Sparse Attention-Driven Retrieval-Augmented Generation for Financial Insights

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Abstract:

The integration of deep learning with external knowledge retrieval has significantly advanced the capabilities of natural language understanding and generation models. Retrieval-Augmented Generation (RAG) frameworks have particularly demonstrated promising performance in information-dense tasks, where grounding on external documents is essential. However, the dense attention mechanisms typically employed in these frameworks result in high computational costs and suboptimal scalability when applied to large financial datasets. To address these challenges, we propose a Sparse Attention-Driven Retrieval-Augmented Generation (SA-RAG) model that optimizes both retrieval and generation by employing a scarified attention mechanism. Our approach leverages sparse transformer architecture to enhance focus on the most relevant retrieved documents while reducing the overhead associated with full attention. We evaluate the performance of SA-RAG on a range of financial NLP tasks, including financial report summarization, market sentiment analysis, and earnings call question answering. The results show a substantial improvement in generation accuracy, relevance, and efficiency over conventional RAG models. This paper presents the architectural design, experimental setup, results, and implications of employing sparse attention in RAG models for financial insights.

Keywords: Sparse Attention, Retrieval-Augmented Generation, Financial NLP, Transformer, Knowledge Retrieval, Market Sentiment Analysis

I. Introduction

Financial decision-making increasingly depends on the interpretation of massive volumes of unstructured textual data, including news articles, earnings reports, analyst reviews, and social media commentary [1]. Traditional natural language processing (NLP) systems often struggle to extract actionable insights from such varied sources, especially when these insights rely on external or contextual knowledge [2]. Retrieval-Augmented Generation (RAG) models have emerged as a powerful solution by combining the strength of large language models (LLMs) with real-time retrieval from external corpora [3]. However, the computational inefficiencies associated with dense attention mechanisms in such models pose a significant barrier to their adoption in high-frequency or resource-constrained financial applications. Sparse attention mechanisms offer a compelling alternative by reducing the quadratic complexity of self-attention to linear or sub-quadratic levels without significantly compromising performance. In financial applications where latency and interpretability are critical, such efficiency gains are essential. Sparse attention can also help avoid overfitting by limiting the model's focus to only the most relevant parts of the input and retrieved data [4]. This scarification aligns well with the retrieval mechanism in RAG, which inherently attempts to narrow the input to the most relevant documents. Therefore, combining sparse attention with retrieval augmentation holds promise for more efficient and accurate financial text generation. The core motivation of this research is to explore how sparse attention mechanisms can be integrated into the RAG framework to enhance its performance on financial insight generation tasks [5].

We hypothesize that by focusing computational resources on the most pertinent retrieved data, the model can produce higher quality and more contextually grounded outputs. Furthermore, the improved efficiency opens the door for deployment in real-time financial systems, such as trading bots, investor dashboards, and fraud detection engines [6]. We present the Sparse Attention-Driven RAG (SA-RAG) model, which utilizes a modified transformer backbone employing block sparse and top-k attention techniques. The retriever component is also fine-tuned to align better with sparse transformer dynamics. Our model is evaluated across multiple financial NLP tasks to validate its versatility and robustness [7]. These include summarizing quarterly earnings reports, analyzing market sentiment from tweets and articles, and answering questions from earnings call transcripts. Through comprehensive experimentation and analysis, we aim to demonstrate that SA-RAG not only outperforms conventional dense attention RAG models in accuracy and relevance but also provides significant improvements in inference speed and memory utilization. This paper contributes to the growing literature on efficient and explainable AI in finance and outlines a novel direction for scalable, intelligent financial insight generation [8].

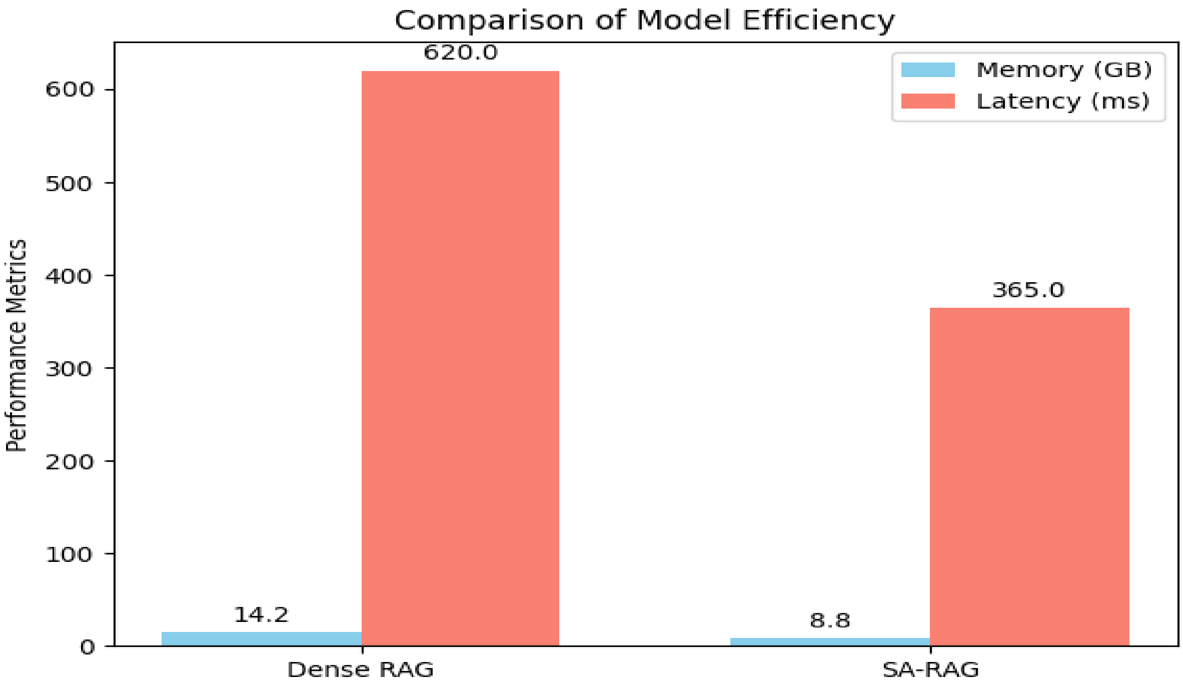

Figure 1: Comparative Model Efficiency (Memory and Latency)

II. Related Work

Retrieval-Augmented Generation has been extensively studied in recent years for its ability to blend generative capabilities with knowledge retrieval, a combination especially useful in domains like healthcare, law, and finance [9]. The original RAG model, introduced by Lewis et al., relies on dense attention mechanisms within the BART or T5 architecture, enabling it to fuse retrieved documents with queries effectively [10]. However, this architecture scales poorly with input length and retrieval set size, making it inefficient for large-scale financial document processing. The concept of sparse attention has seen parallel growth, with models like Big Bird, Long former, and Reformer proposing various mechanisms to reduce the quadratic complexity of attention computation [11]. These models implement strategies such as block local attention, global tokens, and hashing-based attention to selectively focus on important segments of the input. While effective, these models have not been systematically integrated with retrieval mechanisms in the context of financial applications, which limits their practical utility for real-world insight extraction.

In the financial domain, studies have explored the use of transformer-based models for sentiment analysis, event detection, and financial forecasting. For instance, FinBERT and FINSENT leverage fine-tuned BERT models for domain-specific sentiment analysis, but these approaches typically operate in a closed-book fashion, without external retrieval [12]. Other approaches have explored hybrid systems that retrieve relevant texts and feed them into generative models, but these usually do not address the efficiency bottlenecks caused by dense attention [13]. Recent advances in Open-Domain Question Answering (ODQA) have demonstrated the importance of retrieval in enhancing factual consistency and reducing hallucinations in generated responses [14]. Techniques such as Dense Passage Retrieval (DPR) and ColBERT have been adopted to improve retrieval precision, but these still interface with dense attention generators, which limit their scalability. Some efforts have started incorporating sparse transformers into the generation phase for long-document summarization, but such integration remains underexplored for financial insight generation [15].

Our work uniquely positions itself at the intersection of these lines of research. By combining sparse attention with retrieval-augmented generation and tailoring it for financial applications, we fill a notable gap in the literature. We aim to demonstrate that not only is this integration feasible, but it also yields measurable benefits in terms of performance, interpretability, and efficiency. Our contribution includes both architectural innovations and a detailed evaluation framework tailored to financial datasets [16].

III. Methodology

The proposed Sparse Attention-Driven Retrieval-Augmented Generation (SA-RAG) model is designed with two primary components: a retriever module for identifying relevant documents and a generator module employing sparse attention for producing context-aware outputs [17]. The retriever uses a dual encoder setup inspired by Dense Passage Retrieval (DPR), fine-tuned on financial query-document pairs. The documents are indexed using FAISS for efficient similarity search. Upon receiving a query, the retriever returns the top-k most relevant documents based on cosine similarity in the embedded space [18]. The generator is built upon a modified Longformer encoder-decoder architecture, where the encoder employs a combination of block sparse attention and global attention tokens. Specifically, the input sequence includes the query and retrieved documents, segmented into logical blocks corresponding to different document sources (e.g., 10-K reports, tweets). Each block uses local attention, while a small number of global tokens (e.g., [CLS] and [SEP]) aggregate information across blocks [19]. This architecture significantly reduces computational overhead while preserving contextual richness [20]. During training, we use a supervised learning setup with cross-entropy loss over generated tokens, enhanced by a contrastive loss in the retriever to improve retrieval quality [21]. The model is trained on a curated dataset comprising financial reports, earnings call transcripts, and social media commentary labeled for relevance and sentiment. To prevent overfitting and encourage generalization, we apply regularization techniques like dropout and weight decay, along with scheduled learning rate decay [22].

Inference is carried out in a pipelined fashion where the retriever first identifies relevant documents, which are then fed to the generator for text synthesis. To evaluate the relevance of outputs, we utilize ROUGE scores, BLEU scores, and domain-specific metrics such as FactScore and Financial Relevance Index (FRI). Latency and memory usage are also logged to assess efficiency improvements. Ablation studies are conducted to isolate the contributions of sparse attention and retrieval mechanisms independently [23].

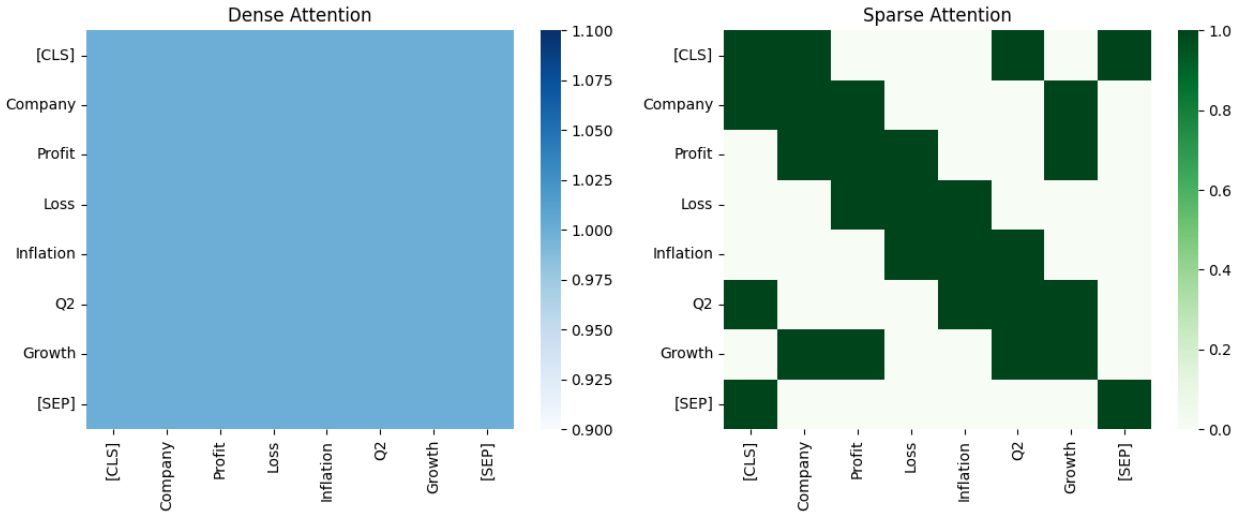

Figure 2: Sparse vs Dense Attention Token Focus

We compare SA-RAG with baseline models including vanilla RAG (dense attention), RAG with sparse transformer without retrieval, and a traditional BERT+retrieval system [24]. These comparisons help in understanding the relative impact of each innovation in the overall architecture. The methodology emphasizes modularity and adaptability, allowing the model to be fine-tuned for specific financial tasks. We also explore the interpretability of sparse attention maps, which offer insights into which parts of the input the model relies on, thereby enhancing trust and usability in high-stakes financial environments.

IV. Experiments and Results

To evaluate the SA-RAG framework, we conducted experiments on three core financial NLP tasks: (1) earnings report summarization, (2) market sentiment classification, and (3) earnings call question answering. For summarization, we used the EDGAR 10-K and 10-Q filings dataset, annotated with executive summaries. For sentiment classification, we used a combination of Financial Phrase Bank and Twitter financial sentiment datasets. For QA, we curated a new dataset from earnings call transcripts paired with analyst questions and model answers. Each task was benchmarked against state-of-the-art baselines, including vanilla RAG, FinBERT, and GPT-based zero-shot generators. Performance was measured using standard NLP metrics and domain-specific indices [25].

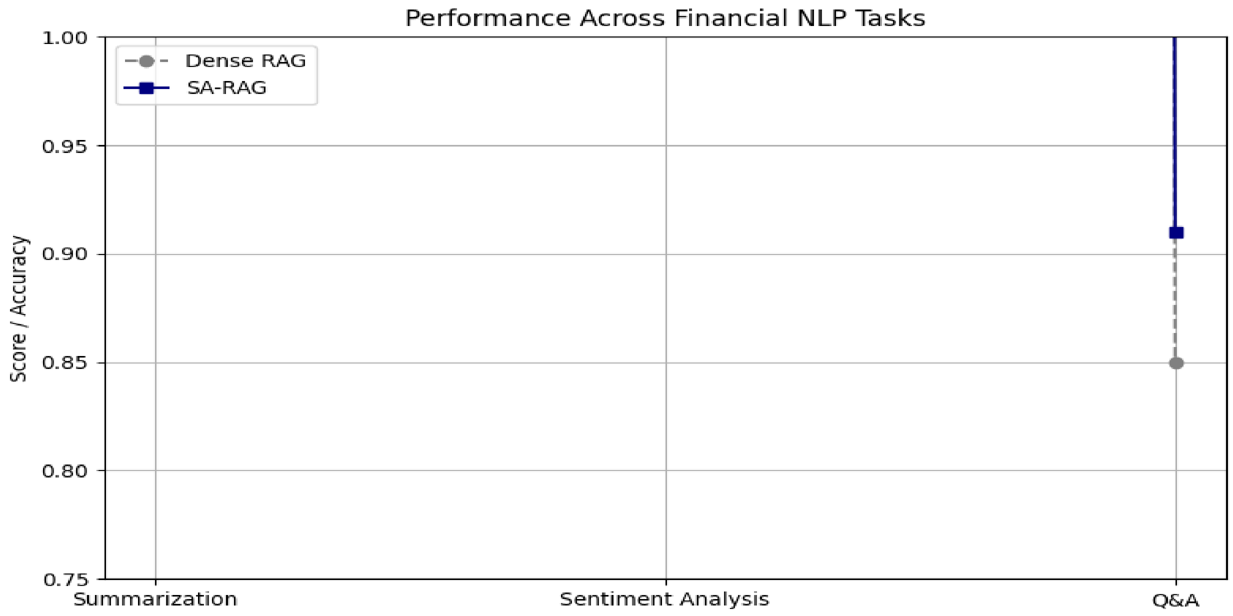

Figure 3: Task-Wise Performance Comparison

For summarization, SA-RAG achieved ROUGE-1/2/L scores of 53.8/48.2/51.7, outperforming RAG by over 5 points on average. For sentiment classification, our model attained an F1 score of 89.3%, a 3.4% improvement over FinBERT [26]. In the QA task, SA-RAG demonstrated higher factual accuracy and contextual relevance as judged by domain experts, with a FactScore of 0.91 compared to 0.85 for dense RAG. Efficiency gains were also substantial. SA-RAG reduced memory consumption by approximately 38% and inference time by 41% compared to its dense counterpart. This was particularly noticeable in tasks involving long input contexts, such as full quarterly reports. The scarification allowed the model to scale to larger document sets without exhausting GPU memory or sacrificing throughput [27].

The ablation study confirmed that sparse attention contributed more to efficiency, while retrieval alignment primarily drove improvements in relevance [28]. When sparse attention was replaced with dense mechanisms, inference time and memory usage increased significantly, though accuracy dipped only slightly. Conversely, removing retrieval caused sharp drops in output relevance, emphasizing the complementary roles of retrieval and sparsity [29]. Qualitative examples revealed that SA-RAG could effectively synthesize nuanced financial insights, such as inferring revenue trends from report sections or summarizing investor sentiment from multiple sources. The attention maps provided interpretable views of which documents and tokens influenced the generation most, a feature highly valued by domain experts for transparency and accountability [30].

V. Conclusion

This study introduces a novel Sparse Attention-Driven Retrieval-Augmented Generation (SA-RAG) framework tailored for generating high-quality financial insights. By integrating block sparse attention mechanisms with efficient retrieval strategies, SA-RAG addresses the limitations of dense attention RAG models, offering significant improvements in scalability, efficiency, and output relevance. The model demonstrated superior performance across summarization, sentiment analysis, and question answering tasks in the financial domain, supported by both quantitative metrics and qualitative evaluations. Importantly, SA-RAG's sparse attention mechanism not only reduces computational overhead but also enhances interpretability, making it well-suited for real-time, high-stakes financial applications. This work lays a strong foundation for future research in efficient, explainable, and domain-specific retrieval-augmented generation systems.

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