Artificial Intelligence (AI) now powers many real-world applications. AI is an umbrella term for different machine learning and deep learning capabilities to imitate intelligent human behavior, such as analyzing features and relationships between objects, reasoning and problem-solving. From voice recognition to forecasting demand, sectors that have successfully adopted AI stand to gain from the improvements in quality, efficiency and speed. These sectors include financial markets and services, healthcare, education, public sector, retail and e-commerce.

Governance, broadly understood as the “action or manner of governing a state” thrives on the ability of the government to ensure efficient, effective, transparent and responsive administration. COVID-19, and the rapid increase in remote working necessitated by the virus, has accelerated the development and use of AI both across organizations and in consumer interactions.

For AI solutions to be transformative, trust is imperative. This trust rests on four main anchors: integrity, Explainability, fairness, and resilience. These four principles (enabled through governance) will help organizations drive greater trust, transparency, and accountability.

1) **Integrity** - algorithm integrity and data validity including lineage and appropriateness of how data is used
2) **Explainability** - transparency through understanding the algorithmic decision-making process in simple terms
3) **Fairness** - ensuring AI systems are ethical, free from bias, free from prejudice and that protected attributes are not being used
4) **Resilience** - technical robustness and compliance of your AI and its agility across platforms and resistance against bad actors.

Artificial intelligence technologies are permeating financial services sectors around the world. The application of these technologies in emerging markets allows financial service providers to further automate their
business processes and to leverage new and big data sources to overcome obstacles - including the high cost of serving rural and low-income customers and establishing customer identity and creditworthiness - that prevent the delivery of financial services to many consumers. Realizing financial inclusion benefits through the adoption of artificial intelligence relies on its responsible adoption by firms, on competitive market settings, and on continued investment in the necessary infrastructure.

AI governance is a framework and process for organizations to ensure that their AI systems work as intended, in accordance with customer expectations, organizational goals and societal laws and norms. When integrated with other parts of the organization, decision trade-offs can be made in view of overall compliance and risk management perspectives.

Banking and financial services is one of the leading sectors when it comes to AI adoption. Existing and potential use of AI in this sector includes customer interaction through prediction, personalized engagement, virtual assistance, chat-bots, development of credit scores through analysis of bank history or social media data, and fraud analytics for proactive monitoring and prevention of various instances of fraud. AI in this sector has also been employed in wealth management - Robo-advisory, algorithmic trading, Better Compliance to norms and automated transactions.

Fintech establishes the partnerships between traditional financial institutions and contemporary businesses to help consumers get better and faster services. Seamless data sharing that forms the backbone of such partnerships brings in a fair share of threats and uncertainties. Security and privacy are the top threats to the rise of fintech.

Fintech companies need to be nimble and quick in updating their existing technology and adding new solutions in order to stay ahead of the threats and concerns related to privacy. Options available through the use of artificial intelligence / machine learning, multi-factor authentication, bio-metric credentials, etc. should be discussed along with the challenges and biases the solutions would entail.

An integrated AI strategy that translates governance principles into actions and behaviors is one of the key success factors in unlocking the full potential of AI. Besides the realm of machine learning, this must also be done in an organization’s culture, mindset, structure, and processes. However, each organization needs to customize its approach depending on where they are at in the AI adoption journey.

A strong AI governance framework is the means by which AI adoption can be accelerated and used responsibly. It is the foundation for sustainable AI growth.

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