CEEPERSPECTIVE

POLICY INSIGHT

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GENERATIVE AI AND THE CEE FINANCIAL WORKFLOW TRANSFORMATION

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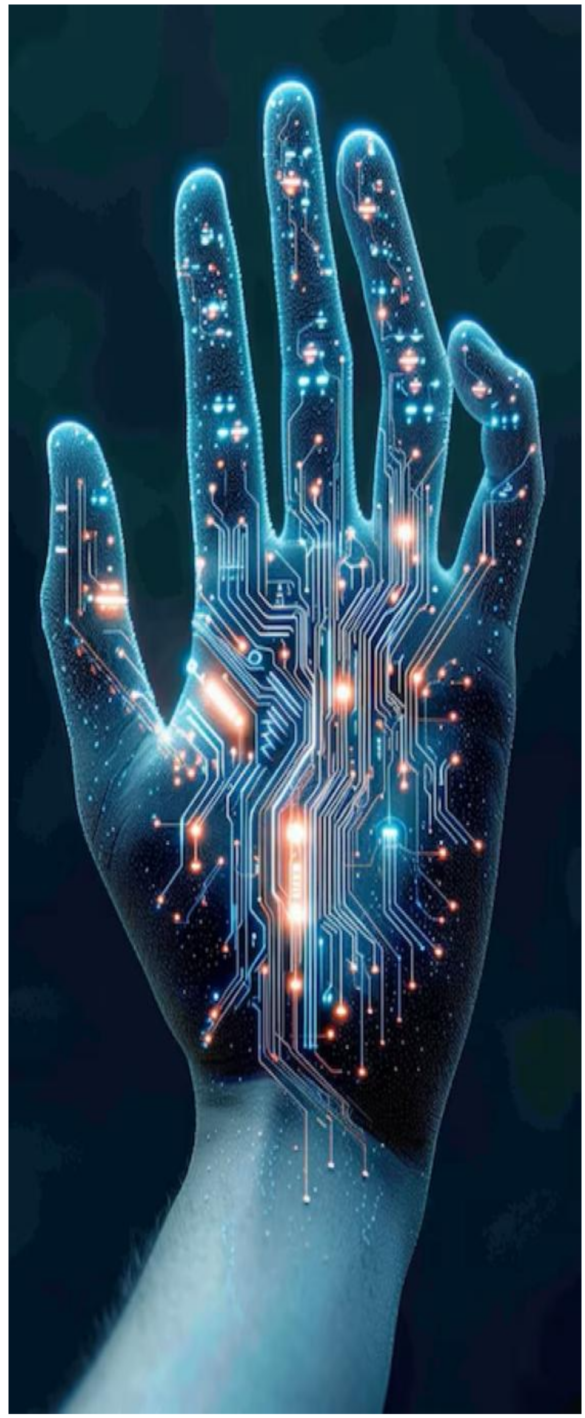
S U M M A R Y



Generative AI (GenAI) is transitioning from a speculative tool to a core operational engine in the Central and Eastern European (CEE) financial sector. Driven by a regional imperative for rapid digitization and a robust IT talent pool, GenAI is reconfiguring internal workflows, from credit scoring to compliance.

While promising a productivity miracle to offset regional labor shortages, its integration poses unique challenges regarding data sovereignty, EU regulatory alignment, and overreliance on non-EU tech providers.

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CEE PERSPECTIVE: FROM AUTOMATION TO AUGMENTATION

The CEE financial landscape is uniquely positioned to internalize GenAI due to its high concentration of digital-first banking infrastructure and a competitive fintech ecosystem. Unlike Western European markets burdened by deeper legacy systems, CEE institutions in Poland, Hungary, and Romania are utilizing GenAI to leapfrog traditional operational hurdles. A key regional driver is the optimization of back-office functions; over 75% of businesses in the region have integrated AI into at least one function. This is not merely about cost-cutting but about addressing the structural labor squeeze in the CEE, where the demand for high-skilled financial analysts consistently outpaces local supply.

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REGIONAL LEADERS:

POLAND AND ROMANIA

In Poland, the region’s largest banking market, PKO Bank Polski and mBank have moved aggressively beyond pilot programs. PKO Bank Polski has integrated AI into its "2025-2027 Strategy for Growth and Development," focusing on hyper-automation to maintain a cost-to-income ratio below 35%. Meanwhile, mBank established an internal GenAI incubator, successfully deploying solutions that allow analysts to query complex datasets using natural language. This "conversational data" approach has turned days of manual report generation into minutes of AI-assisted synthesis, particularly in processing customer complaints and auditing corporate advisory calls.

In Romania, Banca Transilvania (BT) has emerged as a regional pioneer. In early 2025, BT launched "AIvolution," a comprehensive internal program that equipped over 80% of eligible employees with Copilot li. Internal surveys from the bank indicate that these tools save employees between 1 to 2 hours per day on routine administrative tasks. Furthermore, their integration of Microsoft's solution, Azure OpenAI Service, has revolutionized their internal search and support systems, with 80% of internal queries now resolved by AI assistants without human intervention. This shift allows the bank to scale its operations, serving 4.5 million customers, without a proportional increase in headcount.

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DEEP WORKFLOW INTEGRATION: RISK AND COMPLIANCE

Current applications are moving into deep workflow integration. In credit risk assessment, GenAI-driven early warning systems are being deployed to navigate the CEE's specific market volatilities. By automating the generation of credit memos and executive summaries, institutions are reporting significant reductions in loan underwriting timelines. Furthermore, the Know Your Customer (KYC) and Anti-Money Laundering (AML) processes, historically labor-intensive due to fragmented regional data, are seeing significant, multi-fold improvements in lookup speeds and data synthesis. In Hungary, OTP Bank is leveraging AI to modernize its legacy URBIS systems, using RAG (Retrieval-Augmented Generation) to ensure that its internal AI models provide accurate, policy-compliant answers to employees across its 11-country footprint.

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STRATEGIC CHALLENGES AND THE REGULATORY BOTTLENECK

The "CEE advantage" faces a significant regulatory bottleneck. As the EU AI Act moves into its implementation phase, regional banks face a dual pressure: maintaining the pace of innovation while ensuring "explainability" in automated decision-making. There is a palpable risk of "algorithmic bias" if models trained on Western data sets are applied to CEE consumer behaviors without local calibration.

Moreover, the region's heavy reliance on third-party AI vendors (primarily US-based) raises concerns about strategic autonomy. Financial institutions in the CEE are increasingly wary of "data poisoning" and "vendor lock-in," where a failure in a single global provider could paralyze regional banking operations. To mitigate this, groups like Raiffeisen Bank International (RBI) are building proprietary, internal versions of ChatGPT and self-service data platforms to maintain "Zero Trust" security while enabling 1,300+ regional users to collaborate on data products safely.

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RECOMMENDATIONS FOR REGIONAL POLICY-MAKERS

To ensure the CEE financial sector remains competitive while managing the risks of GenAI, regional policy-makers and regulators should focus on three strategic pillars:

1. **Harmonized Supervisory Sandboxes:** CEE regulators (such as Poland's KNF or Romania's BNR) should establish cross-border "GenAI Sandboxes." These environments allow banks to test Large Language Models (LLMs) in a controlled setting, ensuring compliance with the EU AI Act before full-scale deployment.
2. **Investment in Sovereign Data Infrastructure:** To reduce overreliance on non-EU cloud providers, regional policy-makers should incentivize the development of localized data centers and CEE-specific LLMs. This ensures that the financial sector's "operational brain" remains within European legal and physical jurisdiction.
3. **Standardized AI Audit Frameworks:** Clear guidelines are needed on what constitutes "explainability" in AI-driven credit decisions. Policy-makers must define auditing standards that prevent discriminatory bias while allowing banks to utilize the predictive power of non-linear AI models.

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KEY TAKEAWAYS

Productivity as a Demographic Hedge:

In the CEE region, GenAI is being deployed as a strategic tool to maintain growth despite a tightening labor market, with internal support ticket volumes dropping in early-adopter banks.

Leapfrogging Legacy Systems

Institutions in Poland and Romania are utilizing GenAI to bypass traditional banking hurdles, moving directly to “AI-first” internal architectures that allow natural language data analysis.

The Governance Imperative

Compliance with the EU AI Act is the next major hurdle.
Success depends on moving from ad-hoc experiments to govern scaling that prioritizes data residency and model explainability.

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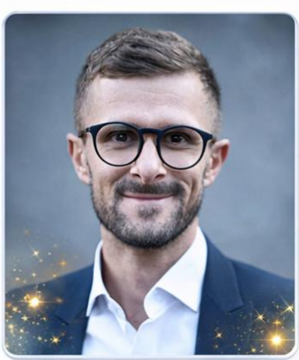
ABOUT THE AUTHOR



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