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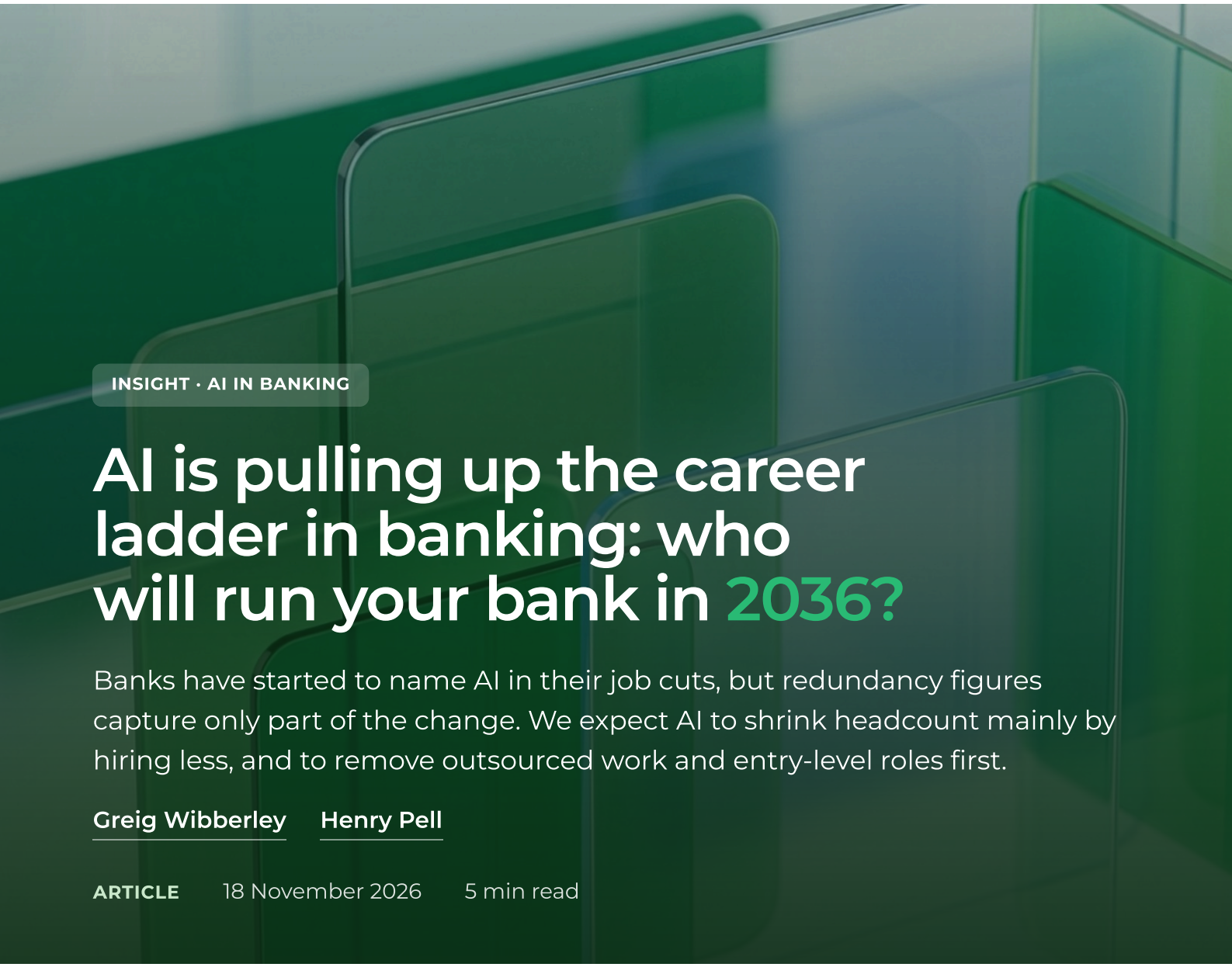

INSIGHT · AI IN BANKING

AI is pulling up the career ladder in banking: who will run your bank in 2036?

Banks have started to name AI in their job cuts, but redundancy figures capture only part of the change. We expect AI to shrink headcount mainly by hiring less, and to remove outsourced work and entry-level roles first.

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IN BRIEF

- BCG Expand expects AI will shrink bank headcount mainly by hiring less, so redundancy figures capture only part of the change.
- Outsourced work and entry-level roles go first, according to BCG Expand's AI benchmark.
- Cost per head can rise even as total cost falls, so never read it without total spend beside it.

The companies surveyed for BCG's Applied AI Index 2026 expect AI to cut their workforces by roughly 10 to 15 percent by 2030. In banking, BCG Expand expects much of that to come through hiring less, not through redundancies.

Where does AI's effect on jobs really show up?

In hiring, not redundancies. AI's effect shows up as roles left unfilled, smaller graduate intakes and contracts that lapse.

In BCG Expand's AI benchmark, we see firms using AI to limit headcount growth rather than to cut existing roles. A redundancy count will not show it. An unfilled role or a lapsed contract appears only as a smaller headcount, with nothing to link it to AI. A graduate who was never hired does not appear at all.

Take a struggling bank that cuts 30 percent of its staff and credits AI, when it is really cutting costs. The line between the two is blurring, because a bank cutting costs today can use AI to absorb work it once would have outsourced. Between banks that under-report AI's effect and banks that over-claim it, headcount tells you very little.

Why is outsourced work the most exposed?

Because the first tasks to go are the ones banks already send elsewhere. Structured, document-heavy processes are the easiest to automate, and many of them sit with outsourcing partners.

Some of BCG Expand's clearest hard savings come from rebuilding outsourced processes, such as due diligence and KYC, around AI.

Firms are asking why they would outsource a role when they could build an AI agent for it. Some banks still lean on outsourcing, but for others the returns are already diminishing, as AI agents now compete with the cost lever banks have relied on for two decades.

Not every bank can build its own agents. Some are turning to forward-deployed engineers, whom AI labs and their partners place inside client firms. That can swap one outside dependency for another. Only banks that can attract top AI talent will be able to bring that work in-house.

Is the diamond replacing the pyramid?

Not cleanly. The traditional pyramid, with many juniors at the base, is breaking, but the layers a diamond depends on are under pressure too.

The work that trained the next generation (reconciliations, first drafts, test scripts, routine code) is the work that AI does best. Many expect a diamond, thin at the bottom and wide in the middle, but BCG's Applied AI Index 2026 finds companies expect the deepest cuts in middle management and frontline leadership, the layers a diamond depends on.

Whichever shape prevails, AI's productivity gains are uneven. In the best cases, BCG Expand has seen improvements of up to 15x for top engineers on narrow, well-defined tasks, compared with 2-3x for junior engineers. These are outliers: overall productivity gains are far more modest and vary by bank and type of work.

Productivity gain from AI by engineer seniority, multiple of work done without AI



Source: BCG Expand AI benchmark 2026

The bigger risk is that engineers become reviewers who never become experts, because AI does the work they need to hone their craft. Without homegrown talent, a bank has no next generation of leaders.

> *If AI does the routine work, we have to be deliberate about how people become experts. It will not happen by accident.*
>
> C-level executive, BCG Expand roundtable

Why will cost per head mislead you?

The roles AI removes first are the cheapest. So as banks automate, cost per head (total cost divided by headcount) can rise even as total cost falls.

Compare two banks. One has a workforce weighted toward juniors and outsourced roles and posts an excellent cost per head. The other moves to fewer, more senior, AI-augmented people and sees that figure go up while its total cost comes down. On this measure alone, the first bank looks efficient and the second looks expensive.

Five years from now, both could prove fragile. The first bank's apparent efficiency rests on work that agents are taking over. The second depends on a few senior experts and may have no one

ready to step in when they leave.

That is why BCG Expand never benchmarks cost per head without total spend beside it. A rising figure can be a good sign when total spend is falling. As AI changes who does the work, banks need a dashboard that also tracks:

- Cost per unit of output
- The shape of the workforce
- The mix of in-house and outsourced staff
- The skills behind each role

Taken together, these measures show whether AI is taking cost out of the bank or simply shifting it from salaries to vendors and compute.

What should banks do about graduates?

Keep hiring them, even if fewer, and decide now what they need to learn when AI does the routine work. Any bank asking “Do we really need junior people?” should think twice before answering no.

Someone will have to run your bank in 2036. Make sure that person is learning the job today.

SOURCES

1. BCG, Applied AI Index 2026.
2. BCG Expand AI benchmark and benchmark studies, 2026.

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