own way, raises the stakes on the same thing: the data underneath.

Where it's heading.

Agentic AI — autonomous systems capable of handling multi-step tasks with minimal human intervention — is already integral to how firms operate. 91% of executives say agentic AI is important to their operations today, yet only 2% say it is critical. Within three years, 30% say AI agents will be a critical part of operations management, with the remaining 70% ranking them as important. This highlights a dramatic change in expectations, from firms that are exploring agentic AI to firms whose workflows will depend on it. The dependence will land hardest in the same data-heavy functions identified earlier: reconciliation, regulatory reporting, client communications, and financial close.

A deeper dive into expected AI usage shows that across almost everything an investment firm does, the majority of respondents believe AI will have a major to transformative impact.

Percentage who say AI will impact the following work in a major to transformative way:

62%
Generate and summarize

36%
Detect and diagnose data

57%
Predict and simulate

58%
Recommend and optimize

52%
Execute and automate

53%
Build and maintain (developer productivity)

These findings attest to the expected importance of AI going forward. Only one firm said that AI would not really be an integral part of operations in the next three years.

The bottom line is improving.

The commercial expectations follow the same direction. 66% of executives expect AI to deliver meaningfully better client service. 56% expect AI-enabled firms to deliver higher alpha. With improved profit margins, 66% believe AI can help reduce fees for clients, while 58% believe it can support higher wages for existing employees.

Taken together, they describe an industry where the definition of strong performance is expanding — better service, lower fees, and higher alpha, delivered by firms whose operations are built for it.

What clients want.

The level of client engagement marks a genuine shift in how institutional clients evaluate their managers. 85% of respondents report positive or very positive client sentiment toward their firm's AI use, and every firm has clients asking how AI is being used. Client interest covers a wide range: 40% of firms say that 10%-25% of clients are asking, 43% of firms say that 25%-50% are asking, and 17% say more than half are asking. AI capability is becoming part of overall due diligence and a key differentiator in the faith that clients and prospects have in a firm's ability to make investment decisions and maintain compliance.

Respondents that ranked each item as their clients' top priority when it comes to AI.

42% Data governance

25% Automation

24% Enterprise security

8% Data accuracy

Only 8% of respondents believe data accuracy is most important to clients. This is in direct contrast to what the respondents themselves have demonstrated to be a heavy concern.

This is a strong indication that in client and prospective conversations, firms should demonstrate how their overall data quality has a direct link to its governance, security, and automation ability.

The ultimate win-win.

Firms can use AI to improve the client experience all around and retain business.

42% of respondents believe that AI will improve client communication mostly through automation.

6% ranked personalization at scale.

25% say through AI-powered client support.

25% believe the greatest benefit will come by giving clients greater transparency and timelier information.

That only 6% ranked personalization at scale, the capability most frequently cited in AI marketing, as the biggest benefit to client engagement is the surprise in the data. It suggests that while AI can transform client engagement through service and delivery, human interaction still plays a significant role in personalized client relationships.

Pull the threads together and they point one way. The bar is rising on every axis at once — and every axis rests on the same ground.

THEME 4

It comes down to data.

The firms pulling ahead were not the ones that spent the most or moved the earliest.

While the assumption going in was that the bigger budgets and longer AI usage would reap the biggest rewards, the survey shows the biggest budgets bought no extra returns; the longest track records bought none either.

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What the leaders shared was narrower and harder to acquire: data they could trust. That is the answer to why AI is working for some firms and not others; it rewards the ones that got the foundation right and underdelivers for the ones still building on data they can't fully rely on.

There is a reason it comes down to the data rather than to the things firms instinctively reach for. Spending isn't a differentiator, because nearly everyone is doing it: 95% raised their budgets this year. Early adoption isn't a differentiator because the years a firm has logged predicts nothing about its returns. Even a capable workforce isn't a differentiator because the skills gap is closing across the whole industry. The things that feel like advantages are the things everyone already has.

A real differentiator has to be scarce, and the scarce thing here is accuracy. Only 56% of firms rate their data accurate. Against 79% who rate it complete.

> **Completeness is table stakes; accuracy is the edge.**

The pattern is worth stating plainly: what separates firms is never the thing everyone is buying. It's the thing everyone assumes they already have.

Nothing proves that assumption more sharply than the clients themselves. The people this is ultimately for — the clients whose trust every firm competes for — rank data accuracy at the bottom of what they care about, because they take it for granted that it's already handled.

> **The foundation is invisible to the very people who depend on it most.**

No client asks a firm to prove its data is accurate, and none applauds when it is. Which is exactly why the work falls to the firm: governance and controls are what clients can see and ask for; accuracy is the quiet thing underneath that decides whether any of it holds.

How to get ahead.

For leadership teams, the survey resolves into four commitments.

- **Prioritize data accuracy, not just completeness.** Most firms already have enough data; the open question is whether they can trust it. Measure reliability, not just coverage.
- **Fund the foundation in proportion to the models.** Investment in AI tools has outrun investment in the data they run on and the gap is where deployments quietly underperform. The two have to move together.
- **Treat data quality as a client-facing differentiator, even though clients won't ask for it.** The firms that can stand behind their outputs are the ones that win the diligence conversations now attached to every mandate.
- **Don't mistake workforce readiness for AI readiness.** Training and hiring feel like progress, and they are, but they close the gap that was easiest to close. The decisive one is structural.

> The debate, in the end, was never really about whether to invest in AI. It was about whether to invest in the data beneath it.

That choice doesn't announce itself, and clients will never see it, but it is the one that decides which firms compound their advantage and which keep spending against returns that never quite arrive. The firms pulling ahead built on the foundation first. The rest are still waiting.

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About Clearwater Analytics

Clearwater Analytics is the natively agentic investment management platform built on a single, continuously reconciled investment record. Portfolio management, trading, accounting, risk, compliance, and private markets workflows run on a single source of truth, creating a connected foundation for automation, AI-driven insights, and agentic workflows across the investment process. Clearwater supports more than $10 trillion in assets globally for insurers, asset managers, hedge funds, banks, corporations, and governments. Learn more at www.cwan.com.