

# Artificial intelligence in financial communications and disclosure

DIRK

DIRK and EY market survey for the IR function

DIRK conference, 2 July 2024

EY

Building a better working world

# Content

## Artificial intelligence in financial communications

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## Survey details

### Artificial intelligence in financial communications

#### Respondents

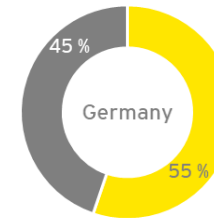
- ▶ Published by DIRK (German Investor Relations Association), initiated and sponsored by EY as co-publisher
- ▶ 135 responses from Investor Relations Officers in Germany, Switzerland and Austria
- ▶ Companies mainly listed in reg. markets
- ▶ Members of IR associations in Germany (DIRK), Switzerland (IR club) and Austria (CIRA)

#### Purpose of the survey

- ▶ Getting an insight of AI in the IR practice, its potentials, opportunities and risks
- ▶ Providing an overview of the overall impact on IR and best practices of AI in financial communications



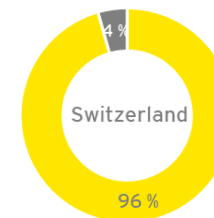
71 % DIRK members



Index (DAX, MDAX, SDAX)  
Other



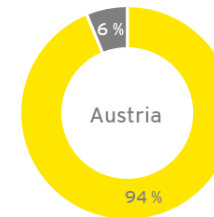
17 % IR club members



Index (SLI, SMI, SPI)  
Other



12 % CIRA members



Index (ATX, ATX prime)  
Other



AI tools in everyday IR work

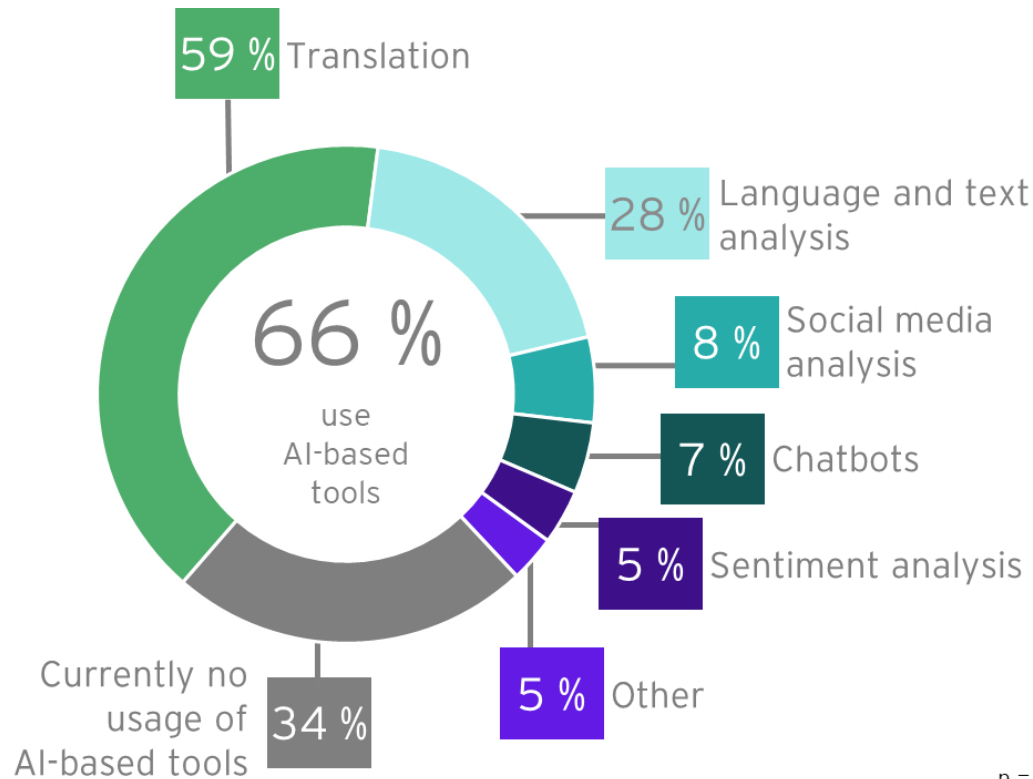
# AI tools in everyday IR work

## Areas of application of AI

### Areas of application of AI

- ▶ Translation applications are currently the most common AI-based tools in IR-departments (59 %)
- ▶ 28% of the surveyed IR-departments currently use AI for language and text analysis as second most mentioned application
- ▶ Larger companies are also using AI for chatbots, e. g. for automated responses to investors and analyst requests (7 %)
- ▶ More than one third do not use AI-based tools to proceed IR-related tasks at the present time (34 %)

**Q** What are you currently using AI-enabled applications for?  
(Multiple answers possible)



n = 135

Source: Artificial intelligence in financial communications, 2024

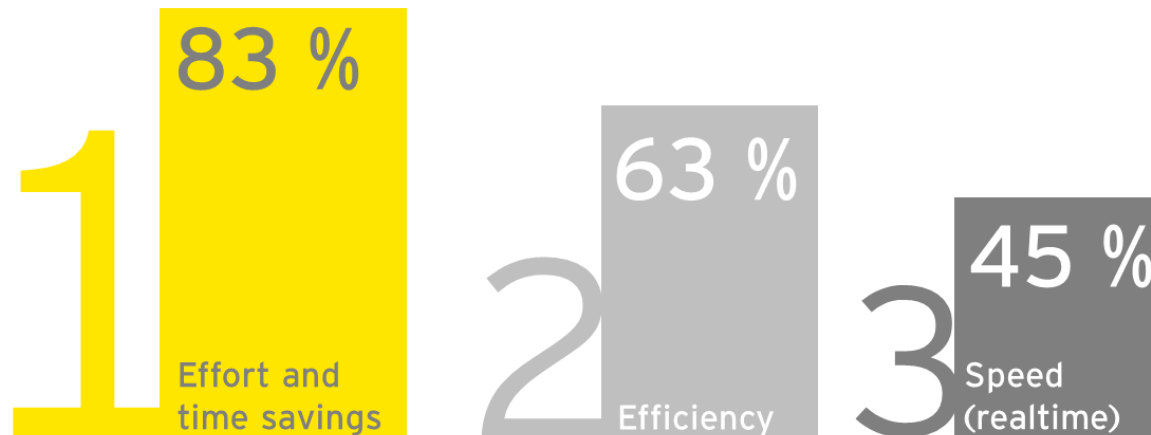
# AI tools in everyday IR work

## Top 3 features of AI providing value to IR

### Top 3 features of AI providing value to IR

- ▶ According to the broad majority of IR-officers, effort and time saving is the highest ranked benefit AI can deliver in the financial communication (83 %)
- ▶ Efficiency and speed (realtime) are also highly ranked features of AI which add value to IR
- ▶ Medium and small sized businesses value cost savings more than large organizations. Only 29 % of DAX companies name savings as a top three benefit of AI, in contrast to 42 % of companies in total
- ▶ Accuracy of forecasts is rarely mentioned as a feature with which AI can add value to IR (4 %)

**Q** With which potential benefits can AI add value to IR?  
(Multiple answers possible)



4	Cost savings (42 %)
5	Performance in the analysis of complex contexts and big data (20 %)
6	Quality (13 %)
7	Accuracy of forecasts (4 %)

Source: Artificial intelligence in financial communications, 2024

n = 135

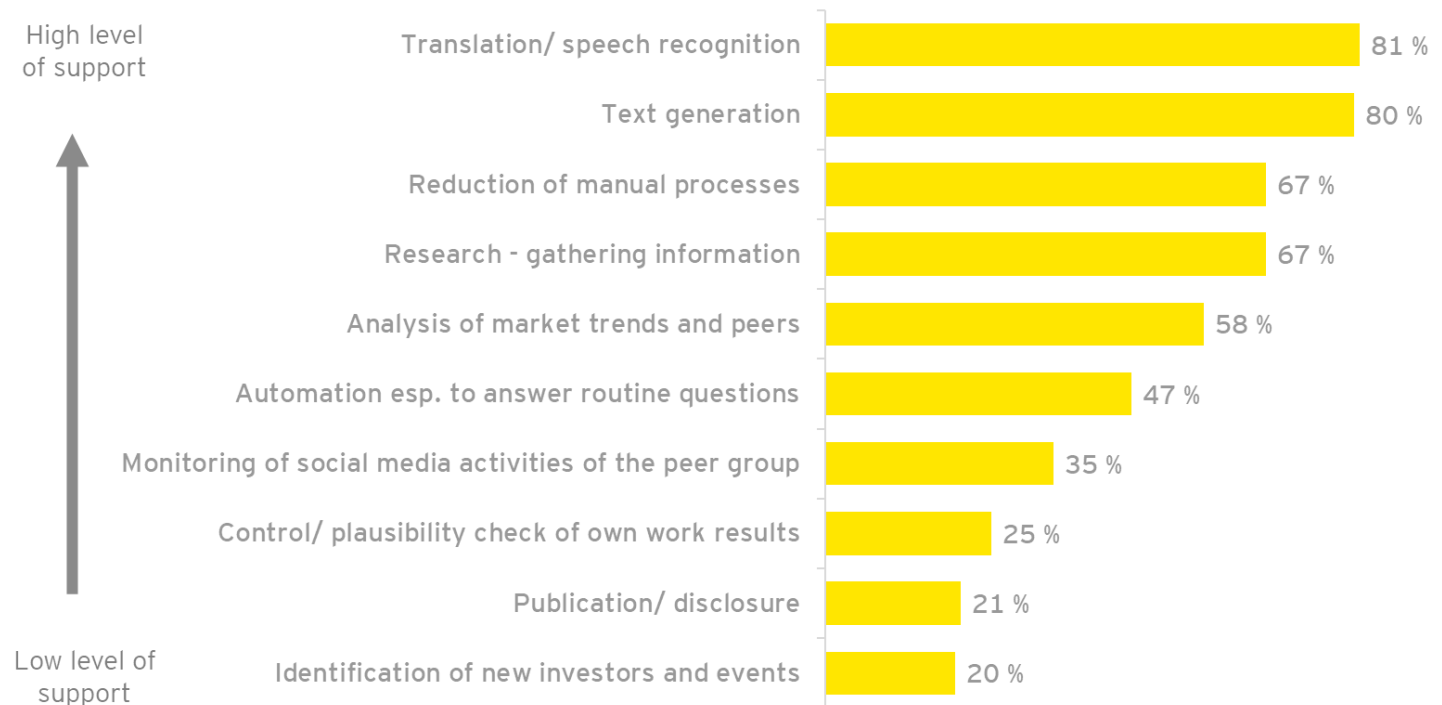
# AI tools in everyday IR work

## IR activities which can be potentially most supported by AI

### Top 3 features of AI providing value to IR

- ▶ IR respondents see greatest potential for AI-supported applications in translation/ speech recognition and text generation (Rank 1 and 2), followed by the reduction of manual processes (Rank 3) and assistance with gathering information for research (Rank 4)
- ▶ According to IR-officers, the least support potential is seen in publication/ disclosures and the identification of new investors and events
- ▶ AI provides limited support in areas such as monitoring the peer groups social media activities or for controlling the own work results

**Q** In which activities do you think AI applications can support IR?



# AI tools in everyday IR work

## Ranking of IR-tasks AI can support in subject matters

### Ranking of IR-tasks AI can support in subject matters

- ▶ According to the IR-officers AI can provide the most support to the IR-task peer group research and analysis (54 %)
- ▶ Analyzing historical financial data is the second most important IR-task that can be supported by AI in terms of subject-specific tasks (50 %).
- ▶ Responding to standard requests from investors is the third-most important task AI can support IR-officers with (43 %). Especially for large companies, this function is perceived as beneficial (64 % of surveyed DAX companies)

**Q** Where do you think AI can provide the most support for IR-tasks in terms of topics and subject matters?

(Multiple answers possible)



n = 125

Source: Artificial intelligence in financial communications, 2024



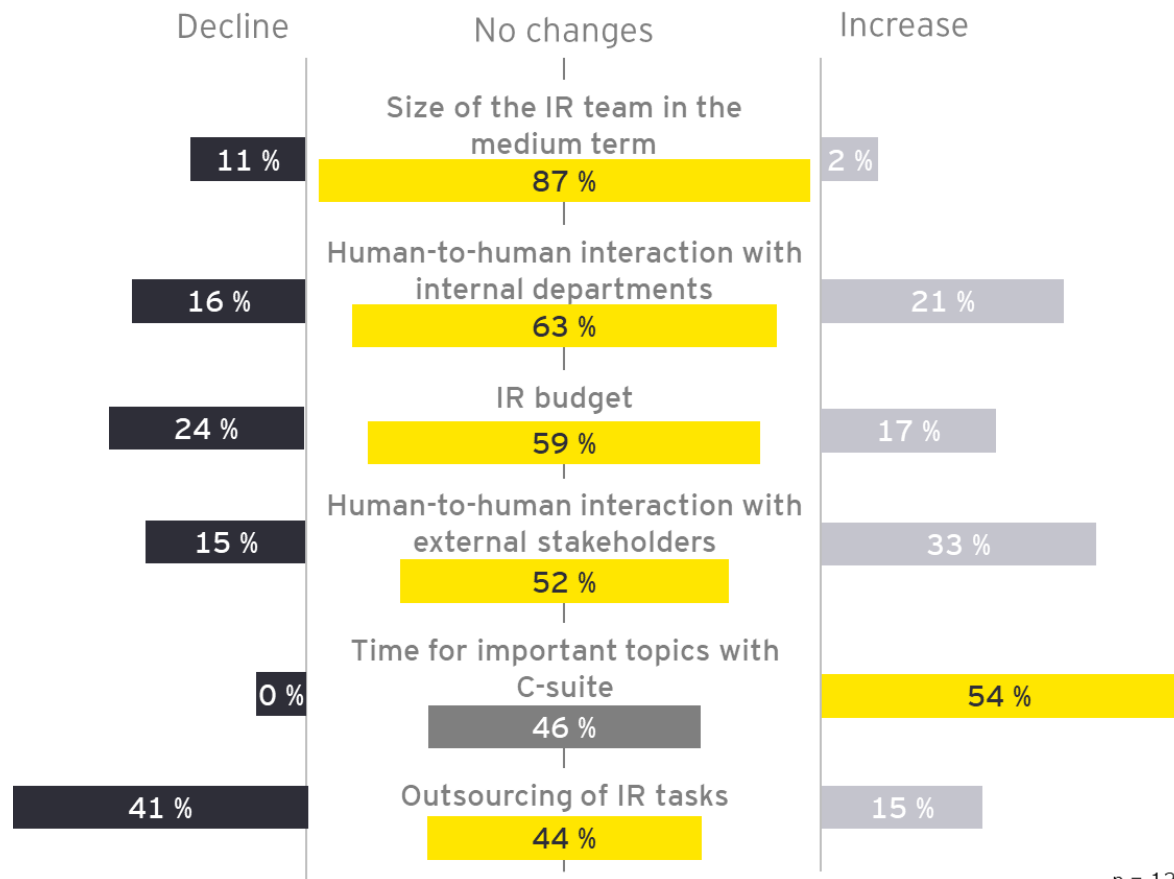
# AI tools in everyday IR work

## Internal organizational changes in IR through AI

### Internal organizational changes in IR through AI

- ▶ The use of AI tools can impact IR organization, taking over part of the IR work and allowing more time for person-to-person communication
- ▶ More than a fifth of the surveyed IR-officers expect the use of AI to accelerate interaction with internal departments, while 33 % expect an increase in interactions with external stakeholders
- ▶ Majority of IR respondents (54 %) believe AI will allow more time for high-importance topics with C-suite
- ▶ 41 % of the surveyed IR-officers are predicting a shift toward less outsourcing

**Q** How does AI tend to change the internal IR organization?



n = 125

Source: Artificial intelligence in financial communications, 2024

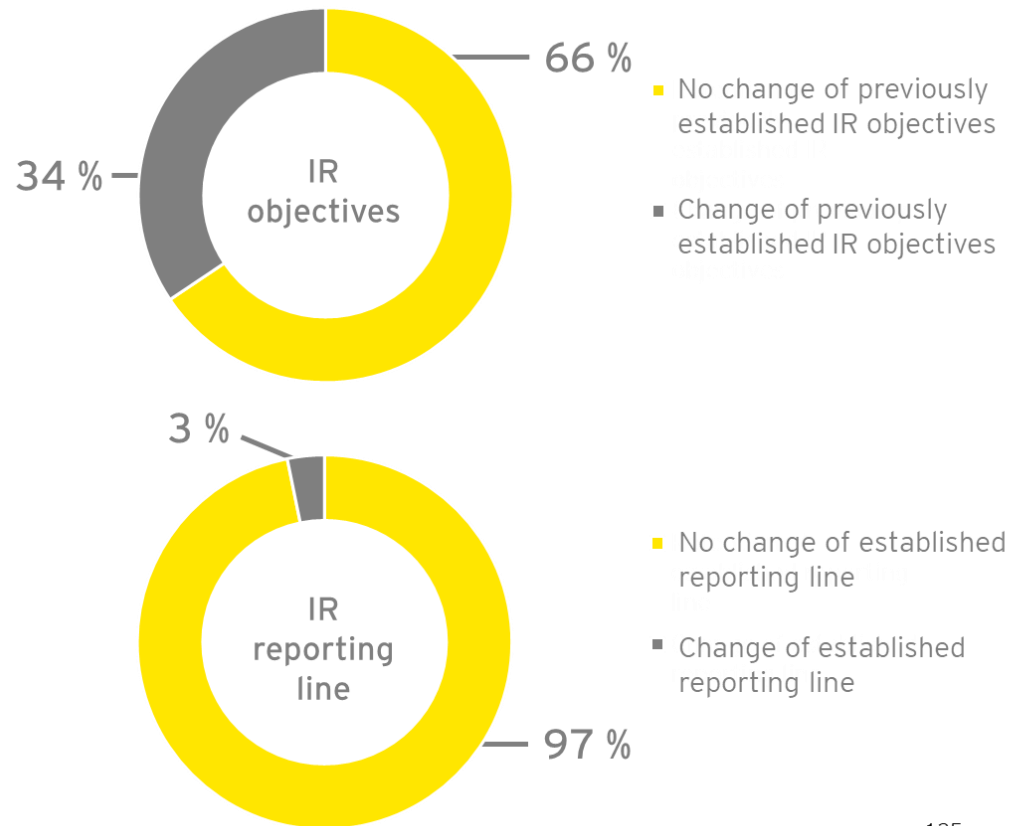
# AI tools in everyday IR work

## Organizational changes trough AI

### Organizational changes trough AI

- ▶ While two-thirds of respondents expect existing IR goals will remain the same, over a third foresee a shift or transformation in IR objectives due to the integration of AI
- ▶ The majority of respondents anticipate that IR reporting lines will maintain the status quo, with IR-officers primarily reporting to top executives such as the CEO or CFO

**Q** How does AI tend to change the internal IR organization?



n = 125

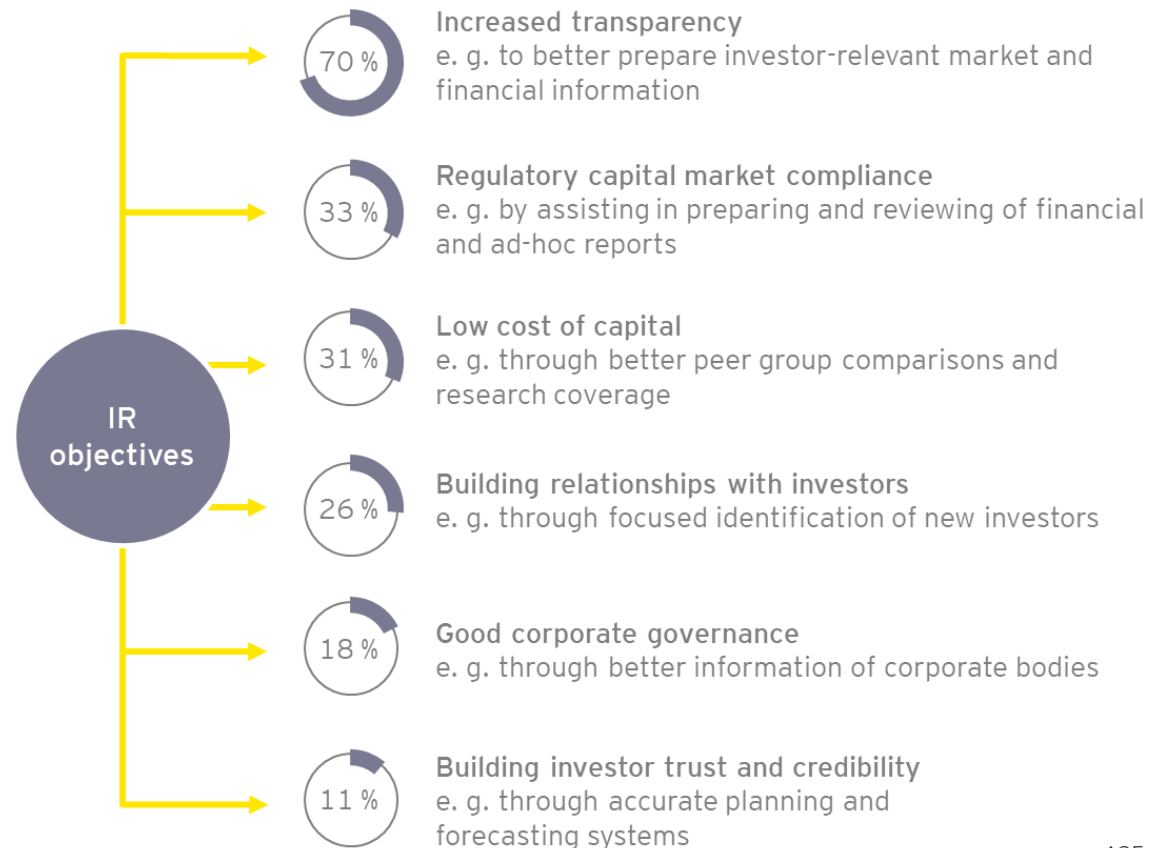
# AI tools in everyday IR work

## Top 3 AI-supported IR goals

### Top 3 AI-supported IR goals

- ▶ Among the surveyed, 70 % believe AI can enhance transparency, such as through better processing of investor-relevant market and financial information
- ▶ A third of respondents see AI applications assisting in preparing and reviewing financial or ad-hoc reports, and in achieving regulatory capital market compliance
- ▶ Lower capital costs can be achieved by using AI tools according to 31 % of the respondents
- ▶ A minority of respondents believe AI can contribute to good corporate governance (18 %) or build investor trust and credibility (11 %)

**Q** Which IR goals do you think AI can support best?  
(Multiple answers possible)



n = 125

Source: Artificial intelligence in financial communications, 2024

A black and white photograph of a woman with curly hair and glasses, wearing a sequined top and light-colored trousers, standing in a futuristic, brightly lit hallway with a repeating geometric pattern on the walls. She is looking down at her smartphone. The hallway is long and narrow, with the walls and ceiling featuring a complex, repeating geometric pattern of hexagons and octagons. The lighting is dramatic, with strong highlights and deep shadows, creating a sense of depth and perspective. The woman is positioned in the center-right of the frame, looking towards the left. The overall mood is modern and technological.

**Investor Relations 2.0:  
How AI is changing financial  
communication**

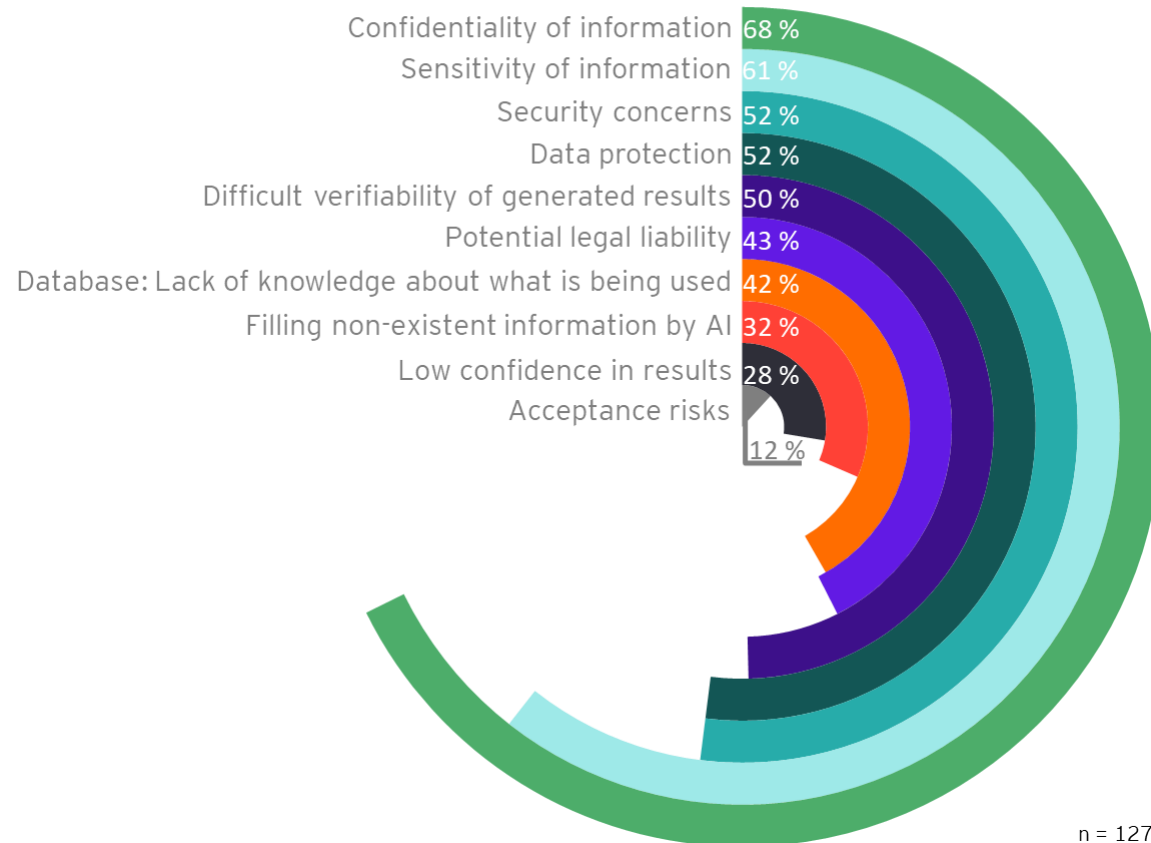
# Investor Relations 2.0: How AI is changing financial communication

## Top 5 risks and challenges of using AI

### Top 5 risks and challenges of using AI

- ▶ Especially issues with handling and providing confidential (68 %) and sensitive information (61 %) to the AI is perceived as a potential high risk for most of the IR-officers
- ▶ Half of the surveyed IR-officers see the difficult verifiability of generated results as a challenge
- ▶ Acceptance risks of AI applications (12 %) are not seen as a significant challenge

**Q** Which are the biggest risks and challenges of using AI in your opinion?  
(Multiple answers possible)



Source: Artificial intelligence in financial communications, 2024

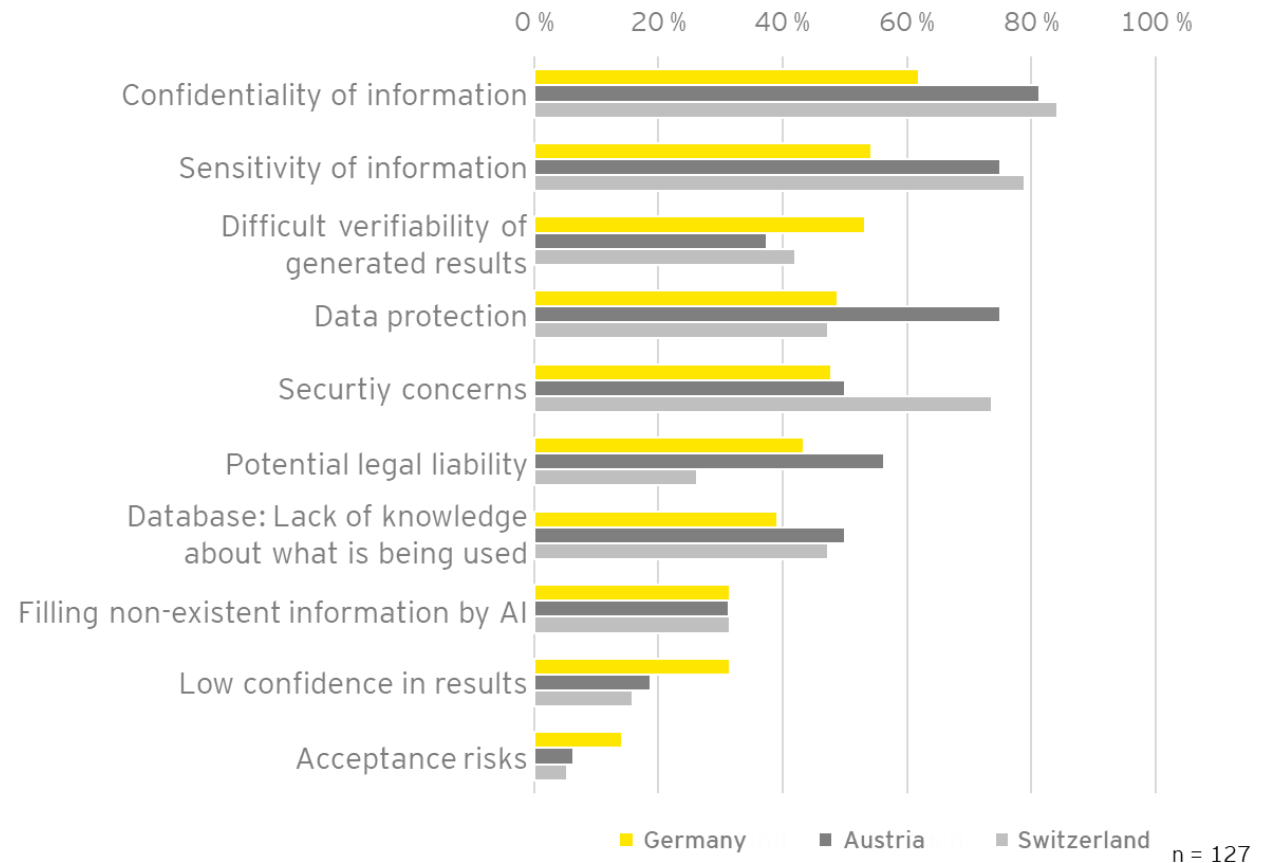
# Investor Relations 2.0: How AI is changing financial communication

## Top 5 risks and challenges of using AI

### Top 5 risks and challenges of using AI

- ▶ The handling of confidential and sensitive information is the most relevant risk also when considering country specific differences
- ▶ 75 % of all Austrian companies surveyed mentioned that data protection concerns are a significant risk
- ▶ Security concerns are mentioned by 74 % companies from Switzerland
- ▶ Issues with a difficult verifiability of generated results and a low confidence in these results are more prominent among German companies

**Q** Which are the biggest risks and challenges of using AI in your opinion?  
(Multiple answers possible)



Source: Artificial intelligence in financial communications, 2024

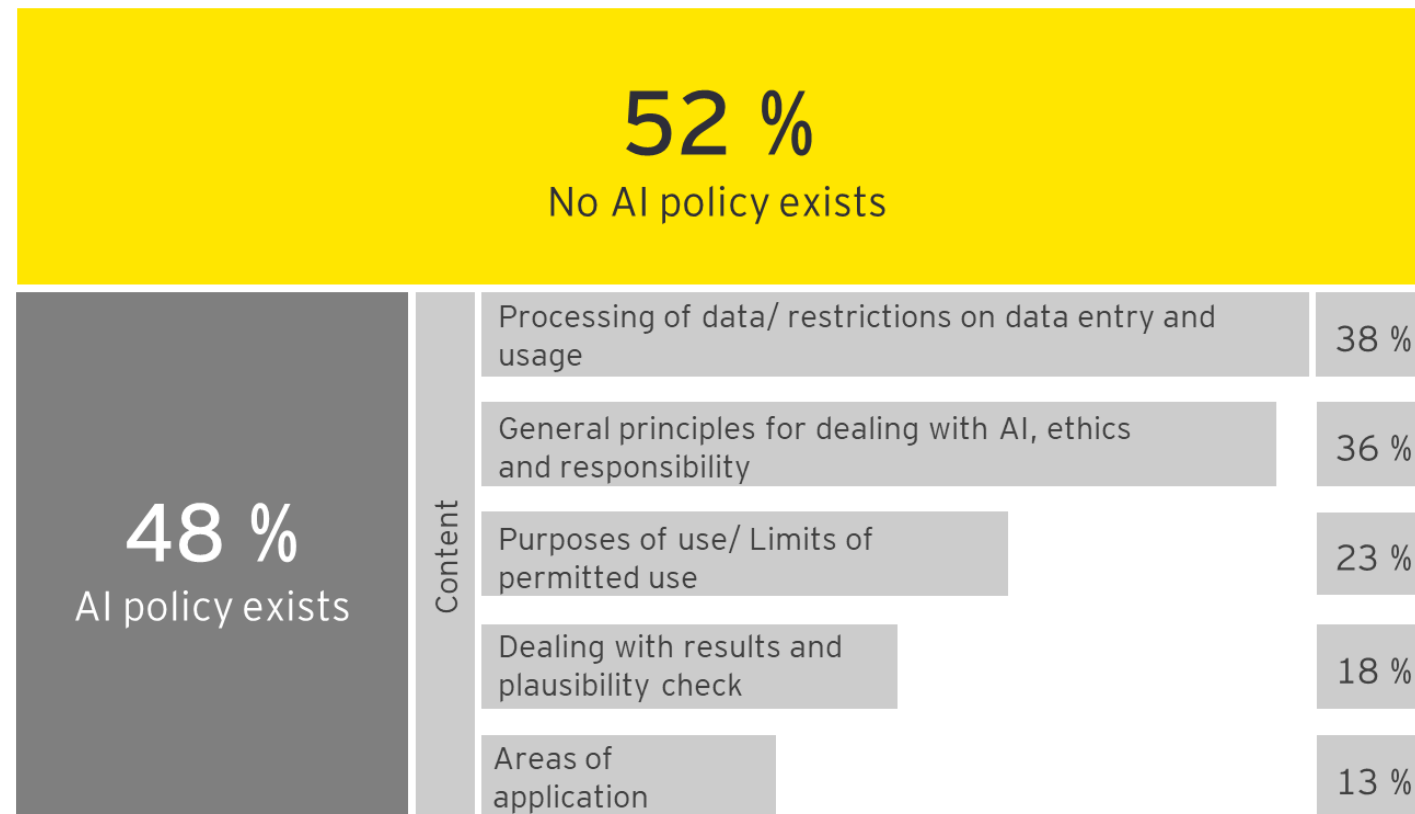
# Investor Relations 2.0: How AI is changing financial communication

## Internal AI policy

### Internal AI policy

- ▶ Of the companies surveyed, 48 % indicate they are already using an internal AI policy
- ▶ The most common guidelines covering data entry, processing and usage (38 %). Almost equally common are general principles on ethics and responsibility in the AI environment defined in their policy (36 %)
- ▶ 52 % of the respondents currently do not use a policy to control the use of AI-based software

**Q** What does your policy on the use of AI-assisted technology regulate?  
(Multiple answers possible)



Source: Artificial intelligence in financial communications, 2024

n = 125

# Investor Relations 2.0: How AI is changing financial communication

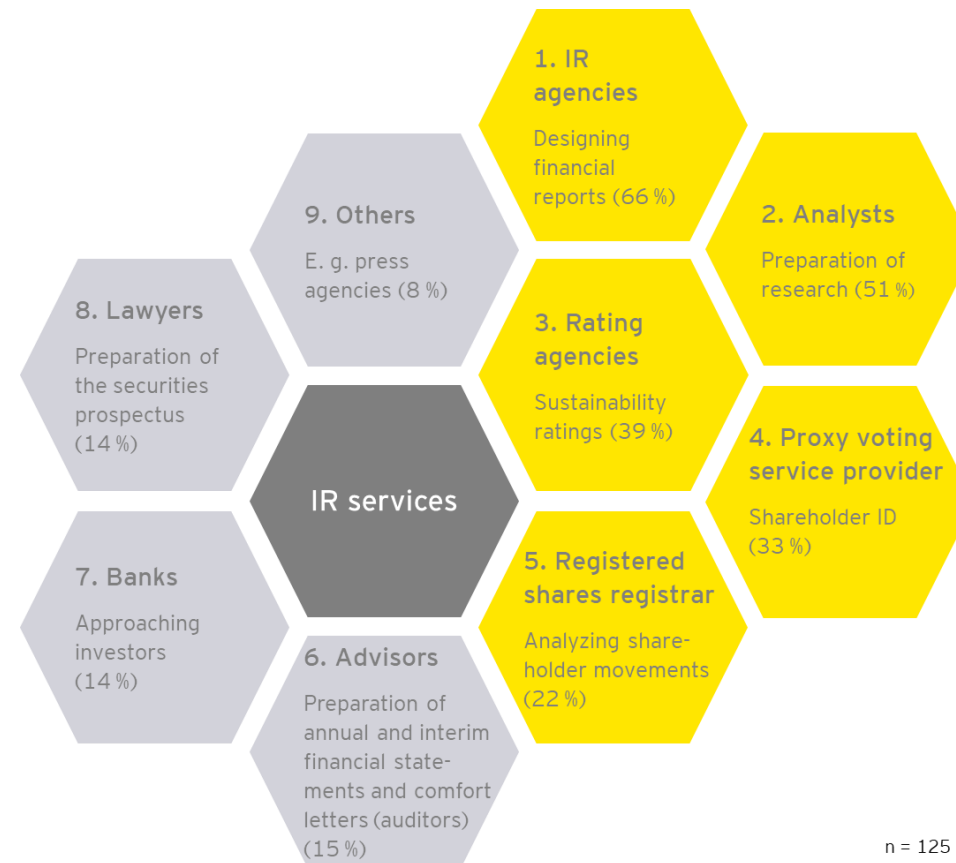
## Top 5 IR services to be affected by AI

### Top 5 IR services to be affected by AI

- ▶ Most surveyed IR-officers suspect that IR agencies will be impacted by AI. Respondents in Germany (67 %), Austria (75 %), and Switzerland (53 %) mention the influence of AI on IR agencies as most significant
- ▶ A little over half of the respondents believe analysts activities (especially in producing research) are second most affected by AI applications
- ▶ Lawyers and banks (both at 14 %) and consultants (15 %) are mentioned the least frequently

**Q** In your opinion, which IR services are most likely to be affected by the use of AI?

(Multiple answers possible)



n = 125



# Investor Relations 2.0: How AI is changing financial communication

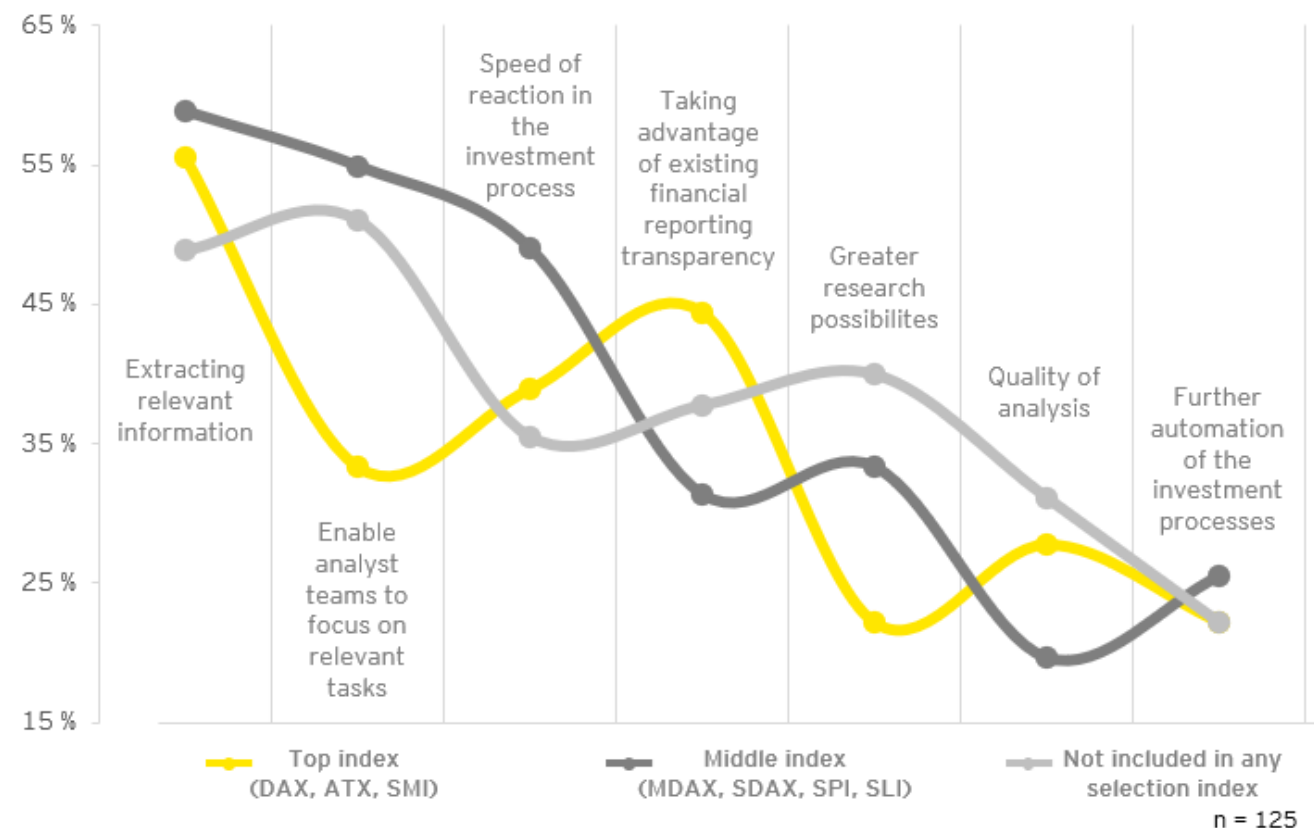
## Top 3 benefits of AI for investors

### Top 3 benefits of AI for investors

- ▶ Among surveyed IR-officers, 53 % indicate that investors can benefit from AI's capability to better extract relevant information
- ▶ Companies in middle indices and companies not included in any selection index see the relief of analyst teams as a major advantage of AI applications
- ▶ 44 % of companies listed in the top indices (DAX, ATX, SMI) suggest that investors can enhance their usage of the financial reporting transparency through AI

**Q** How can investors benefit from the application of AI-enabled technologies?

(Multiple answers possible)



Source: Artificial intelligence in financial communications, 2024

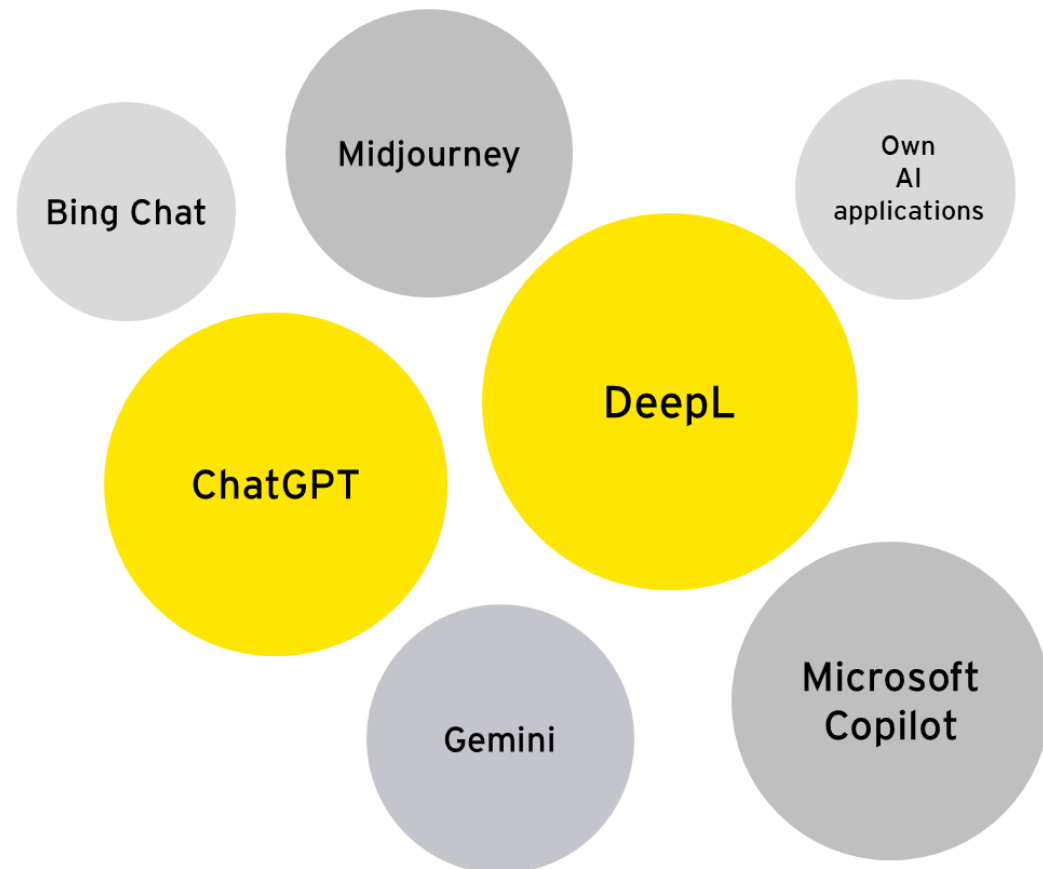
# Investor Relations 2.0: How AI is changing financial communication

## AI tools and purpose for IR and investors

### AI tools and purpose for IR and investors

- ▶ Text based tools are the most common AI-based services currently in use e.g. DeepL, ChatGPT or Gemini
- ▶ Co-pilot functions with the need for human supervision are also popular for research or text analysis e. g. Bing Chat, Microsoft Copilot
- ▶ Own developed AI applications for internal usage also mentioned

**Q** Which AI tools do you and your investors use and for what purpose?  
(Open question)



n = 33



Active IR to benefit from AI

## IR to benefit from the use of AI

### Approaches in IR practice

#### AI as IR Copilot



Artificial intelligence serves as a digital co-pilot for IR-officers, enhancing efficiency and freeing time for central IR-tasks

#### Relief in information overload



AI's support expected a surge in human interactions within the listed company and with investors

#### AI to disrupt the IR ecosystem



Significantly impacting the process participants around IR related activities in translation, texting, research and analysis, while reducing outsourcing

#### Use not without risks



Due to confidentiality and security concerns the application of an AI guideline can be necessary

#### IR competence and responsibility



Although AI offers substantial support in IR, manual oversight and checks to verify AI generated output by IR professionals are needed

### One thing is essential...

for the appropriate use of AI, the careful examination of the respective AI generated results and for the benefit of corporate governance and the capital market,

**...the professional competence of the Investor Relations function**

## Contribution of IR with Artificial Intelligence in capital markets

### Checklist

The following questions help to individually position your company and IR in the AI environment:



1. Communication: How can we use AI effectively for financial communication and integrate it into our daily IR work? To what extent and for what purposes do we want to use AI? Should processes be automated through AI or should a co-pilot approach with human oversight be preferred?
2. Tools: Which AI-based tools can help us better understand investor preferences and market sentiments, and react more promptly to changes?
3. Application: How can we use AI to make IR communication more targeted and personalized, and to enhance investor trust?
4. Outsourcing: Which of our IR activities should we continue to outsource, and which tasks can we handle internally with the help of AI?
5. IR Goals: Are our IR objectives still the same as before the application of AI?
6. Efficiency: How do we leverage efficiency gains achieved through AI?
7. Organization: What effects can the use of AI have on our internal IR organization and infrastructures?
8. IR Role: Does our professional role and job description in IR change with the use of AI? What is our AI competence in the IR team? Should we expand it?
9. Cost of Capital: How can we use AI to increase our company's value potential?
10. Guidelines: What are the legal frameworks for the use of AI and how do we prepare to meet regulatory requirements? Do we have internal guidelines for the use of AI tools? What should those regulate?

Source: Artificial intelligence in financial communications, 2024



Contact and IR thought  
leadership

## Contact

Dr. Martin Steinbach

# Let's stay in touch!



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# IR services portfolio pre- and post-IPO

## Pre-IPO

IR concept and strategy

IR disclosures awareness session

IR website structure and content

IR international benchmarking on setup, resourcing and IPO and IR budgeting

IR organizational set up and interdepartmental connectivity and implementation

IR manual to document disclosure processes

IR financial calendar to prepare disclosures

IR-officer IFRS and Tax training

Capital market compliance training for board and employees

Quarterly and segment reporting strategy

IR dashBOARD and capital market readiness training for board members

## Post-IPO

IR capital markets effectiveness and health check, advisory

CFO onboarding program in capital markets





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Know your exit options when you are living in a hybrid space between being a private versus a public company.

**Do you dare to IPO?** ...



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Preparing for transaction opportunity in your companies life cycle to better navigate the unexpected

**Equity funding: from zero to IPO** ...



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As a rock climber must start their course and anticipate what's ahead, a company's value is increasingly reflected not just in its short-term financial performance it's the ability to generate long-term value for both investors and society as a whole

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How an IPO can strengthen family businesses for generations to come

**How an IPO can strengthen family businesses for generations to come** ...



**What drives a family business to go public?** ...

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### ebook



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Finanzierung über  
Aktien und Anleihen

Erwartungsmanagement  
im Zeitalter volatiler  
Kapitalmärkte in den  
Investor Relations

Zusammenspiel  
zwischen Investor  
Relations, Vorstand und  
Aufsichtsrat

Digitalisierung in der  
Investor-Relations-  
Praxis

Marktzugang beim  
Börsengang und in der  
Zeit danach

Die Zukunft der Investor  
Relations

Quarterly Information  
und Analyst Guidance

Kommunikation von  
Wertsteigerungs-  
potentialen in den  
Investor Relations

Effektive  
Finanzkommunikation

Budgetplanung in der  
Finanzkommunikation  
und im Disclosure

### Exchange regulation

Frankfurter  
Wertpapierbörse

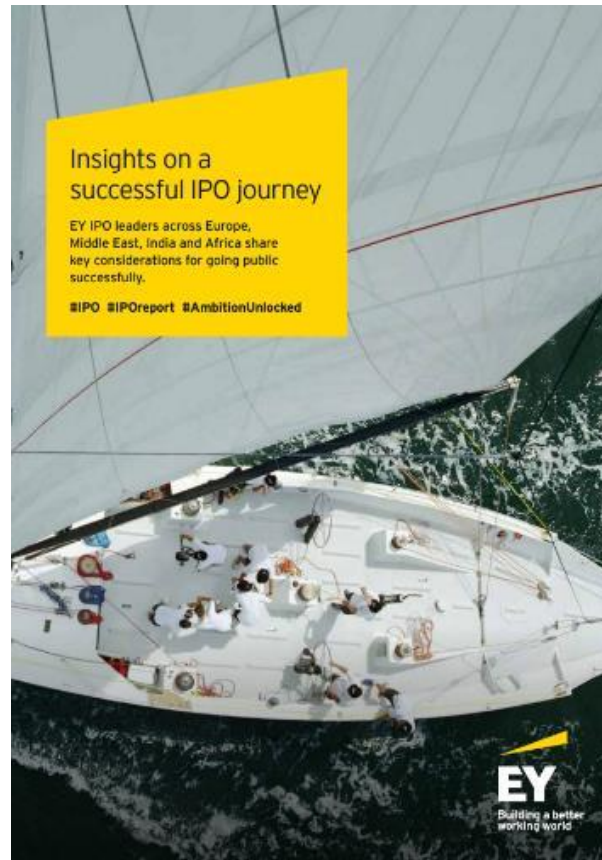
Wiener Börse

SIX Swiss  
Exchange Zürich

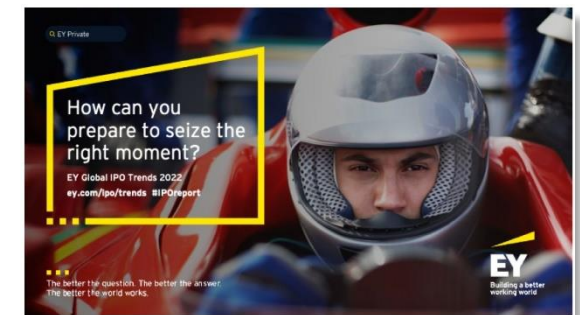


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#### Global IPO Center of Excellence

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