INDEX INDUSTRY ASSOCIATION

# AI and Financial Indexes: Innovation, Governance, and Trust

By Kirsten Wegner and John Jacobs, November 2026

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## About the Authors

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# Executive Summary

Executive Summary

Artificial intelligence is becoming part of everyday operations across the global financial sector, supporting data analysis, monitoring, operational efficiency, and research. Financial indexes are positioned to benefit from these tools.

This paper sets out how some participants in the index industry are applying AI and how established governance frameworks complement use of AI.

AI helps index providers work more efficiently at scale, supporting the processes used to design indexes that are fit for their stated purpose and to maintain them accurately across a large and growing number of indexes. Trust in an index continues to rest on transparent methodologies, fit-for-purpose validation, structured governance, robust controls, and human accountability. Though AI supports index production at scale, responsibility for index administration and oversight remains with humans and the governance structures around them.

It is also worth distinguishing indexes from the investment products linked to them. An index measures the performance of a defined market, asset class, or strategy according to a published methodology; investment products such as index funds and ETFs are separate products that may seek to track an index. This paper concerns the use of AI in the creation, maintenance, and governance of indexes themselves. It also considers, in Section IV, potential use cases of index information by AI agents on behalf of users.

### WHAT WE MEAN BY "AI" IN THIS PAPER

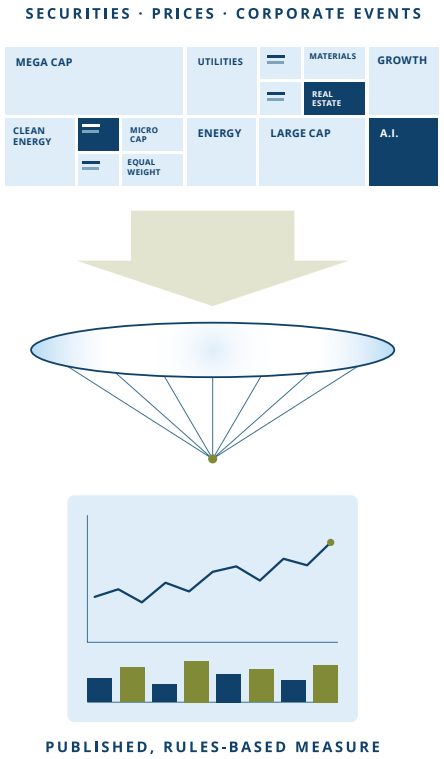
"AI" is used here as shorthand for a family of techniques with different characteristics. Machine learning and pattern-detection methods support anomaly detection and data-quality work. Natural language processing helps organize unstructured and alternative data. Generative tools assist with research synthesis, summarization, and documentation. These techniques differ in how explainable and how easily validated they are; these distinctions matter directly for the governance considerations in Section III. AI agents, discussed in Section IV, are software systems that can carry out multi-step tasks on a user's behalf, such as searching for, retrieving, and summarizing information.

# I. AI Adoption Across the Index Industry

AI adoption is progressing across the index industry. Drawing only on publicly available statements, and disclosing no member's confidential implementation details, a consistent picture emerges: AI is applied to the data and analytical processes that underpin indexes, and it operates within governance and human oversight rather than in place of them. The observations below are aggregated across members from public sources, with footnotes recording representative examples.

## The index as a lens

An index brings a market into focus. It shows the market.




### The Market

Thousands of securities, prices, and corporate events across markets and asset classes.

### The Index: A Lens

A published methodology: what is eligible, how it is weighted, when it rebalances. Different lenses give different views of the same market.

### The View

A clear, consistent measure of how a market or strategy has behaved, used as a benchmark, a research reference, or the basis for a separate investment product.

## Where AI Comes In

### Making and Maintaining the Lens

AI assists index research, data quality, testing, and monitoring. Methodology design remains a human responsibility.

### Keeping it calibrated

Governance, fit-for-purpose validation, explainability, and human accountability keep the lens true to its published methodology.

### Choosing and looking through it

AI agents may help users discover and compare indexes, helping them identify those fit for their intended purpose.

Figure 1. The index as a lens. An index measures a market according to a published methodology; it is not an investment product or investment advice. Illustrative; the figure does not describe any member's products or processes.

A foundation of transparency and independent governance. IIA members publish their index methodologies, and the association's membership is composed of independent index providers; collectively, members administer more than three million indexes across asset classes.1 AI is therefore entering an environment already built for transparency, accountability, and governance.

AI use is past the experimental stage. Several members publicly describe using AI in their data and research operations, and several report doing so for a decade or more.2 A validation history built over time is itself a source of confidence. Public descriptions concentrate on data quality and validation and on research and thematic classification, that is, the operational processes around an index rather than the exercise of methodology judgment.3

Human oversight is a shared theme. Among members that describe their AI use, human oversight is a recurring theme: models support anomaly detection, pattern recognition, and drafting, while analysts retain responsibility for judgments and exceptions.4 AI can be used to strengthen the processes behind trusted indexes while accountability remains with humans.

## II. AI Across the Index Lifecycle

Building and maintaining an index consists of continuous processes: research and design, data management and maintenance, and testing, validation, and monitoring, all within a governance framework. AI can assist across these processes; two themes run throughout: it can make index design more scalable, and it can support ongoing maintenance.

### Scalable, fit-for-purpose index design

Developing an index begins with research: analyzing market behavior, evaluating themes, studying economic trends, and assessing large volumes of information. AI can help researchers work through this material more efficiently and organize unstructured or alternative data, particularly for thematic and sustainability indexes, as well as expand the exposures that can practically be represented through rules-based methodologies. This allows providers to explore and design a wider range of indexes that are fit for their intended purpose, without a proportional increase in manual effort. Final responsibility for methodology design (eligibility criteria, weighting, rebalancing schedules, and index objectives) and its approval remains with humans and established governance structures, and continues to require judgment, market expertise, governance review, and clear documentation.

AI can also help index administrators build on what already exists. Index providers maintain extensive catalogues of methodologies whose components, such as eligibility screens, weighting schemes, and capping or rebalancing rules, recur across index families. AI can help an administrator search that catalogue, identify components that already serve a needed function, and combine them in new configurations, reserving ground-up design for what is genuinely new. The same capability supports maintenance, by surfacing where an existing, already-validated component could address a gap in a methodology under review.

Both the input data and the index rules require oversight, governance, and documentation.

### Enhancing index maintenance, testing, and monitoring

Indexes depend on accurate, timely, and consistent data, maintained across thousands of securities and markets. AI can supplement rules-based deterministic (non-AI) controls in identifying inconsistencies, flagging unusual data patterns, and supporting reconciliation and corporate-actions processing, reducing manual effort and surfacing potential issues earlier. An unusual data point is not necessarily an error: a large movement may reflect a genuine merger, policy change, or market event, so flagged observations are typically reviewed and classified as errors or legitimate outliers before any action is taken. Applied across large

1 Index Industry Association, membership and mission materials, indexindustry.org (2026): IIA members publish their index methodologies, and the association's membership is composed of independent index providers; the association's 19 members administer more than three million indexes across asset classes.

2 Representative public statements: MSCI, "Technology and Data," msci.com (more than a decade applying AI and NLP to content and data processes).

3 Examples by area include data quality and validation: MSCI (msci.com), LSEG / FTSE Russell "AI-Finance Solutions" (lseg.com).

4 Public human-oversight framing: LSEG, AI models applied with a "human in the loop" approach (lseg.com); MSCI, human review of AI-assisted data processes (msci.com).

index families, these capabilities can support the consistency and quality of ongoing maintenance. Human oversight remains central in practice to confirm data quality, resolve exceptions, and apply methodology consistently.

Before launch, an index is tested to understand how its methodology behaves under different market conditions. AI can widen the scope of back-testing, scenario analysis, sensitivity analysis, and stress testing, evaluating more combinations of variables efficiently. Once an index is live, the same monitoring capabilities described above continue to apply. Before and after launch, these tools inform index professionals; decisions on methodology interpretation and operational action remain subject to established governance and to the validation considerations discussed in Section III.

**KEY OBSERVATIONS**

- AI supports the index lifecycle, while methodology decisions, validation, and governance remain under human oversight.
- AI can make index design more scalable and maintenance more consistent, with flagged anomalies reviewed before any action is taken.

**In short.** Across the index lifecycle a common pattern appears: AI can strengthen the processes that make an index reliable, transparent, and well-documented, while accountability stays with the humans and committees responsible for it. That accountability, and the governance and validation that support it, is the subject of the next section.

## AI across the index lifecycle

AI can assist each stage of building and maintaining an index. Methodology decisions, validation, and governance remain under human oversight throughout.

Figure 2. AI across the index lifecycle. Stages are illustrative and practices vary across firms; the figure does not describe any member's processes or set out a standard.

# III. Governance Considerations for AI-Assisted Administration

Governance has long been central to the administration of indexes, and as AI is adopted its importance grows. Index governance structures, including documented methodologies, oversight committees, quality controls, conflict-management procedures, and regular methodology reviews, anchor confidence in an index. The sub-sections below describe how these established governance practices extend to AI-assisted processes. They are descriptive rather than prescriptive: practices vary across firms, and this paper does not set out industry standards or best practice.

### Human accountability and oversight

Having humans in the loop, responsible for methodology decisions, validation, and index administration, remains important for maintaining accountability. AI can assist research and operational processes, but accountability continues to rest with the individuals and committees responsible for the index. Human oversight is intended to keep decisions consistent with published rules and governance objectives.

### Fit-for-purpose validation

AI-assisted processes are subject to the same discipline as other index processes: they are validated as fit for their intended purpose, before they are relied upon, and re-validated as conditions change. Validation considers whether a model performs as intended, whether its outputs are consistent with the documented methodology, and whether its limitations are understood. Providers may scale the depth of validation to how much a given use affects the index, and it is documented so that it can be evidenced to oversight committees, auditors, and appropriate external stakeholders.

### Process governance and explainability

Index providers using AI still need to be able to articulate how their indexes are constructed and how the AI-assisted processes supporting them are developed, tested, validated, monitored, and updated over time. Governance of these processes supports consistency, reliability, and explainability, meaning the ability to explain, in terms appropriate to the audience, why an AI-assisted process produced a given result. Explainability is closely tied to methodology integrity: a process whose behavior can be explained and evidenced strengthens confidence.

### Data governance and intellectual property

AI systems depend on high-quality data. Index providers maintain strong controls around data quality, provenance, lineage, intellectual property, licensing, privacy, and appropriate use of information throughout the index lifecycle, applying the same governance disciplines to data consumed and generated by AI as to data used anywhere else in the process. Reliable AI-assisted outcomes depend not only on model performance but also on the integrity, traceability, and governance of the data and metadata on which those systems rely.

Much of the economic and financial data that index providers consume is itself increasingly produced and validated with the help of AI. Government agencies, central banks, data vendors, and reporting companies use machine learning and language models to extract, classify, link, edit, and reconcile data before it reaches an index provider.5 An index is only as reliable as its inputs, so the relationship between AI and human oversight described in this paper is relevant upstream as well. Index providers' existing data due diligence and vendor oversight can extend to understanding how AI is used in producing the data they rely on, particularly where that data must be reconciled across currencies, accounting bases, and national tax regimes. Practice in these areas tends to be hybrid: AI supports extraction, matching, classification, and anomaly detection, while deterministic rules govern arithmetic, approved exchange rates, and statutory formulas, with human review of exceptions and lineage maintained from source document to reported figure.

### AI-specific risks, operational resilience, and third-party risk

As AI is incorporated into existing workflows, providers also consider risks specific to AI. Generative tools can produce plausible but inaccurate output; models can reflect biases in the data on which they were trained, or drift as market conditions change; and some techniques are less transparent than the rules-based processes they support. Providers generally address these risks through the validation, explainability, and human review described above, including monitoring model performance over time and checking AI-assisted outputs

5 See, e.g., Tebrake, Boukherouaa, Danforth, and Harikrishnan, StatGPT: AI for Official Statistics, International Monetary Fund (2026), https://www.imf.org/-/media/files/publications/dp/2026/english/saiosea.pdf; United Nations Statistical Commission, AI-Ready Official Statistics: Opportunities, Challenges, and Recommendations (2026).

against source data and the documented methodology. Resilience also remains an important consideration. Providers generally continue to evaluate operational risks, third-party dependencies, cybersecurity, and contingency planning as part of their broader governance frameworks, treating AI dependencies with the same rigor as other critical processes.

### Alignment with benchmark frameworks

Existing benchmark-governance frameworks, including the IOSCO Principles for Financial Benchmarks and, in the European Union, the Benchmarks Regulation, alongside the United Kingdom's Benchmarks Regulation, set expectations for methodology, governance, controls, and oversight. Those expectations are not framed around any particular technology. Technology-specific frameworks, such as the European Union's AI Act, are also emerging. This paper does not analyze them; it notes only that they sit alongside, rather than replace, the benchmark-governance expectations described above.

### Issues Likely to Remain Relevant

Looking forward, the following issues are likely to remain relevant as AI use in index administration develops. They build on existing benchmark-governance approaches rather than suggesting a separate regime.

1. **Human accountability:** how firms assign and document responsibility for each methodology and administration decision, and how they distinguish AI outputs as inputs to those decisions from the decisions themselves.
2. **Fit-for-purpose validation:** what validation of AI-assisted processes looks like before they are relied upon, what triggers re-validation as conditions change, and how that effort is scaled to the process's impact on the index.
3. **Explainability and transparency:** how the role AI plays in a given process is documented, and what degree of explainability is appropriate given that process's impact on the index.
4. **Proportionate model risk management:** approaches to monitoring and periodic re-review of models, and how firms calibrate those to a model's materiality to the index.
5. **Data integrity, provenance, and rights:** how data consumed and generated by AI is held to the same quality, lineage, licensing, intellectual-property, and privacy disciplines applied across the rest of the index lifecycle, including data supplied by third parties whose own production and validation processes may use AI.
6. **Consistency with published rules:** how firms guard against AI-assisted processes producing outcomes inconsistent with the documented methodology.
7. **Resilience by design:** how AI dependencies are covered by the same operational-resilience, third-party-risk, and contingency planning disciplines as other critical processes.
8. **Regulatory alignment:** how AI governance can sit within, and reinforce, established benchmark-governance and emerging AI-regulatory frameworks.

# IV. Consumption of Information from Indexes by AI Agents

The preceding sections concern how AI is used to build, maintain, and govern indexes. AI is also beginning to influence how index information is consumed by asset owners, advisers, researchers, and product developers.6

As the range of available indexes expands, these tools may help users navigate the index landscape more efficiently, supporting users to find, understand, and consider how an index may support the financial products they may create. Three themes describe how AI may supplement existing processes: discoverability, comparability, and composability. The use cases below are illustrative and do not describe any member's products or plans.

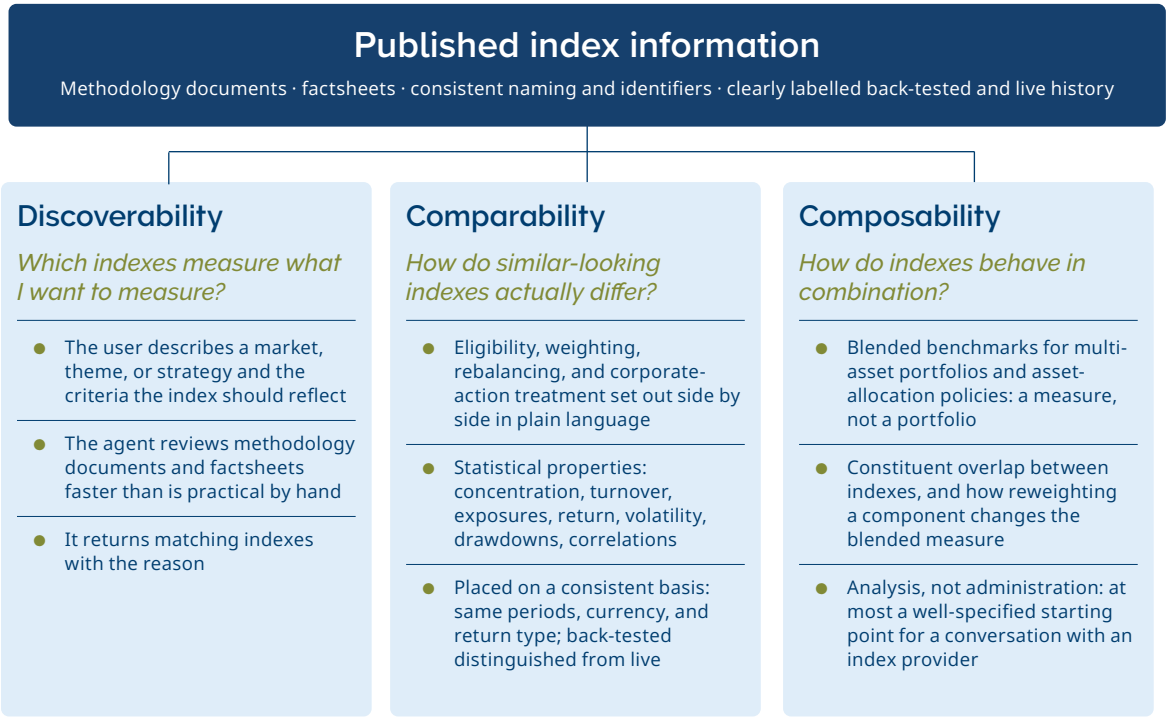



Figure 3. AI agents and index consumption. Use cases are illustrative; they do not describe any member's products or plans.

**Discoverability**
A user may start from what they want to measure in line with their objective or a particular exposure, such as a market, theme, or strategy, and ask an agent to identify indexes whose stated objectives and rules correspond. The agent can review methodology documents, factsheets, and other available index information across a broader range of sources and return the matching indexes with the reasons each was included.

**Comparability**
Indexes that appear similar may differ in eligibility criteria, weighting, rebalancing, or treatment of corporate actions. Providers may also define common statistics in different ways. Using an agent may help the user see more quickly what each index measures and how it has behaved, and so judge which may be fit for the intended purpose.

6 See, e.g., Mercer, 2026 AI in Asset Management Survey (2026) (AI "increasingly embedded across asset managers' investment processes – from research and portfolio construction to trading and risk management"), https://www.mercer.com/insights/investments/market-outlook-and-trends/asset-managers-use-of-ai/; SimCorp, 2026 Global InvestOps Report (2026) (70% of buy-side firms employing AI to support the front office), https://www.simcorp.com/about-us/news/2026/two-thirds-managers-adopt-AI.

### Composability

An agent may help a user examine index combinations or identify index customization that will advance their objectives. Many index providers already provide such services, and agents may complement this. Where this analysis points toward a customized index, a natural next step is a conversation with an index provider, with the resulting index designed, governed, and administered as described in Sections II and III.

### Supporting reliable consumption

These use cases depend on agents working from complete and accurate information. An agent may miss or misread a methodology, rely on an out-of-date document, confuse indexes with similar names, blend back-tested and live history without saying so, or summarize an index in ways its methodology does not support.7

The practices that help humans understand an index also help agents represent it accurately: clear and current methodology documents, consistent naming and identifiers, and clear labeling of index history. Structured, machine-readable, and versioned methodology information could complement traditional documents, much as metadata standards such as the Statistical Data and Metadata Exchange (SDMX) help automated systems distinguish nominal from real figures, or preliminary from revised observations, in official statistics.8 As in Section III, this is an observation, not a standard; practices vary across firms.

Agents, like any other user, work with index data within the terms on which providers make it available, including any applicable license terms. Those terms may specify conditions for the use of AI or agents, including, for example, the scope of their use, distribution of output they create using index data, the AI models or agents that may be used, security-related requirements, AI connectivity or delivery methods, restrictions on the ability to train AI models using index data, and other applicable requirements. Providers make this information available on a general basis, not tailored to any individual user, but have a clear interest in their indexes being represented accurately. As agentic uses develop, common technical conventions for structuring index information and communicating it to AI agents could further serve that interest.

Three boundaries remain in place. An index measures a market; it is not an investment product or a recommendation. An index provider makes index information available on a general basis and does not know an agent's user, so making that information available is not advice; tailoring to a user's circumstances is done by the user and the agent acting on its behalf. Responsibility for investment decisions, and for any advice given, rests with investors and their advisers, whatever tools inform them.

#### KEY OBSERVATIONS

- AI agents may make indexes easier to discover and compare, individually and in combination, helping users find the index that is fit for their purpose across a large and growing index universe.
- Published methodologies and clear, consistent index information allow agents to represent indexes accurately.
- Indexes measure markets; they are not investment products or recommendations. Agents act for their users, and responsibility for investment decisions and advice remains with investors and their advisers.

7 See, e.g., FINRA, "Artificial Intelligence (AI) and Investment Fraud," Investor Insights, finra.org (cautioning that AI tools can generate inaccurate or misleading information even when drawing on accurate sources), https://www.finra.org/investors/insights/artificial-intelligence-and-investment-fraud; Islam et al., FinanceBench: A New Benchmark for Financial Question Answering (2023) (finding that a leading model with retrieval incorrectly answered or declined to answer 81% of questions requiring information from public company filings), https://arxiv.org/abs/2311.11944.

8 Tebrake et al., StatGPT: AI for Official Statistics, International Monetary Fund (2026), cited above.

# Conclusion: Looking Ahead

Artificial intelligence is another important step in the long evolution of the tools used to build, maintain, and use indexes. Throughout the industry's history, advances in computing power, data availability, and analytical technique have expanded its ability to measure markets accurately and efficiently. AI builds on that progression, offering new ways to design fit-for-purpose indexes at scale and to maintain them at consistently high quality. AI agents may in turn help users navigate the breadth of indexes that results, making indexes easier to discover and compare.

The qualities regulators and clients look to in an index have remained consistent. Transparent methodologies, trusted data, fit-for-purpose validation, explainability, and clear human accountability remain the foundation of confidence. The same transparency allows AI agents to represent indexes accurately to the humans who use them, while the index, the investment products linked to it, and the advice and decisions of investors and their advisers remain distinct. A significant opportunity lies in combining these technological gains with the governance practices that have long underpinned the integrity and reliability of financial indexes, strengthening trust while supporting continued innovation across the global index industry.

**KEY TAKEAWAYS**

- AI can help the industry design fit-for-purpose indexes at scale and maintain them at consistently high quality.
- Confidence in an index still rests on transparent methodologies, fit-for-purpose validation, explainability, and human accountability.
- These depend on robust governance, oversight, and ongoing validation, which extend to, and are not displaced by, the use of AI.
- On the consumption side, AI agents may support investor choice by helping users discover and compare indexes more efficiently, building on long-established analytical practices. Published methodologies and clear, consistent index information are what make that possible.
- An opportunity for the industry lies in applying AI in ways that reinforce the trust, integrity, and reliability that regulators and clients expect from financial indexes.