Center for Audit Quality Research Findings

Institutional Investor Survey

June 2025

CAQ | KRC RESEARCH

About KRC Research

KRC Research is a global opinion research and insights consultancy that specializes in designing research to support effective public affairs, advocacy, engagement and communications initiatives. For over 30 years, we have helped nonprofits, governments, and corporations execute on their strategic imperatives and meet their organizational goals.

Our team draws from the worlds of global health, consumer and social marketing, journalism and academia, and public policy arenas. Not only are we passionate about the work we do for clients, but we also pride ourselves on being flexible, practical, creative, and knowledgeable, combining sophisticated research tools with real-world intelligence and communications experience.

We understand the needs and challenges of diverse target audiences and complex objectives. This breadth of experience and depth of knowledge positions KRC to deliver the highest quality insights needed to inform your organization's most pressing strategic decisions.

About the Center for Audit Quality

The Center for Audit Quality (CAQ) is a nonpartisan public policy organization serving as the voice of U.S. public company auditors and matters related to the audits of public companies. The CAQ promotes high-quality performance by U.S. public company auditors; convenes capital market stakeholders to advance the discussion of critical issues affecting audit quality, U.S. public company reporting, and investor trust in the capital markets; and using independent research and analyses, champions policies and standards that bolster and support the effectiveness and responsiveness of U.S. public company auditors and audits to dynamic market conditions.

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Objectives & Methodology

Objectives

As part of the CAQ's efforts to engage a broader array of stakeholders of company prepared information and serve as a prominent voice for the audit profession, KRC Research conducted a survey among institutional investors in the U.S.

This research focused on opinions and preferences related to the use of GenAI in public company audits and opinions on the use of GenAI in portfolio companies among institutional investors.

Methodology

This survey was conducted online from May 15-28 among 102 investors.

Qualified respondents were screened to ensure they are:

- Currently employed as a professional investor in the U.S.
- Serve in roles as Director+
- At companies managing at least +500M in assets, and where U.S. is the primary market of focus
- Have at least 6 years of professional investment experience

Related Resources

- Institutional Investor Survey | Research Findings, Q4 Survey, CAQ (February 2025)
- The Center for Audit Quality Critical Audit Matters Survey, Research Findings | Q3 Survey, CAQ (July 2024)
- The Center for Audit Quality Institutional Investor Survey, CAQ (April 2024)
- Research Findings | Q1 Survey, CAQ (February 2024)

Email hello@thecaq.org for questions about this publication and its findings.

AI in the Audit Process

Detailed Findings

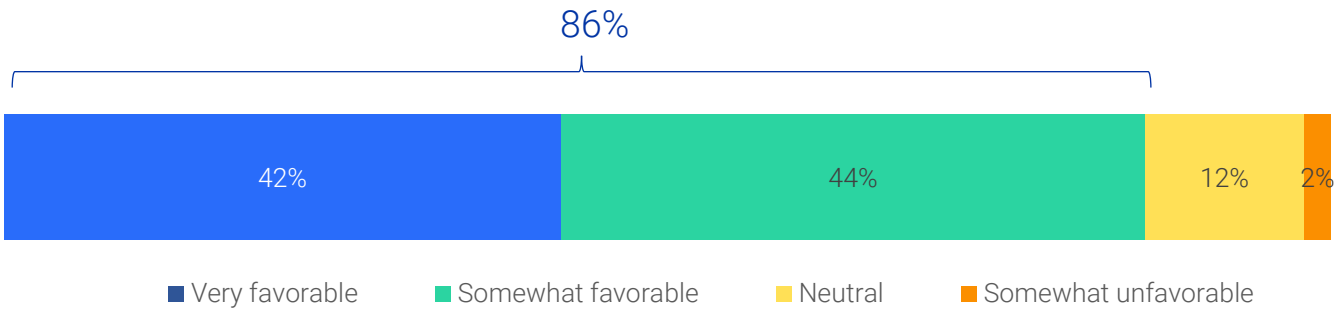
Key Takeaways

Use of AI in the Audit

- Nearly all trust the use of AI to support the audit processes and say use of AI increases trust in the audit of public companies.
- Accuracy and efficiency is seen as the most important benefit of the use of AI in the audit, followed by enhanced risk assessment and prioritization.
- Regular audits of AI systems and outputs, and AI usage policies, are seen as most important to maintain trust in the use of AI in the audit process.
- Company management is seen as most responsible for ensuring the responsible use of AI in the audit process by a small plurality (38%).
- Increased accuracy and reduced errors when using AI increases trust in the audit.
- The most cited concerns about the use of AI in the audit process is data security and privacy, lack of human oversight, and lack of clear auditing guidelines.

Nearly nine in ten investors favorably view the use of AI to support public company audits, with over four in ten very favorable.

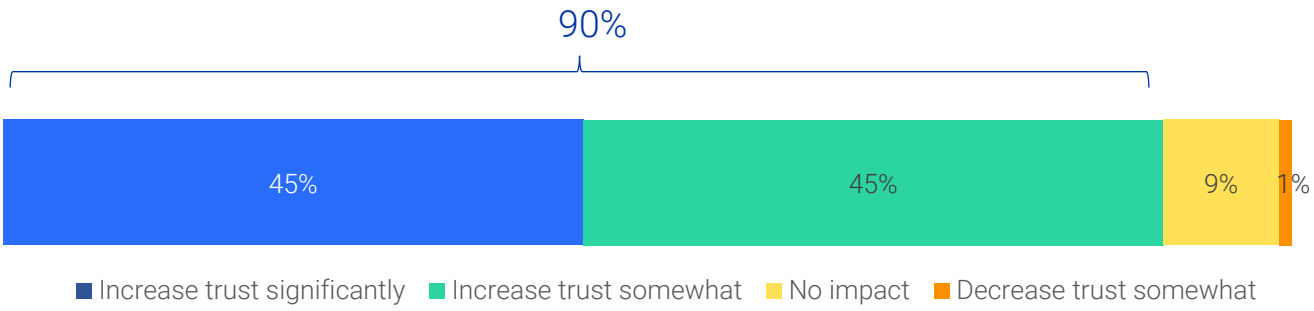
Favorability of AI Use in Public Company Audits



Q1. How favorable or unfavorable is your opinion of the use of artificial intelligence (AI) to support the audit process for public companies? (Base: All respondents, n=102)

Nine in ten investors also believe that the use of AI in auditing would increase their trust in the results—almost half say it would increase their trust “significantly.”

Impact of AI on Public Company Auditing Trust



Q3. How would the use of AI in auditing affect your level of trust in the results of public company audits? It would… (Base: All respondents, n=102)

Most investors say GenAI increases their trust by improving accuracy and reducing errors.

Why would the use of Gen AI in the audit of public companies…

(N=92) … increase your trust?	%
Accurate / Reduce errors / Increases audit reliability	62
Efficiency / Quick analysis of data	34
Able to handle large volumes of data / Handle complex data	22
More comprehensive assessment of data / In depth assessment	14
Improve risk assessment / Identify warning signs	11
Fraud detection / Detect fraudulent transactions	10
Enhance audit quality	7
Other	1

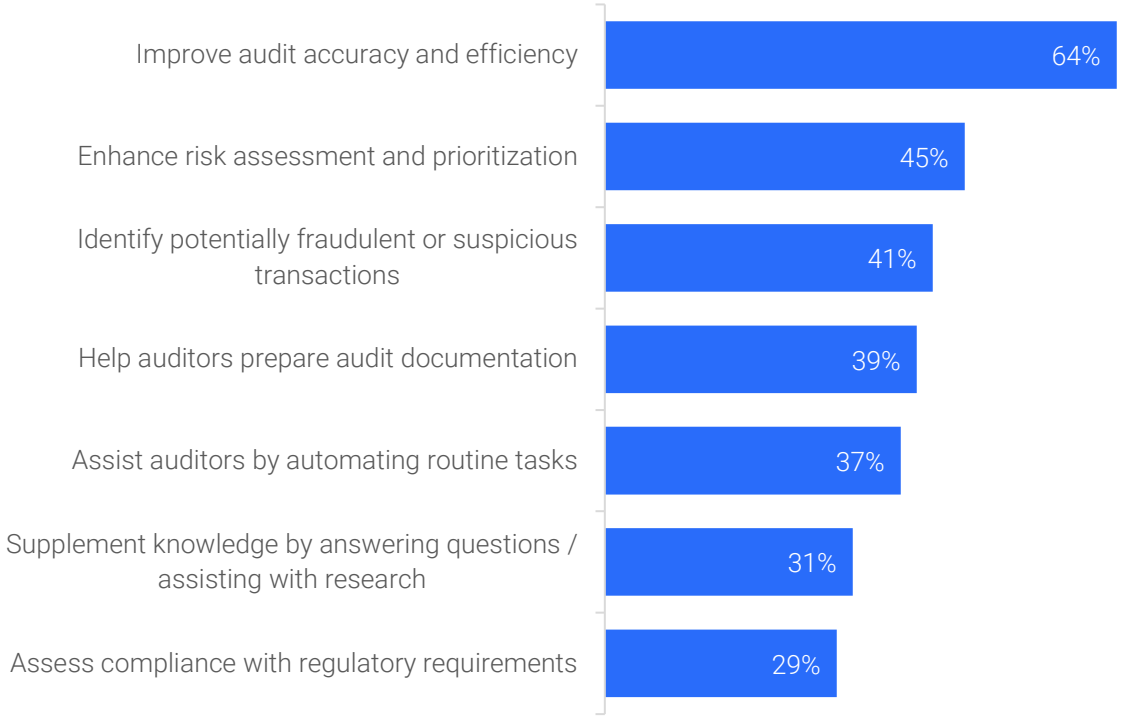
The ten respondents who said AI would not impact or decrease their trust mentioned:

- Security issues/cybersecurity
- Accuracy
- Lack of human oversight
- No audit standards for AI
- Failure to capture qualitative elements in audit judgements

Q4. Why would the use of GenAI in the audit of public companies increase your trust in the results of public company audits? / Q5. Why would the use of GenAI in the audit of public companies not impact your trust in the results of public company audits? / Q6. In what ways would the use of GenAI in the audit of public companies decrease your trust in the results of public company audits? (Base varies across questions depending on answers to Q3)

Two-thirds believe that AI is most beneficial at improving the accuracy and efficiency of audits. Over four in ten also believe that AI can enhance risk assessment and identify fraudulent or suspicious transactions.

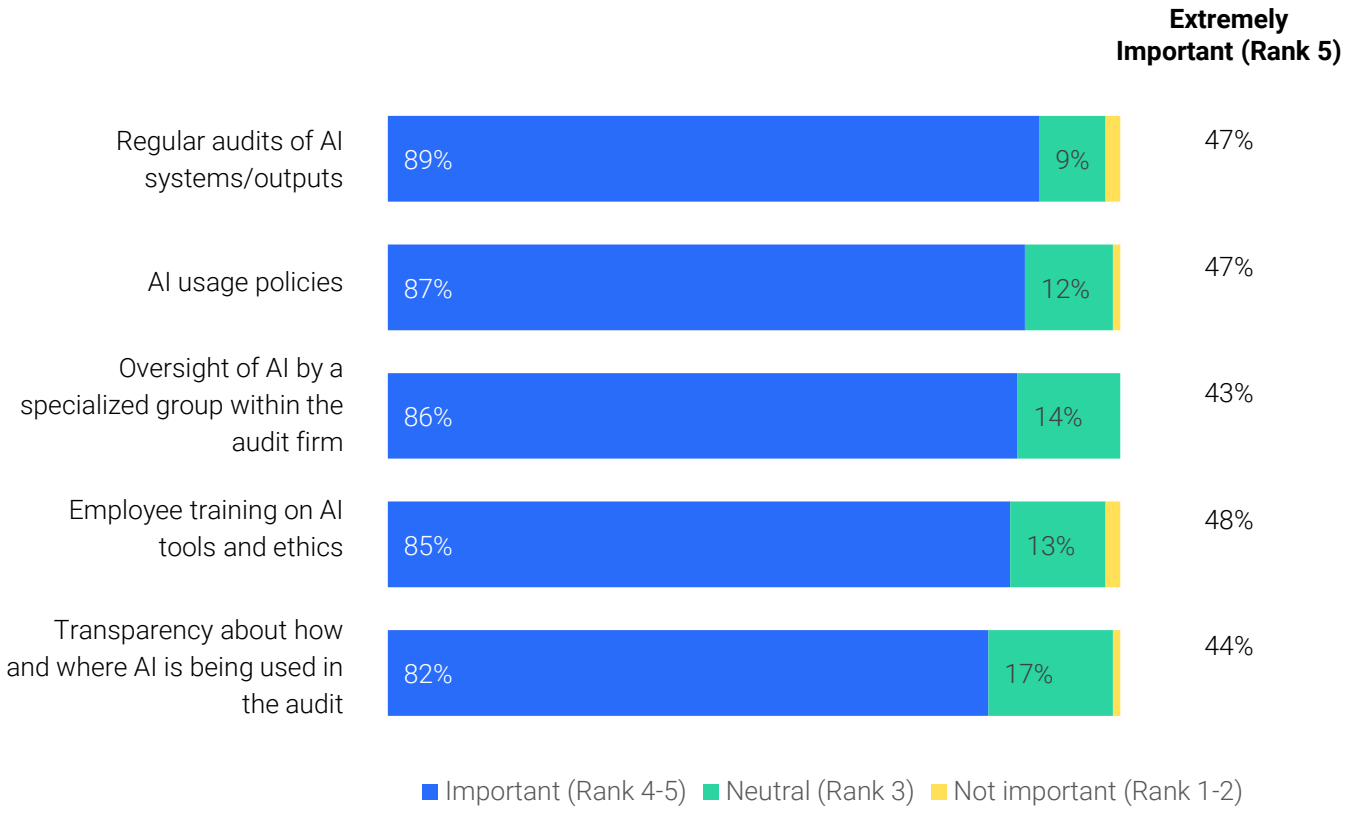
Most Beneficial Uses of AI in Public Company Auditing



Q2. In your opinion, what are the most beneficial potential uses of AI in the audit process of public companies? (Base: All respondents, n=102)

While many policies and procedures are considered important to maintaining trust in AI, investors cite audits of AI systems/outputs and usage policies as a priority.

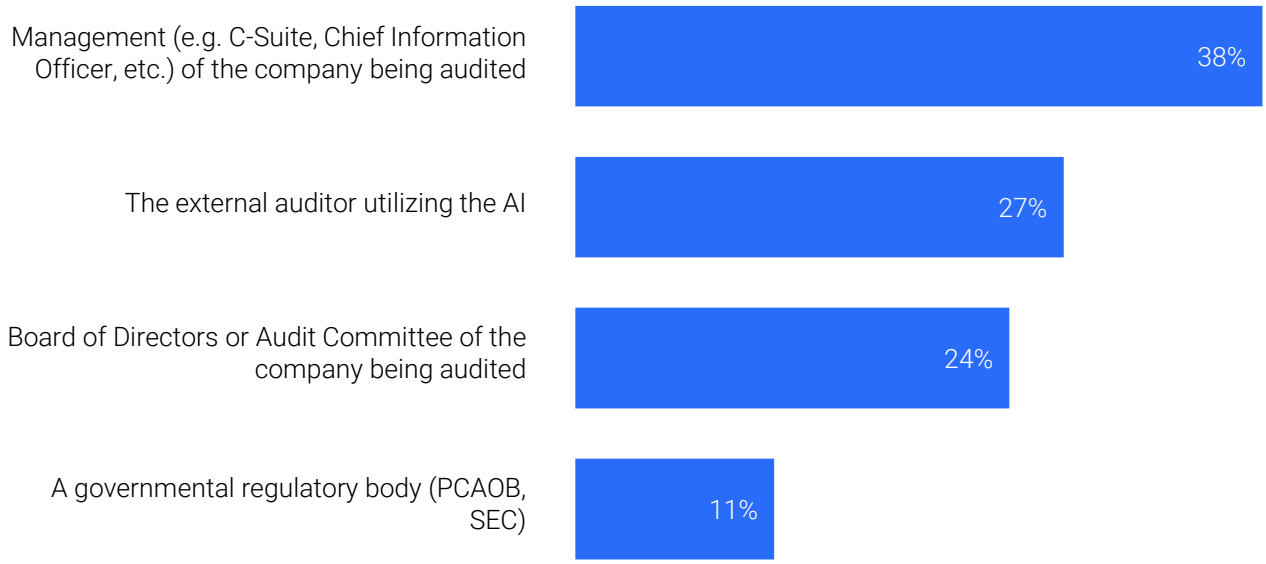
Policies & Procedures Most Important to Maintain Trust in AI



Q7. How important is each of the following for audit firms to have in place to maintain trust in the use of AI in the audit process? Please rate each on a scale of 1 (Not at all important) to 5 (Extremely important). (Base: All respondents, n=102)

Company management is seen as primarily responsible for ensuring AI is used responsibly in the audit process by a plurality.

Who do you believe should be primarily responsible for ensuring that AI is used responsibly in the audit process of public companies?



Q8. Who do you believe should be primarily responsible for ensuring that AI is used responsibly in the audit process of public companies? (Base: All respondents, n=102)

One third cite data security and privacy breaches as their biggest concern about the use of AI in the audit. About one-fourth also mention lack of human oversight and lack of clear guidelines.

What is your biggest concern when it comes to incorporating AI into the auditing process?

	%
Security / Data breaches / Privacy issues	35
Overreliance on AI / Lead to dependency / Decline in personal & professional skills / Lack of human oversight	24
No clear guidelines / Lack of standards for AI auditing / Regulation compliance / Lack of specialized auditing knowledge	23
Errors / Mistake oversight / Not providing accurate data	19
Cost / Affordability	4
Other	2
None / Nothing	4
	%

Q9. What is your biggest concern when it comes to incorporating AI into the auditing process? (Base: All respondents, n=102)

Use of GenAI in Portfolio Companies

Detailed Findings

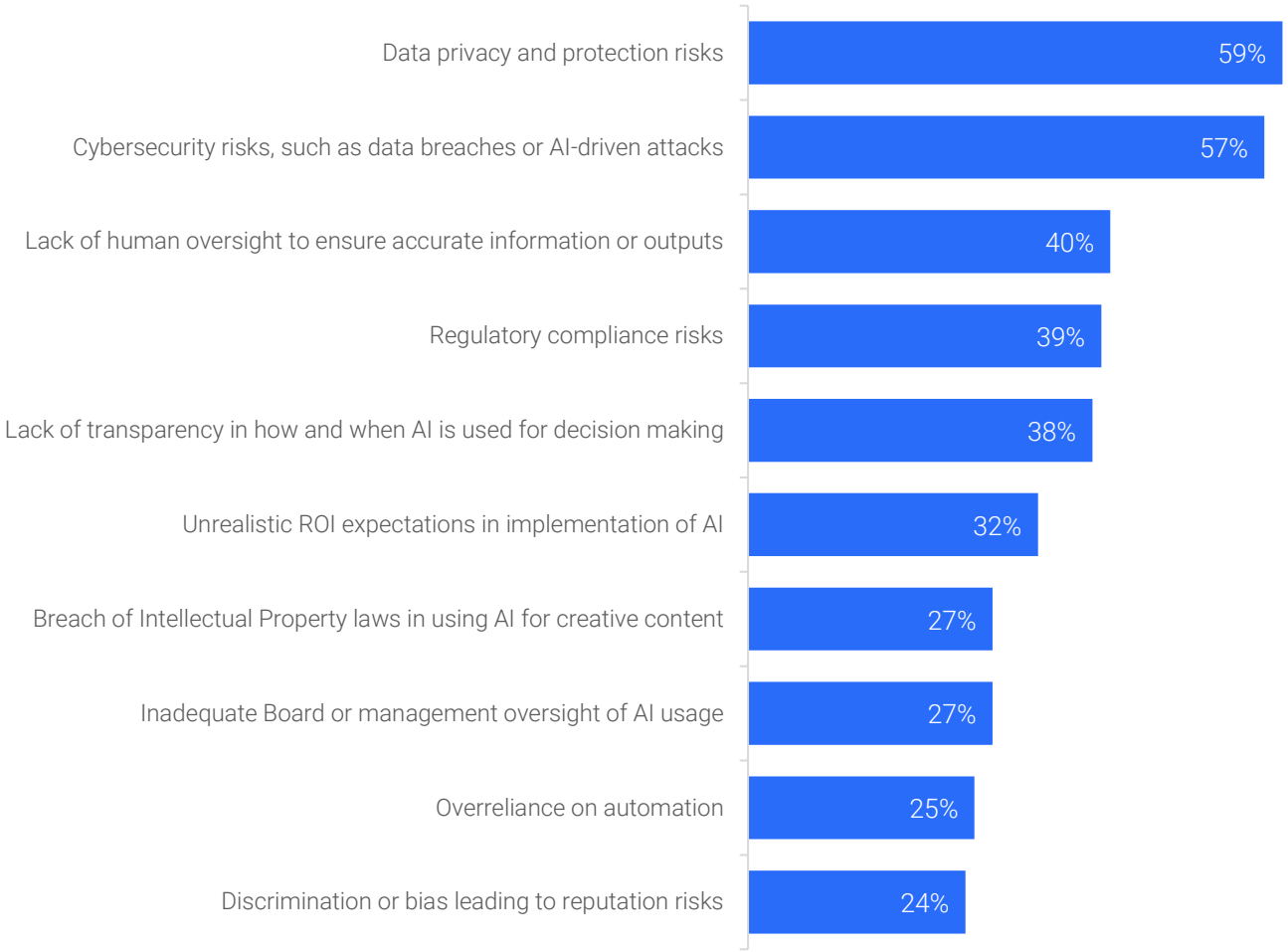
Key Takeaways

Use of AI in Portfolio Companies

- Nearly all are confident in the ability of portfolio companies to manage the risks associated with the use of AI.
- Data privacy and cybersecurity are the biggest risks associated with the use of AI.
- Nearly six in ten feel federal regulations on the use of AI are clear and comprehensive, while one-third say federal regulations lack comprehensiveness.
- Nearly all say it is very or extremely important for portfolio companies to have formal structures to govern the use of AI.
- Regularly assessing the risks of AI and formal policy guidelines on the use of AI are seen as the most important steps to manage the risks associated with the use of AI.

When considering the risks associated with AI implementation, investors are most concerned about data privacy, data protection, and cybersecurity vulnerabilities.

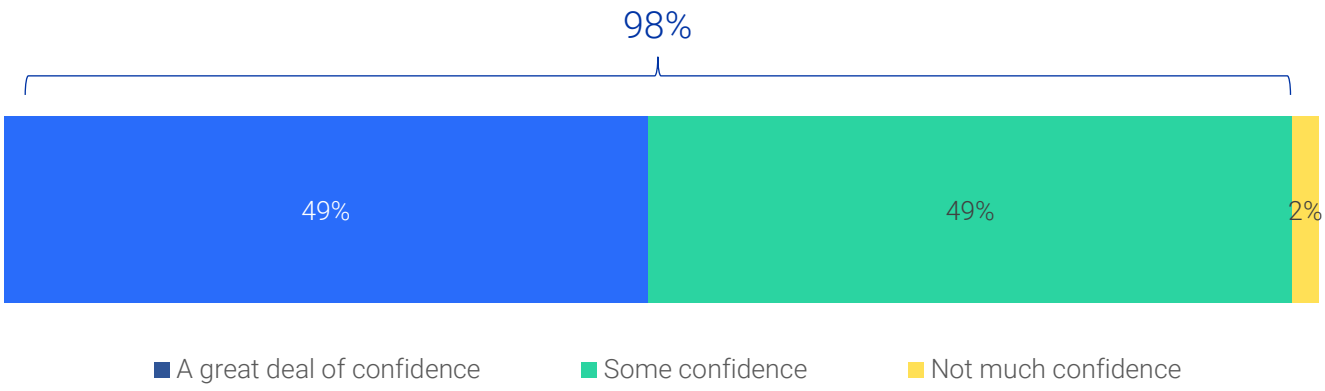
Biggest Perceived Risks Associated with AI Implementation



Q10. What risks do you see associated with the implementation of AI in your portfolio companies? (Base: All respondents, n=102)

Despite some concerns, almost all investors have confidence that the companies they invest in can effectively manage AI risks—half even say they have “a great deal of confidence.”

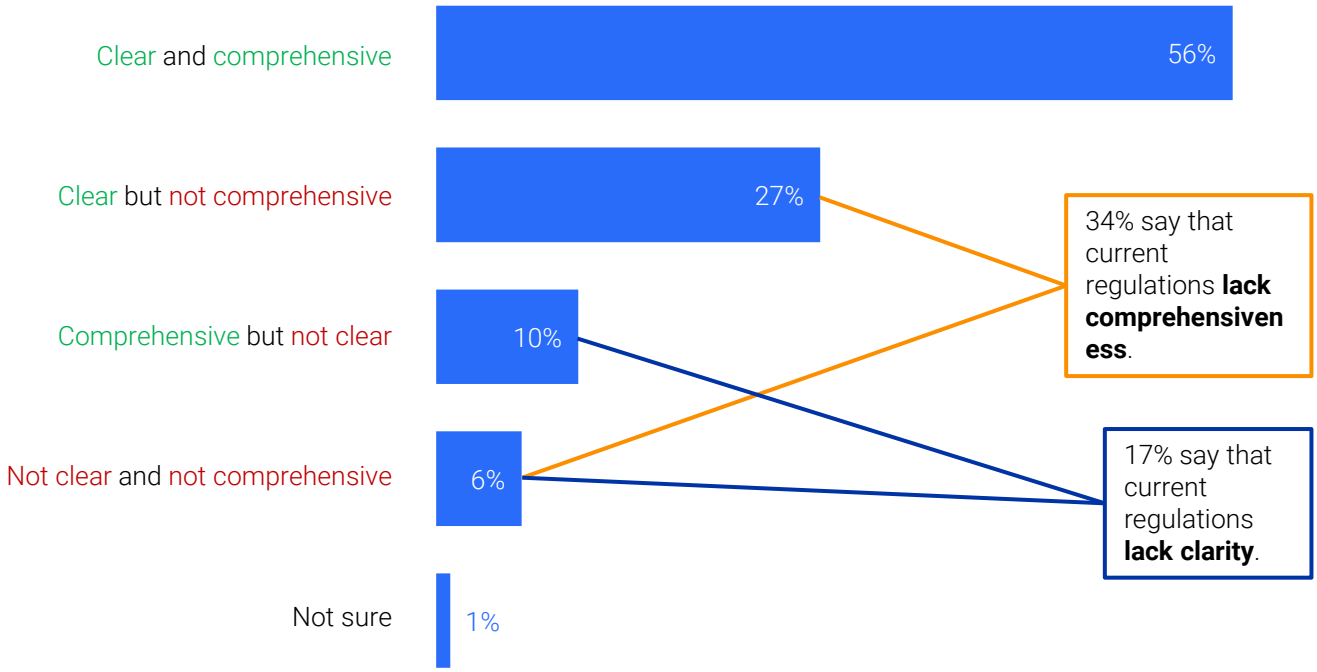
Confidence That Companies Can Manage AI Implementation Risks



Q11. How much confidence do you have that the companies you invest in can effectively manage the risks associated with the implementation of AI? (Base: All respondents, n=102)

Over half of investors feel that the current federal regulations on the use of AI in publicly traded companies is both clear and comprehensive.

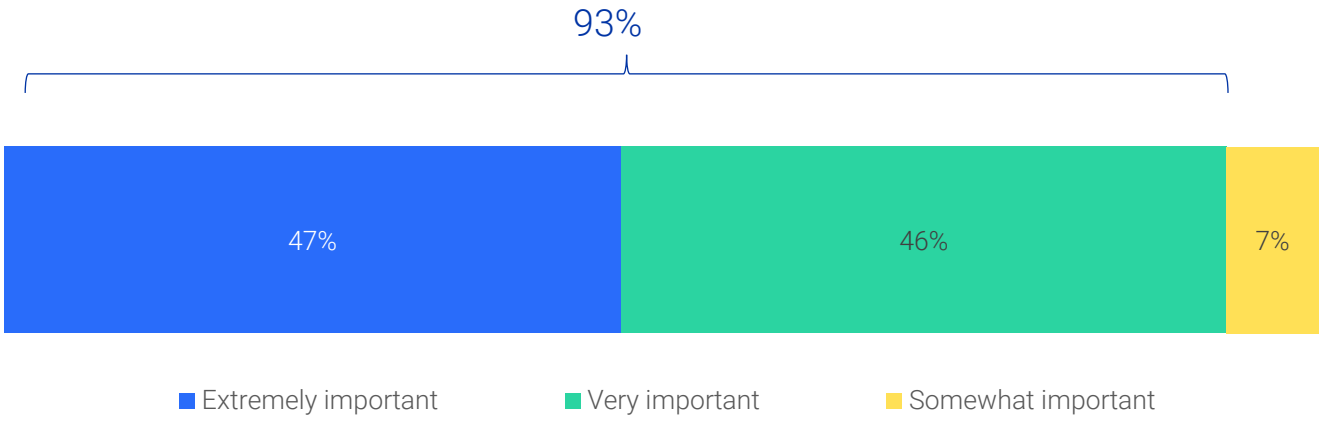
Perception of AI Federal Regulations for Publicly Traded Companies



Q12. In your opinion, are federal regulations on the use of AI in publicly traded companies… (Base: All respondents, n=102)

Most investors also believe it is important that companies invest in a formal structure to oversee the internal use of AI—almost half say that it's "extremely important."

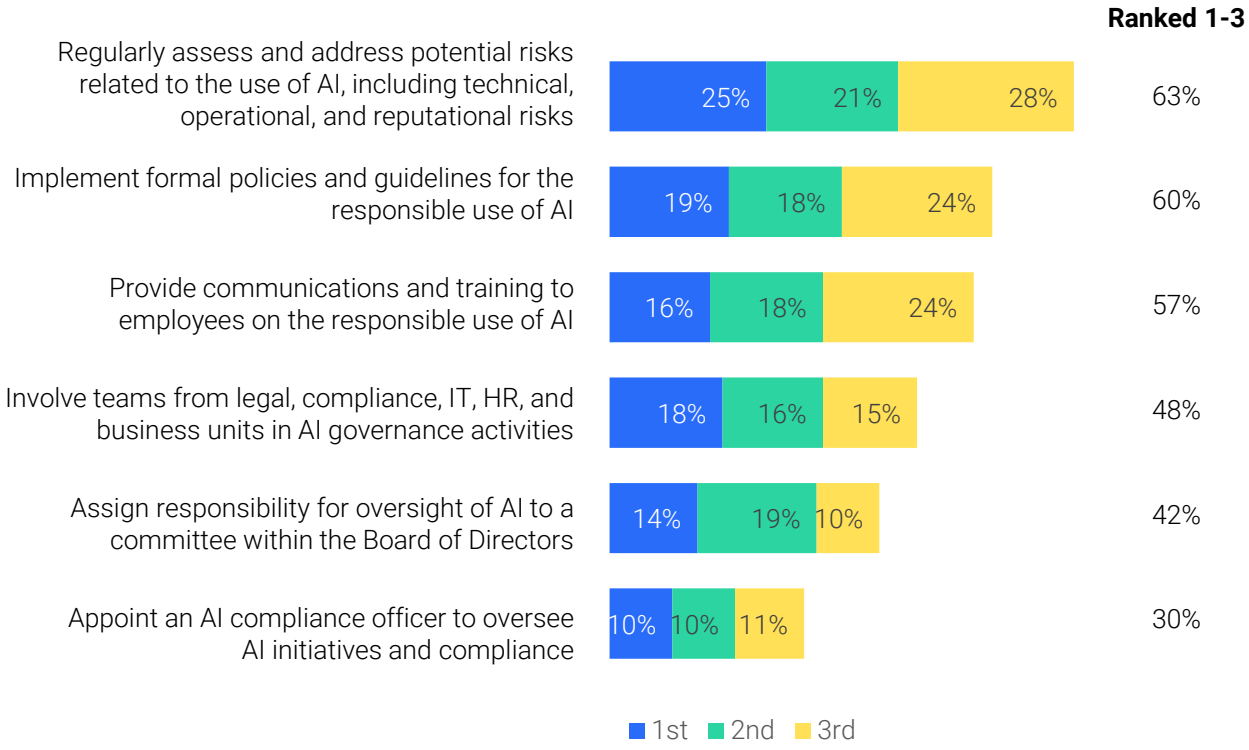
Importance of Companies Investing in Formal Structure to Manage AI



Q13. How important is it that the companies you invest in have a formal structure to govern and oversee the use of AI? (Base: All respondents, n=102)

A majority of investors believe that the most important step to implementing appropriate use of AI is to regularly assess and address potential risks related to the use of the technology, along with formal policies and guidelines.

Most Important Actions to Oversee Appropriate Use of AI (Ranked)



Q14. What is the most important specific governance structure or action that public companies should implement to oversee the appropriate use of AI? Please rank your top three. (Base: All respondents, n=102)

Appendix

Survey Respondent Profile

Organization/Company	
Investment bank	12%
Commercial bank	14%
%Retirement or pension fund	20%
Insurance company	9%
Mutual funds	12%
Hedge fund	8%
Real estate investment trusts	6%
Credit union	3%
Venture capital funds	3%
Foundation or endowment	5%
Multiemployer/Taft Hartley fund	2%
Family office	3%
Other investment mgmt. firm	5%

Title (Investment banker)	
Credit or risk analyst	42%
Chief risk officer	25%
Senior banker	17%
ECM	8%
Debt capital market originator	8%

Title (Commercial bank/credit union)	
Asset management	35%
Investment banking	24%
Risk management	18%
Commercial lending	12%
Compliance	12%

Title (Insurance company)	
Asset management	44%
Risk management	33%
Compliance	11%
Product development	11%

Title (All other)	
Risk management	22%
Portfolio manager	20%
Credit analyst	16%
Investment analyst	13%
Equity analyst	17%
Head of fixed income	2%
Compliance	5%
Data science	2%
Head of credit research	3%
Client reporting operation	2%

What type of organization/company do you work for? / Which of the following comes closest to your job title or description?

Survey Respondent Profile

Job Level	
C-Suite/President/Partner	20%
SVP	22%
VP	23%
Sr. Director/Director	36%

Assets under management	
$500M - $1B	30%
$1B - $5B	30%
$5B - $10B	31%
$10B - $50B	8%

Portfolio focus	
Large Accelerated Filers	24%
Accelerated Filers	21%
Both LAF and AF	56%

Experience	
6-10 years	19%
11-15 years	47%
16-20 years	29%
More than 20 years	5%

Gender	
Male	61%
Female	39%

Age	
30 to 39	25%
40 to 49	45%
50 to 59	26%
60 or over	5%

Which of the following comes closest to your level in your company? / Which of the following represents the total assets your company has under management? / Which of the following does your investment portfolio focus on? / How many years of investment experience do you have? / Gender / Age

CAQ

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