

Explainable AI Market to Reach USD 33.20 Billion by 2032 | SNS Insider

The Explainable AI Market was \$6.82 Bn in 2023 and is set to reach \$33.20 Bn by 2032, growing at a 19.29% CAGR from 2024-2032.

AUSTIN, TX, UNITED STATES, February 24, 2025 /EINPresswire.com/ -- "The [Explainable AI market](#) is growing rapidly, driven by rising demand for AI transparency, compliance, and adoption across key industries."



The Explainable AI Market was valued at USD 6.82 billion in 2023 and is expected to reach USD 33.20 billion by 2032, growing at a CAGR of 19.29% from 2024 to 2032. Adoption rates of emerging technologies are accelerating as organizations prioritize transparency in AI decision-making. A detailed feature analysis highlights advancements in interpretability tools. User demographics reveal increasing adoption across industries. Integration capabilities vary by software, influencing deployment efficiency. Additionally, Explainable AI significantly impacts decision-making, enhancing trust and compliance in critical sectors.

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Some of Major Keyplayers:

- Microsoft (Azure Machine Learning, Azure Cognitive Services)
- IBM (Watson OpenScale, Watson Studio)
- Google (Google Cloud AI Platform, What-If Tool)
- Salesforce (Einstein AI, Salesforce Tableau)
- Intel Corporation (Intel AI Analytics Toolkit, OpenVINO)
- NVIDIA (NVIDIA Clara, Deep Learning AI)
- SAS Institute (SAS Viya, SAS AI and Machine Learning)
- Alteryx (Alteryx Designer, Alteryx Intelligence Suite)
- AWS (AWS SageMaker, AWS Deep Learning AMIs)
- Equifax (Equifax Ignite, Equifax DataX)

- FICO (FICO Xpress Optimization Suite, FICO Decision Management Suite)
- Temenos (Temenos Transact, Temenos Infinity)
- Mphasis (Mphasis XAI, Mphasis Digital Risk)
- C3.ai (C3 AI Suite, C3 AI Ex Machina)
- H2O.ai (H2O.ai Driverless AI, H2O-3)
- Fiddler (Fiddler AI, Fiddler Explainable AI Platform)
- Zest AI (Zest Automated Machine Learning, Zest AI Platform)
- Seldon (Seldon Deploy, Seldon Cortex)
- Squirro (Squirro AI, Squirro Insights)
- Kyndi (Kyndi AI Platform, Kyndi Explainable AI)
- DataRobot (DataRobot AI Cloud, DataRobot Automated ML)
- Databricks (Databricks Lakehouse Platform, Databricks MLflow)
- Tredence (Tredence AI, Tredence Smart Analytics)
- DarwinAI (DarwinAI Explainable AI Platform, DarwinAI Deep Learning Optimization)
- Tensor AI Solutions (TensorFlow, Tensor AI)
- EXP AI (EXP AI Explainable AI, EXP AI Insights)

Solution Segment Leads Explainable AI Market with 84% Revenue Share in 2023, Services Segment Poised for Fastest Growth

In 2023, the Solution segment was leading the Explainable AI market, holding a share of about 84% of total revenues. This dominance is due to the increased need for end-to-end, out-of-the-box XAI solutions that improve interpretability and transparency. Sectors like healthcare, finance, and automotive need explainability as much as they need accuracy, and therefore, sophisticated AI solutions are indispensable for compliance, trust, and frictionless integration in multiple applications.

The Services segment is expected to grow at a CAGR of 23.31% during 2024-2032 on account of growing demand for implementation, consulting, and ongoing support services. With increasing organizational demand for expert consulting services related to integration, optimization, and maintenance support for ensuring compliance with and business alignment with XAI systems, the push for adopting XAI solutions will gain pace with more customized services helping these solutions be more effective in the long run.

On-Premises Segment Leads Explainable AI Market with 53% Revenue Share in 2023

The On-premises segment dominated the Explainable AI market with the highest revenue share of about 53% in 2023, fueled by businesses valuing complete control of data and AI systems. With improved security, regulatory compliance, and customization, on-premises XAI solutions are largely used in financial services, healthcare, and government sectors, where strict data privacy laws and security requirements call for strong, locally controlled AI infrastructure.

Healthcare Segment Leads Explainable AI Market with 23% Revenue Share in 2023, BFSI Segment

Set for Fastest Growth

In 2023, the Healthcare segment led the Explainable AI market with a 23% revenue share because of the imperative requirement for explainability in AI-based medical applications. Explainable AI adds robustness to trust in diagnoses, patient treatment, and drug development while supporting regulatory compliance. Increasing AI adoption in customized treatment plans and decision support systems further fuels growth, with healthcare being one of the leading verticals to deploy XAI.

The BFSI space is expected to register a growth of 22.31% CAGR from 2024 to 2032, due to the growing requirement for explainability in financial models based on AI. As risk management, fraud detection, and regulatory adherence gain importance at institutions, demand for XAI solutions keeps building momentum. Enabling fairness, accountability, and transparency, Explainable AI becomes imperative to earn customer trust and improve decision-making in financial institutions.

Integrated Software Segment Leads Explainable AI Market with 39% Revenue Share in 2023, Interactive Model Visualization Segment Set for Fastest Growth

In 2023, the Integrated Software segment led the Explainable AI market with a 39% revenue share as a result of increasing demand for end-to-end XAI solutions. By integrating AI models with inherent interpretability capabilities, integrated software provides transparency, scalability, and ease of deployment across industries. Its capacity to meet both technical and business needs, such as regulatory compliance, makes it the go-to solution for organizations looking for cost-effective, efficient AI solutions.

The Interactive Model Visualization segment is anticipated to grow at a CAGR of 22.31% during the forecast period of 2024 to 2032, led by the increasing demand for intuitive interfaces that increase AI transparency. The platforms facilitate real-time interaction, enabling stakeholders to effectively interpret model decisions. Interactive visualization tools, by enhancing data scientist-business leader collaboration, are becoming imperative for guaranteeing explainability, accountability, and trust in AI-based decision-making.

Model-Agnostic Methods Segment Leads Explainable AI Market, Model-Agnostic Methods Segment Set for Fastest Growth

In 2023, the Model-Agnostic Methods segment led the Explainable AI market with a revenue share of 55%, fueled by its cross-application for different AI models. These versatile methods are used in machine learning and deep learning to bring transparency and interpretability across industries such as healthcare and finance. Their applicability across all industries makes them indispensable for organizations seeking holistic, model-independent XAI solutions.

The Model-Agnostic Methods segment is anticipated to register a CAGR of 20.35% during the

forecast period of 2024-2032, driven by increasing demand for adaptable explainability tools. With industries embracing varied AI architectures, these methods offer transparency on various platforms and applications. Their wide range of applications, coupled with mounting regulatory and ethical AI issues, will continue to fuel broad-based adoption across major sectors, cementing their market dominance.

Explainable AI Market Segmentation:

By Component

- Solution
- Services

By Deployment

- Cloud
- On-premises

By Software Type

- Standalone Software
- Integrated Software
- Automated Reporting Tools
- Interactive Model Visualization

By Methods:

- Model-Agnostic Methods
- Model-Specific Methods

By End-use

- Healthcare
- BFSI
- Aerospace & Defense
- Retail and E-commerce
- Public Sector & Utilities
- IT & Telecommunication
- Automotive
- Others

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North America Leads Explainable AI Market with 41% Revenue Share in 2023, Asia Pacific Region Set for Fastest Growth

In 2023, North America held the largest market share in the Explainable AI market with 41% in revenue, with robust technological backbone and extensive usage of AI pushing the demand for

XAI. The United States and North America are the key regions that attract significant investments by top players for XAI as a means of complying with regulation and maintaining responsible use of AI. Highly developed human capital, government support, and extensive research and development contribute to North America's position in driving AI interpretability and explainability.

The Asia Pacific is expected to advance at a 21.63% CAGR between 2024 and 2032 due to growing digital transformation, AI adoption expansion, and favorable government policies in such major markets as China, India, and Japan. Companies are focusing on the transparency of AI to address the regulatory requirements and thus create opportunities for XAI solutions. Investments in AI R&D and in-country technology advancement further fuel the region's exponential growth in the Explainable AI market.

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