



# The Evolution of the CDO

## Why Data Leaders Are Becoming the New Chief AI Officers

Repositioning data leadership for  
the AI-first banking industry

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# 01 Introduction

Every industry is facing critical crossroads, and banking is no exception. While artificial intelligence promises an unprecedented transformation in banking operations, channels, risk, credit, and most other domains, many institutions still struggle to integrate AI effectively into their existing development processes.

According to KPMG's Global Tech Report 2024, only 31% have successfully scaled AI beyond pilot phases. This limited scalability often stems from a fundamental organizational misalignment—specifically, the separation of AI leadership, centers of excellence, and data management.

As banks attempt to navigate this complex landscape, a new perspective is emerging—one that recognizes the Chief Data Officer (CDO) as the natural evolution toward a Chief AI Officer. This shift isn't merely semantic but represents a strategic realignment necessary for banks to overcome implementation challenges and drive meaningful AI transformation. With their comprehensive understanding of banks data ecosystem, the CDO is uniquely positioned to lead this transformation, ensuring AI initiatives are built on solid foundations rather than technological quick fixes.

# The structural disconnect: AI excellence isolated from data expertise

# 2022

**In most banking institutions today, we observe a problematic pattern: AI center of excellence and AI platform teams operate as separate entities from data management functions, even when they nominally fall under the same organizational umbrella.**

This artificial separation creates numerous inefficiencies and challenges that ultimately impede AI transformation. Data management teams focus on governance, quality, lineage, and accessibility, while AI teams concentrate on model development, experimentation, and deployment. This dichotomy results in a fractured approach where:

- Data governance policies are implemented without considering AI-specific requirements.
- AI initiatives proceed without adequate attention to data foundations.
- Cross-functional dependencies create bottlenecks and delays.
- Organizational silos prevents the seamless flow of expertise.

Gartner's 2024 survey found that 61% of organizations are re-evaluating their data and analytics operating models due to the impact of AI technologies. This underscores the need for integrated approaches to data and AI functions.

**74% of companies struggle to achieve  
and scale value in their AI adoption.**

\*BCG; What's the value report, 2024



# Consider these typical scenarios in banking

## The Stalled Credit Model

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An AI team develops a promising credit risk model, but implementation stalls because the data required has uncertain lineage, questionable quality, or accessibility issues. The AI team blames data limitations, while the data team questions why these requirements weren't addressed during the design phase. This organizational disconnect transforms what should be a straightforward implementation into a months-long challenge.

## The Fragmented Customer View

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Multiple AI initiatives across different business units each create their own version of "customer 360" data assets. Without centralized coordination between data and AI functions, the bank ends up with conflicting customer profiles, inconsistent predictions, and redundant storage costs—ultimately undermining trust in AI-driven insights.

## The Compliance Nightmare

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An AI system deployed by the innovation team runs afoul of regulatory requirements because the data governance team wasn't involved early enough to identify potential bias or explainability issues. The resulting remediation costs more than the original development and delays valuable business capabilities.

# 03 The Converging Future: AI-Embedded Data Management



The constructed separation between data and AI functions becomes even more untenable when considering the trajectory of enterprise technology. The next generation of data platforms, governance frameworks, and lineage tools will come with embedded AI capabilities—not as separate add-ons but as core functionalities.

### Several developments highlight this convergence:

- **AI-native data platforms** are emerging where intelligent agents automate data discovery, classification, and quality monitoring.
- **Governance frameworks** increasingly rely on machine learning to identify sensitive information, detect anomalies, and enforce policies.
- **Data lineage tools** automatically incorporate AI to map relationships and dependencies across complex landscapes.
- **Data catalogs** now employ natural language processing to improve discoverability and usability.

This technological convergence means data management teams will inevitably become AI practitioners —not by choice but by necessity. The question is whether they will do so strategically or reactively. CDOs who proactively embrace this evolution can lead their organizations through convergence, while those who resist may find themselves marginalized as AI capabilities become embedded throughout the data ecosystem.

# Building Versus Buying:

# Avoiding AI Debt

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**This brings up another important question, where CDOs face a critical strategic decision:**

**whether to build AI capabilities in-house as AI agents or rely on vendor solutions with embedded AI.**

Many organizations, having learned painful lessons from decades of accumulating technical debt, are wary of creating a new form of "AI debt"—a term describing the effects of having a set or group of data governance tools all with embedded AI capabilities and where it becomes more on the data organization to ensure that these tools with their embedded capabilities work well with each other and also with the underlying infrastructure and data.

This has been the problem for a long time which has been classified as tech debt and now will formulate grow into something new called AI debt.

The alternative approach—developing purpose-built AI agents that align with the organization's specific data architecture, governance requirements, and business processes—offers several advantages:

- Greater control over AI governance and explainability
- Seamless integration with existing data infrastructure
- Alignment with industry-specific regulatory requirements
- Development of institutional AI expertise and capabilities
- Reduced dependency on external vendors.

The key to understand is that most organizations will end up in a hybrid approach of build and buy but most important things is to have the ability to make the choice by acting early, creating a composable and clean architecture and having the clear viewpoint to decide what the enterprise needs to build themselves and what still makes better sense to buy.

# 05 The Economics of Purpose-Built AI Agents

Perhaps most significantly, the build approach can ultimately lead to substantial cost savings. The typical bank today maintains dozens of specialized data tools — each with its own licensing costs, integration requirements, and maintenance overhead. By developing intelligent, purpose-built agents that can replace these fragmented solutions, organizations can potentially eliminate millions in annual technology spending while creating more cohesive data ecosystems.

Also, another reason is that building agentic AI applications today is far easier than creating similar data systems a decade ago, thanks to advances in foundational models, natural language interfaces, and low-code/no-code platforms. These tools abstract away much of the complexity that once required custom engineering. Developers can now prototype intelligent workflows rapidly without deep ML or data engineering expertise.

What once took months now takes days with minimal resources. Two emerging technologies are helping enterprises better coordinate complex AI systems: **Agent-to-Agent (A2A)** communication and **Model-Context Protocols (MCP)**.

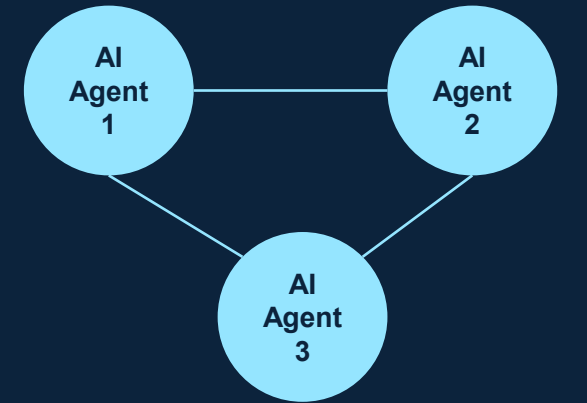
A2A refers to a setup where multiple specialized AI agents—like one for data quality, another for compliance, and another for reporting—communicate directly to complete tasks. This decentralized approach allows each agent to work independently while staying in sync through real-time messaging.

MCP, on the other hand, provides a shared memory or context all agents can access. Think of it as a single source of truth that ensures every AI module operates with the same information—like recent transactions or customer data—helping keep decisions consistent.

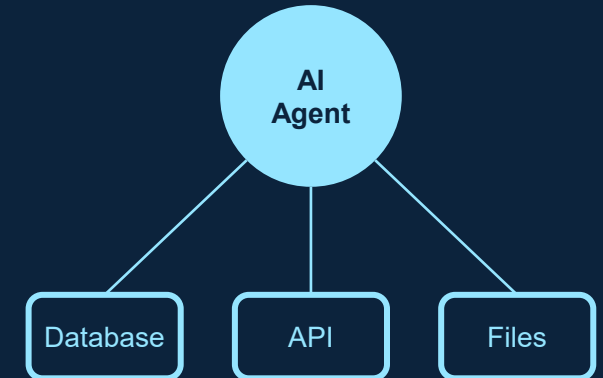
**Together, A2A and MCP make it easier to build large-scale, transparent AI systems.**

A2A helps agents work together fluidly, while MCP keeps them aligned. For CDOs or CAIOs, these tools offer a practical way to scale AI safely and effectively turning siloed experiments into integrated, auditable systems.

These are the most relevant coordination frameworks available today—but others are already beginning to emerge, reflecting the rapid evolution of agentic AI infrastructures.



**Agent-to-Agent Protocol (A2A)**  
AI ↔ AI collaboration



**Model Context Protocol (MCP)**  
AI ↔ Tools connection

Source: [MCP vs A2A: How AI agents connect, collaborate and evolve](#)

# Organizational Alignment: Integrating AI into Data Management

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**Achieving this vision requires more than technological change—it demands organizational transformation. The most effective approach involves fully integrating AI teams within the data management function, creating a unified organization responsible for both data foundations and AI innovation.**

This integration enables:

- Shared governance frameworks that address both data and AI requirements
- Unified technology roadmaps that eliminate redundancy and foster integration
- Cross-pollination of expertise between data and AI specialists
- End-to-end accountability for data-powered solutions
- Streamlined processes that reduce handoffs and accelerate delivery.

The integrated approach also supports true federation of AI capabilities across the enterprise. Rather than concentrating AI expertise in a single center of excellence, an integrated data and AI function can embed specialists throughout the organization, fostering closer alignment with business needs while maintaining centralized standards and governance.

# Conclusion:

## The CDO as Chief AI Officer

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**As the boundaries between data and AI continue to blur, the CDO's role necessarily evolves into that of a Chief AI Officer.**

This transformation reflects the fundamental reality that AI success depends on data excellence, and data strategy increasingly incorporates AI capabilities.

The CDO is uniquely positioned to lead this convergence because:

- **They understand the organization's data landscape and governance requirements.**
- **They have established relationships with key stakeholders across the enterprise.**
- **They recognize the challenges of maintaining data quality at scale.**
- **They have experience navigating regulatory requirements and compliance concerns.**
- **They possess the enterprise-wide perspective needed to drive transformation.**

Banks that recognize and embrace this evolution will position themselves for success in an increasingly AI-driven industry.

By unifying data and AI leadership under the CDO, these institutions can build coherent strategies that address both the foundational requirements and the innovative possibilities of artificial intelligence.

The most successful CDOs will embrace this expanded mandate, positioning themselves not merely as stewards of information but as architects of intelligent systems that transform that information into value. In doing so, they will help their organizations avoid the fragmentation, redundancy, and misalignment that have hampered many AI initiatives to date.

The future of banking will be shaped by organizations that recognize AI not as a separate domain but as an integral part of their data strategy—and by CDOs who step forward to lead this convergence.

As the traditional boundaries between data and AI dissolve, the CDO and Chief AI Officer roles will inevitably merge into a unified position responsible for the organization's most asset: its intelligent use of information.



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