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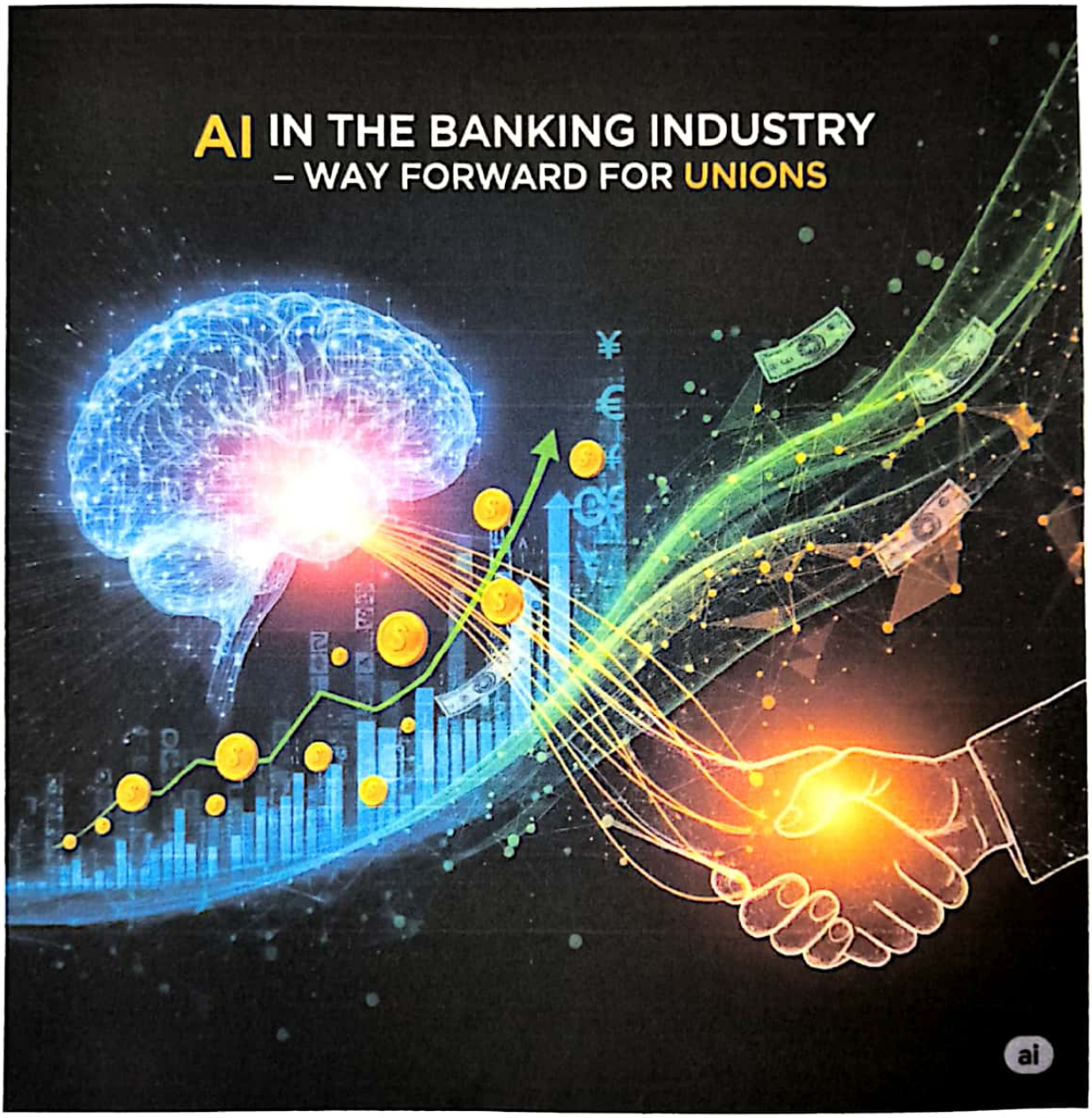

ALL INDIA STATE BANK OF INDIA STAFF FEDERATION COUNCIL MEETING ON 23.08.2025 AT PONDICHERRY

FOREWORD

Comrades,

It is with a sense of both urgency and optimism that I present this compendium, "AI in the Banking Industry - Way Forward for Unions," to each one of you. As we gather for our Federation Council Meeting in Pondicherry on 23rd August 2025, the landscape of banking is undergoing a profound transformation, driven by the relentless march of Artificial Intelligence.

AI is no longer a distant concept; it is actively reshaping our daily work, from customer service and fraud detection to credit processing and risk management. While it promises efficiency and innovation for our banks, it also brings significant challenges that directly impact our jobs, our skills, and our very future in this esteemed profession. The potential for job displacement, the need for continuous reskilling, the ethical concerns surrounding algorithmic bias, and the pervasive digital divide in our rural areas are realities we cannot ignore.

This compendium is a sincere effort to provide a comprehensive understanding of this evolving scenario. It delves into the current applications of AI in banking, highlights the multi-faceted challenges faced by both employees and banks, and sheds light on regulatory initiatives like the RBI's "Frictionless Credit" policy and the crucial FREE-AI Committee framework for responsible AI.

Crucially, this document is not about resisting progress, but about shaping it. It is about advocating for a just and equitable transition in this AI era. Our "Way Forward" section outlines a strategic roadmap for our Federation: one that emphasizes proactive engagement, robust social dialogue, and leveraging collective bargaining to safeguard job security, ensure comprehensive reskilling, protect data privacy, and champion the ethical deployment of AI. We must actively engage with national initiatives like the IndiaAI Mission to ensure that its vast investments in compute infrastructure, application development, skilling, and safe AI governance also prioritize the well-being and development of the banking workforce.

The future of banking is being written now, and it is imperative that the voice of the workforce, our voice, is loud and clear in shaping this narrative. Let us embrace AI not as a threat, but as an opportunity to demand better working conditions, fairer practices, and a future where technology empowers rather than displaces.

I urge every member to read this compendium thoroughly, engage in thoughtful discussions, and contribute to our collective strategy. Together, AI discussions amongst the trade unions and collective strategy can foster a great think tank which would be able to shape this transformation in the favour of our members and bring more confidence and courage to face any future challenges collectively.

In solidarity,

Com. L. Chandrasekhar,
General Secretary, SBISUAC, AISBISF, NCBE

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1. Introduction: AI's Transformative Impact on Banking

Artificial Intelligence (AI) is rapidly reshaping industries across the world, and banking is at the very centre of this upheaval. From automating routine operations to driving complex predictive analytics, AI is being projected as a tool for greater efficiency, cost-cutting, and faster customer service. But behind these promises lies a stark reality: the same transformation that management celebrates poses grave risks to the workforce and the very foundation of traditional banking models.

For employees, AI does not simply mean "technology adoption"; it means the possibility of job displacement, career stagnation, unbearable reskilling pressures, and loss of dignity at the workplace. For unions, it means a direct challenge to job security, recruitment, promotions, and collective bargaining power.

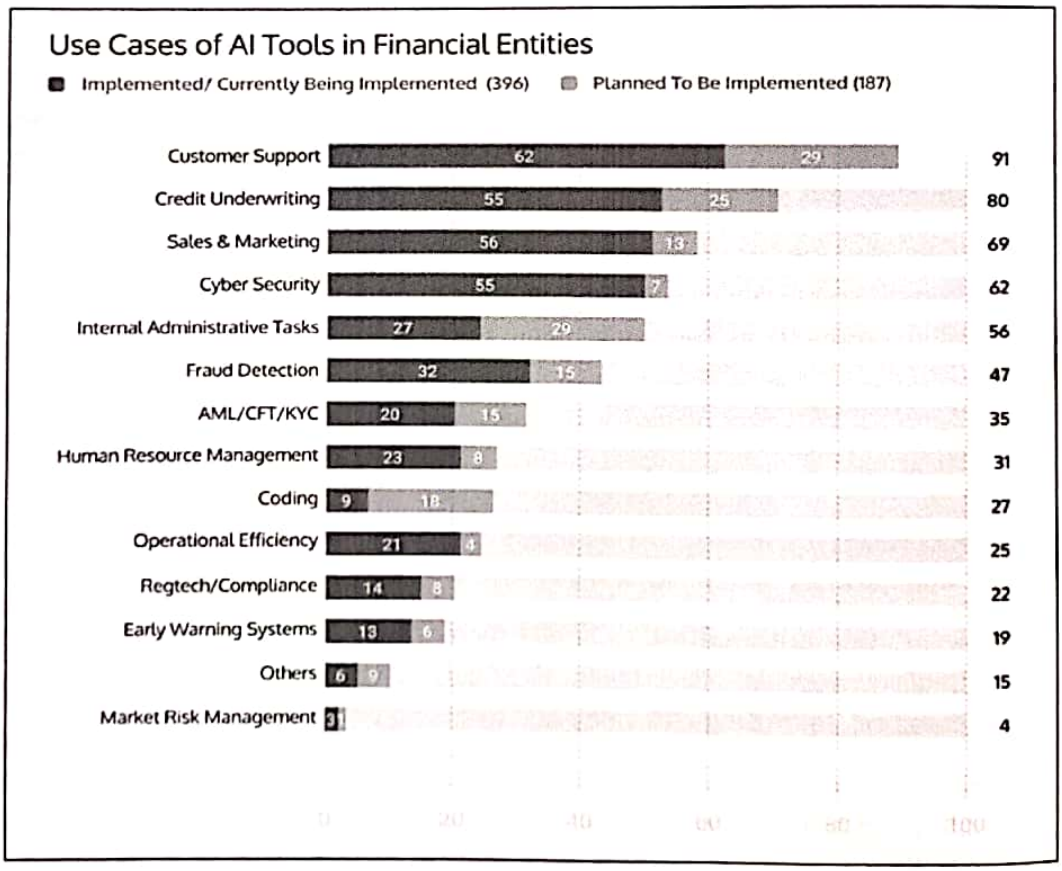
This document is not just an academic review of AI. It is a warning note and a call to action, to examine AI's present and future role in banking, to analyze its multi-dimensional threats, and to chart out a strong and united strategy. Our objective is clear: to ensure that any transition in the name of AI is just, fair, and equitable, protecting the interests of every employee and safeguarding the future of the banking workforce.

2. AI in the Banking Industry: Current Landscape and Applications

AI's presence in banking is no longer futuristic; it's a present reality. Here are some key areas where AI is being deployed:

- **Customer Service:** AI-powered chatbots and virtual assistants handle routine inquiries, provide instant support, and personalize customer interactions, freeing up human agents for more complex issues.
- **Fraud Detection and Cybersecurity:** AI algorithms analyze vast datasets to identify anomalous patterns indicative of fraudulent activities and cyber threats, significantly enhancing security measures. Advanced algorithms detect anomalies and prevent fraud.
- **Credit Scoring and Lending:** AI models assess creditworthiness more accurately and rapidly, enabling faster loan approvals and more personalized lending products, as seen with RBI's "Frictionless Credit" initiative.
- **Risk Management:** AI assists in identifying and mitigating various financial risks, including market risk, credit risk, and operational risk, through predictive analytics.
- **Personalized Banking:** AI analyzes customer data to offer tailored financial advice, product recommendations, and investment strategies.
- **Back-Office Automation:** Robotic Process Automation (RPA) and AI automate repetitive administrative tasks like data entry, reconciliation, and report generation, improving efficiency and reducing errors.
- **Algorithmic Trading:** AI-driven algorithms execute trades at high speeds, optimizing investment strategies and capitalizing on market opportunities.

- **Operational Efficiency:** Automates repetitive tasks, reducing turnaround time and operational costs. Speeds up internal processes, allowing employees to focus on complex tasks.
- **Scalability:** Easily handles large volumes of transactions and customer interactions.
- **Compliance & Audit:** AI can help ensure regulatory compliance and generate audit trails.
- **Market Expansion:** Enables banks to offer services in remote areas via AI tools and digital banking.
- **Enhanced Fraud Reduction:** AI has significantly reduced fraud by improving payment validation screening, leading to a 15-20% reduction in account validation rejection rates and significant cost savings.
- **Alternative Credit Scoring:** AI-powered alternative credit scoring models can expand credit access to underserved populations by using non-traditional data sources like utility payments, mobile usage patterns, GST filings, or e-commerce behaviour.
- **Generative AI (Gen-AI):** Being used in advanced chatbots, automated report generation, and the creation of synthetic data sets for safer model training. It is estimated to add $200-340 billion annually to the global banking sector through productivity gains in compliance, risk management, and customer service.



3. Challenges for Employees in the Age of AI

Comrades, the rapid adoption of Artificial Intelligence (AI) in banking is not just another "technological upgrade." It carries serious and far-reaching consequences for every employee. Unless we recognize these challenges and stay united, the future of our jobs, our dignity, and even our livelihood will be at stake.

- **Job Displacement and Reskilling Pressure:** AI threatens to make several existing roles redundant. What we have safeguarded for decades can disappear overnight. New recruitment will shrink, while existing employees will be forced into reskilling. For many, especially senior comrades, this will be extremely difficult, while younger employees will also need time and support to adjust and adapt.
- **Promotion Stagnation:** With AI taking over supervisory and decision-making functions, the natural path of career progression may collapse. Opportunities for promotion could vanish, creating frustration, stagnation, and loss of motivation.
- **Deskilling and Loss of Human Judgment:** Over-dependence on machines will erode our skills and experience-based judgment. Once AI takes control of core functions, human involvement will be reduced to mere monitoring, weakening our professional value.
- **Changing Roles, Increased Uncertainty:** Existing job roles will undergo drastic changes. Employees will be pushed into analytical, supervisory, or tech-support functions for which many may not be adequately prepared. This uncertainty will create immense stress and anxiety.
- **Increased Workload and Mental Pressure:** While management may claim that AI reduces workload, the reality will be the opposite. Employees will face pressure to handle more complex tasks, manage AI systems, and deliver flawless results. The burden will be unbearable without adequate training and support.
- **Ethical Concerns and Blame on Employees:** AI-driven decisions may carry bias or errors. Yet, when things go wrong, it will be employees, not the machines or management, who will be blamed and held accountable.
- **Impact on Employee Well-being:** Fear of job loss, constant monitoring through AI-based surveillance, and the never-ending need for reskilling will create anxiety, burnout, and loss of morale. Work will feel more like punishment than employment.
- **Loss of Direct Customer Interaction:** Banking is built on trust and relationships. With AI replacing frontline interaction, employees will lose their connection with customers, weakening their role and relevance in the system.
- **Weakening of Collective Bargaining Power:** As AI reduces headcount and traditional roles, unions may find it harder to protect employees through traditional bargaining methods. This is a hidden but very real danger.

- **Threat to Job Security of Future Generations:** If recruitment dries up, the next generation, our children, will find it nearly impossible to get jobs in banking, wiping out employment opportunities in this sector.

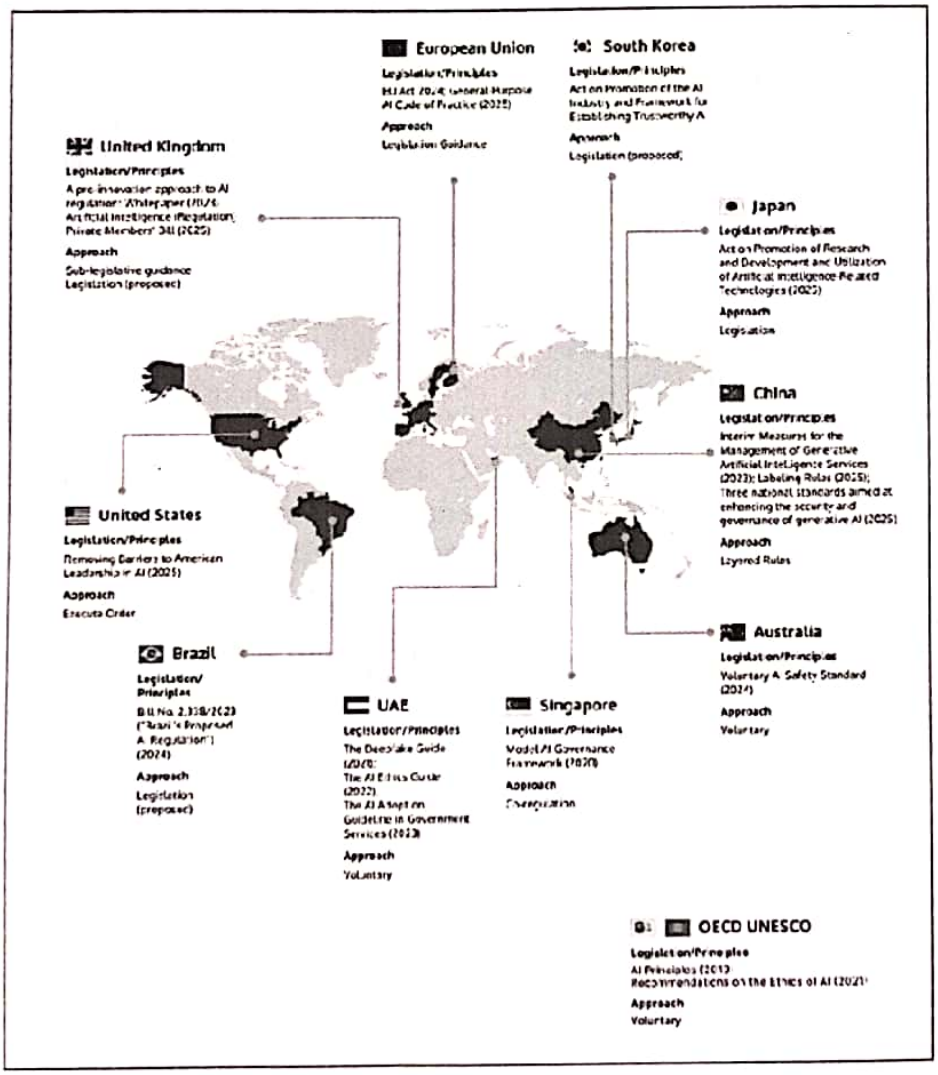
4. Challenges for Banks in AI Adoption

While AI is being projected as a game-changer, the reality is that banks face serious hurdles and risks in its adoption. Unless these challenges are addressed, the so-called "benefits" of AI could easily turn into costly liabilities:

- **High Cost of Adoption:** Building robust AI systems demands massive investment in infrastructure, specialized technology, and continuous upgrades. Ongoing costs for cybersecurity, maintenance, and model retraining make AI far from a "one-time investment."
- **Data Quality and Privacy Risks:** AI systems are only as reliable as the data they are fed. Yet, banks often struggle with fragmented, inconsistent, or insufficient datasets. The push for "big data" also increases the risk of privacy breaches, misuse, and violations of customer trust.
- **Regulatory and Governance Challenges:** In a highly regulated sector like banking, even a single AI error can lead to severe penalties. Ensuring compliance with evolving data privacy laws, ethical standards, and security guidelines remains a daunting challenge.
- **Talent Shortage:** There is an acute shortage of skilled AI professionals, data scientists, and machine learning experts. Banks risk becoming dependent on external vendors, losing control over critical systems.
- **Integration with Legacy Systems:** Most banks still operate on outdated legacy IT infrastructure. Integrating complex AI solutions with these systems is not only difficult and costly, but also prone to failures.
- **Lack of Explainability ("Black Box" Problem):** AI often works in ways that are opaque and difficult to interpret. Regulators, auditors, and even customers demand clear reasoning for decisions such as loan approvals or fraud detection. A lack of transparency poses both compliance and reputational risks.
- **Cybersecurity Threats:** AI systems are attractive targets for hackers. Adversarial attacks, data manipulation, or simple technical failures can cripple services if banks don't have proper safeguards and backup systems in place.
- **Erosion of Public Trust:** If customers feel AI threatens their privacy, jobs, or fairness in banking decisions, trust in the institution will decline sharply. Poorly designed AI interfaces can also frustrate customers and damage reputation.
- **Employee Resistance and Job Redundancy:** Employees may resist AI adoption due to fear of job loss or dissatisfaction with changing roles. Redundancies caused by automation can further demoralize the workforce.

- **Over-collection of Data:** AI systems often harvest more data than necessary, violating key principles of data minimization and purpose limitation. This not only raises privacy concerns but also invites regulatory action.
- **Conflict with Data Localisation Rules:** Many AI systems rely on global cloud infrastructure and third-party vendors, which may conflict with local data protection and localisation requirements.
- **Competitive Imbalance:** Large banks with deep pockets can invest heavily in AI, while smaller banks may struggle to keep up, widening the gap and creating inequality in the sector.
- **Inflexibility in Crisis Situations:** AI systems often fail when faced with non-standard, sudden, or crisis situations, where human judgment becomes indispensable.

In short, AI adoption is not just about efficiency gains, it exposes banks to enormous financial, operational, regulatory, and reputational risks. Blind, unregulated implementation could do more harm than good.



Digital Divide Among Customers in Rural India

One of the most significant challenges in adopting AI, especially for customer-facing services, is the deep digital divide in rural India. Unless this gap is addressed, AI risks widening financial exclusion instead of reducing it.

- **Unreliable Internet Connectivity**: Many rural areas continue to suffer from poor or expensive internet access, making it nearly impossible for customers to consistently use AI-powered banking services.

- **Low Digital Literacy**: A large section of the rural population, especially the elderly and non-tech-savvy, lacks the skills to navigate apps, portals, or AI-driven systems. This directly undermines inclusivity and leaves vulnerable groups behind.

- **Limited Access to Devices**: Despite growing smartphone penetration, many rural households still do not own smartphones or devices capable of running advanced banking applications.

- **Language and Cultural Barriers**: AI systems often fail to accommodate regional languages and local dialects. If not properly localized, these technologies will alienate customers who are not comfortable with English or dominant urban languages.

- **Dependence on Traditional Banking**: Rural communities place high value on personal interaction and long-standing trust with local bank staff. AI-driven, impersonal systems threaten to erode these relationships, making banking more rigid and less humane.

- **Infrastructure Gaps Beyond Internet**: Even basic issues such as frequent power cuts or technical outages can cripple digital banking in rural areas, creating frustration and mistrust.

If these barriers are ignored, AI adoption in banking will not be inclusive, it will create a new layer of financial exclusion, leaving rural India behind.

5. Challenges in AI Model Development and Implementation

Comrades, beyond organizational and workforce issues, even the AI technology itself is riddled with serious challenges and dangers that directly affect banking operations:

- **Bias in AI Models:** If AI is trained on biased historical data, it will not only replicate but also amplify discrimination, whether in lending, recruitment, or customer service. This can lead to unfair treatment of customers and reputational damage to banks.
- **Data Scarcity in Specific Areas:** While banks collect massive amounts of data, certain niche use cases lack sufficient high-quality, labelled data. This makes it extremely difficult to train reliable models.
- **Model Drift and Maintenance:** AI models deteriorate over time as real-world data patterns change. If not monitored and retrained continuously, they give wrong results. Shockingly, surveys show that only **21% of entities monitor data or model drift,** and just **14% do real-time performance monitoring** a glaring risk.
- **Black Box Problem (Lack of Interpretability):** Many advanced AI systems make decisions in ways that are opaque even to their creators. If an AI rejects a loan or flags a customer, employees may have no clear explanation, posing grave challenges for transparency, auditing, and regulatory compliance.
- **Adversarial Attacks:** AI systems are vulnerable to manipulation. Hackers can deliberately feed misleading inputs, tricking AI into making dangerous mistakes in fraud detection, risk scoring, or authentication.
- **Overfitting and Underfitting:** Building models that truly work on unseen, real-world data is still a major challenge. If overfitted, they simply memorize training data; if underfitted, they are too simplistic—both leading to unreliable outcomes.
- **High Computational Demands:** Developing and deploying AI models at scale demands enormous computing power and costly specialized hardware, putting pressure on banking infrastructure and resources.

These technical flaws prove that AI is not a foolproof solution. If such fragile systems are blindly implemented in banking, it will be employees who bear the brunt, taking blame for errors, facing customer backlash, and dealing with unmanageable workloads

6. Lessons from Past Crises and the AI Boom

Comrades, we meet at a time of extraordinary technological and financial change. But as we look forward, we must remember past debacles caused by over-reliance on technology and speculative finance.

Take Y2K (1999–2000): fear of system collapse led to massive IT spending, spawning hundreds of weak firms that disappeared once the crisis passed.

Then came the dot-com bubble (1997–2001), companies with no profits or real business models but soaring valuations. When it burst, jobs and investor confidence were destroyed.

The Global Financial Crisis (2007–08) was even worse: reckless lending and toxic assets crippled major institutions, yet governments rescued them, socializing losses while profits had been privatized. Quantitative easing multiplied debt, enriched a few, and drove capital into shadow banking.

Today, the same forces are harnessing Artificial Intelligence (2020s). Left unchecked, AI could deepen inequality, displace workers, and entrench surveillance capitalism where human behaviour is commodified for profit.

Big Tech AI Spending:

- **Collective:** $151B in 2023 → $240B in 2024 → projected $320–344B in 2025.
- **Amazon:** $75B (2024) → $100B+ in 2025, mostly for AWS AI infrastructure.
- **Microsoft:** $50B (2024) → $80B (2025).
- **Google:** $32B (2023) → $75B (2025).
- **Meta:** $40B (2024) → $60–65B (2025), targeting 1.3M GPUs.
- **Apple:** $600B U.S. commitment over four years, with significant AI and chip investments.

Most of this money is going into data centres, GPUs, and custom AI chips, fuelling an arms race for dominance in AI.

Comrades, this moment challenges us to act with foresight. Our fight is not just for wages but for democracy, dignity, and equity in a world where finance and technology increasingly prioritize profit over people.

History Y2K, the dot-com crash, and 2008, teaches us one lesson: when technology serves only capital, crisis follows. At this crossroads of AI and surveillance capitalism, we must ensure technology serves humanity, not the other way around.

Let us go forward united, vigilant, and committed to a future where workers' rights and justice prevail over greed and inequality.

7. RBI's "Frictionless Credit" Policy and AI in Lending: Pros and Cons

The Reserve Bank of India (RBI) has launched the *Frictionless Finance Program* with the stated aim of transforming credit delivery in the country through the Public Tech Platform for Frictionless Credit. While the initiative is being projected as a milestone in simplifying credit and expanding financial inclusion, it also raises important questions and concerns that cannot be ignored.

What the Program Promises

The Public Tech Platform seeks to reduce paperwork, shorten loan approval times, and integrate multiple digital systems—such as Aadhaar e-KYC, PAN verification, digitized land records, cooperative data, and account aggregators—into one unified lending system. By automating credit appraisal through AI-driven models, the program promises:

- Faster loan approvals, sometimes within minutes.
- Lower operational costs for banks and NBFCs.
- Easier access to credit for farmers, small businesses, and individuals with limited formal credit history.
- Wider collaboration between banks, NBFCs, and fintechs through open APIs.

Clearly, these features are designed to modernize lending and reduce what the RBI calls "frictions" in credit delivery.

Our Concerns

However, from a workers' and customers' standpoint, several issues demand attention:

1. **Job Impact on Bank Employees**
    - Increased automation of credit processes, including appraisal and approval, reduces the human role in lending.
    - This may directly affect clerical and officer-level jobs in branches, weakening the traditional role of bank staff in rural outreach and credit delivery.
2. **Digital Divide & Exclusion**
    - Rural borrowers who lack smartphones, internet access, or digital literacy may find themselves left out.
    - Heavy dependence on online platforms risks deepening the existing financial divide, rather than closing it.
3. **Over-reliance on Algorithms**
    - AI-driven rule-based lending may ignore the *human context* of borrowers, such as seasonal income fluctuations, local economic conditions, or personal hardships—factors that a branch manager would normally consider.

- Algorithmic biases may creep in, leading to unfair denial of loans.

4. **Privacy and Data Security**
    - The platform relies heavily on sensitive personal and financial data (Aadhaar, PAN, land records, milk pouring data, etc.).
    - Any data breach or misuse can have devastating consequences for vulnerable borrowers.
5. **Erosion of Trust in Banking**
    - For decades, rural and small borrowers have depended on personal trust and flexibility in their dealings with bank staff.
    - Replacing this with faceless systems may damage the human relationship that is at the heart of inclusive banking.
6. **Dependence on Fintechs and Private Players**
    - The program encourages partnerships with fintech startups. While this brings innovation, it also risks increasing the role of private profit motives in public credit delivery.

8. RBI's FREE-AI Committee and Framework for Responsible AI

The Reserve Bank of India (RBI) constituted the **FREE-AI Committee** (Framework for Responsible and Ethical Enablement of Artificial Intelligence) to develop a framework for responsible and ethical AI adoption in the financial sector. This initiative aims to harness the potential of AI while preserving and promoting trust in the financial sector.

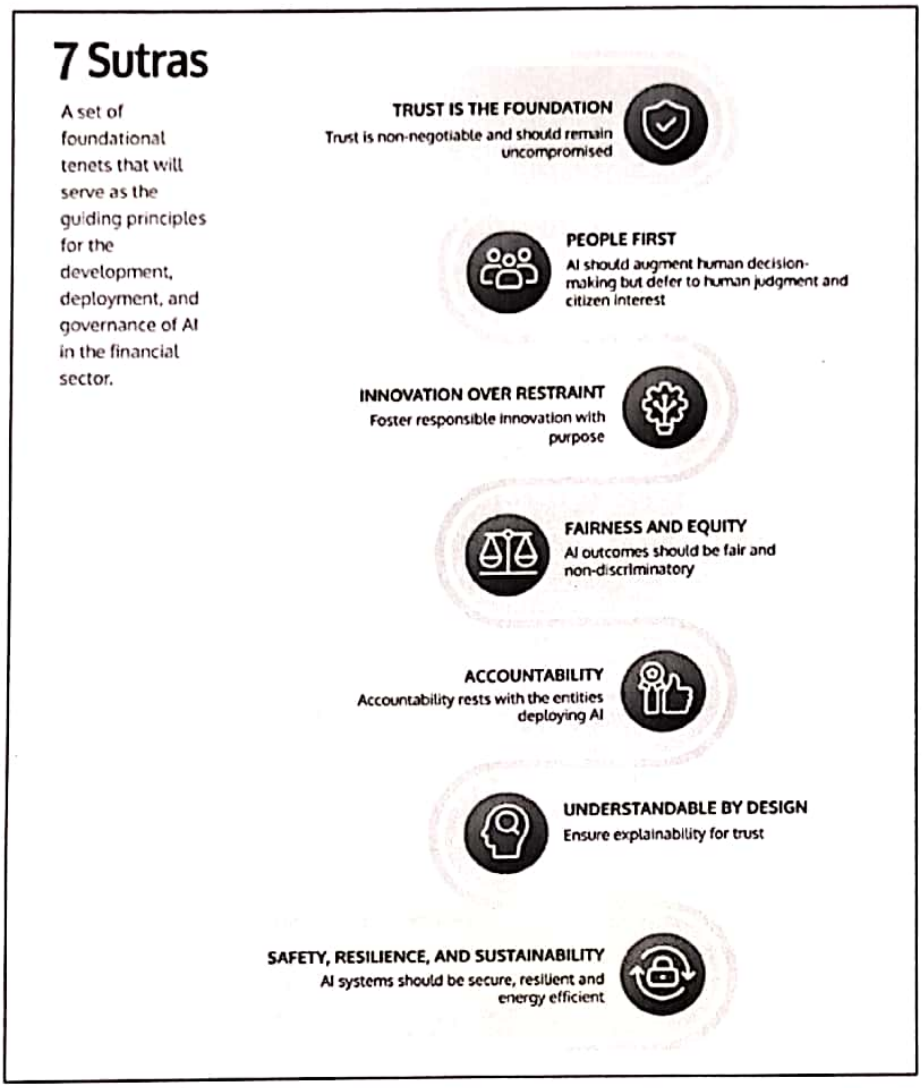
The Committee approached its work holistically, considering both opportunities and risks. It conducted two surveys to understand current AI adoption and challenges in the financial sector and undertook extensive stakeholder consultations.

The FREE-AI framework is anchored in **seven foundational principles**, or "Sutras," and operationalized through twenty-six targeted recommendations under six strategic pillars.

The 7 Sutras - Guiding Principles:

1. **Trust is the Foundation:** Trust is non-negotiable and should remain uncompromised.
2. **People First:** AI should augment human decision-making but defer to human judgment and citizen interest.
3. **Innovation over Restraint:** Foster responsible innovation with purpose.
4. **Fairness and Equity:** AI outcomes should be fair and non-discriminatory.
5. **Accountability:** Accountability rests with the entities deploying AI.
6. **Understandable by Design:** Ensure explainability for trust.

7. **Safety, Resilience and Sustainability:** AI systems should be secure, resilient, and energy efficient.



Strategic Pillars and Recommendations:

The Committee recommends an approach that fosters innovation and mitigates risks as complementary objectives. These are addressed through six strategic pillars:

Innovation Enablement:

- **Infrastructure:**
    - Establish shared financial sector data infrastructure.
    - Create an AI Innovation Sandbox for secure, controlled environment for AI solution development and testing. This sandbox is different from existing regulatory sandboxes as it provides infrastructural support for experimentation without regulatory relaxations. The RBI is well-positioned to operationalize this within the next year, potentially with compute support from MeitY and the India AI Mission.

- Provide incentives and funding support to encourage inclusive and equitable AI usage, especially for smaller entities.
- Develop indigenous financial sector-specific AI models (including LLMs, SLMs) to be offered as a public good.
- Integrate AI with Digital Public Infrastructure (DPI) to accelerate inclusive, affordable financial services at scale, bridging digital literacy gaps through conversational AI in multiple languages, and enhancing fraud detection for vulnerable users.

- **Policy:**
  - Formulate adaptive and enabling policies and a comprehensive AI policy framework for the financial sector, anchored in the 7 Sutras.
  - Enable AI-based affirmative action by lowering compliance expectations for AI-driven innovation that accelerates financial inclusion.
  - Establish an AI Liability Framework with a graded approach that encourages responsible innovation, ensuring REs remain liable but with an accommodative supervisory approach when safety mechanisms are followed.
  - Create a permanent multi-stakeholder AI Standing Committee under the RBI to advise on emerging opportunities and risks and monitor AI evolution.
- **Capacity:**
  - Build AI capacity within Regulated Entities (REs) at all levels, including the board and the workforce.
  - Develop capacity for financial sector regulators and supervisors to ensure relevant and proportionate oversight. The RBI may consider establishing an AI institute for the financial sector for this purpose.
  - Establish a framework for sharing best practices and learnings across the financial sector.
  - Recognize and reward responsible AI innovation.

Risk Mitigation:

- **Governance:**
  - Formulation of a board-approved AI policy by REs, ensuring compliance with national AI governance frameworks.
  - Expand data lifecycle governance to include AI-related aspects.
  - Establish robust AI system governance frameworks across the AI lifecycle.
  - Expand product approval processes to include AI-related aspects.

- **Protection:**
    - Expand consumer protection frameworks to include AI-related aspects. Customers should be provided with means to challenge and seek clarification on AI decisions.
    - Augment cybersecurity practices and measures, including red-teaming.
    - Ensure business continuity plans for AI systems.
    - Establish AI incident reporting and sectoral risk intelligence frameworks.
- **Assurance:**
    - Maintain AI inventory within REs and a sector-wide repository.
    - Develop an AI audit framework, with internal audits proportionate to risk level and independent third-party audits for high-risk use cases.
    - Ensure disclosures by REs regarding AI usage.
    - Facilitate the development of industry-led AI Compliance Toolkits to help REs validate that their AI models meet regulatory expectations, especially for smaller and mid-sized entities.

This framework provides a forward-looking blueprint for all stakeholders to harness AI's potential responsibly.

9. Acronyms and Abbreviations

- **AI:** Artificial Intelligence
- **DPI:** Digital Public Infrastructure
- **FREE-AI:** Framework for Responsible and Ethical Enablement of Artificial Intelligence
- **Gen-AI:** Generative Artificial Intelligence
- **GST:** Goods and Services Tax
- **IIT:** Indian Institute of Technology
- **LLMs:** Large Language Models
- **MeitY:** Ministry of Electronics and Information Technology
- **RBI:** Reserve Bank of India
- **REs:** Regulated Entities
- **RPA:** Robotic Process Automation
- **SLMs:** Small Language Models

10. India AI Mission – Key Components & Updates

In recent years, the Government of India has launched several ambitious initiatives to position the country as a global leader in artificial intelligence (AI). These programs are aimed at building the infrastructure, talent pool, regulatory frameworks, and innovation networks needed to drive AI adoption across various sectors, including banking and finance.

The India AI Mission is a national program aimed at creating a comprehensive AI ecosystem across the country. It is structured around several key pillars:

- Compute Infrastructure
  - Focus on developing a large-scale AI computing ecosystem through the IndiaAI Compute portal.
  - Over 34,000 GPUs made available at subsidized rates; 4,000+ GPUs expected in the next phase.
  - Plans to set up a government-controlled GPU cluster of ~3,000 GPUs for strategic needs.
- Application Development (IADI)
  - Target of developing at least 25 impactful AI-based solutions.
  - First Innovation Challenge (2024) saw 30 applications advance to prototyping; second round planned with the Ministry of Education.
- Datasets & AI Kosh Platform
  - Unified platform integrating datasets from government and non-government sources.
  - Launched in beta (March 2025) with 874+ datasets, 207 AI models, and 13 toolkits.
  - Includes data quality scoring, search/filter features, Jupyter notebooks, and secure access.
- Foundation Models
  - Development of large language models trained on Indian datasets and languages.
  - Funding model: 40% compute costs as grants, 60% as equity (convertible debentures).
  - First phase selected four startups: Sarvam AI, Soket AI, Gnani AI, Gan AI.

- Future Skills & Talent Development
  - Support for 500 PhDs, 5,000 Master's students, and 8,000 undergraduates.
  - Fellowships aligned with Prime Minister's Research Fellowship, up to ₹55 lakh per PhD fellow.
  - 570+ AI/Data Labs planned nationwide; 27 already underway.
- Startup Financing & Global Expansion
  - Support for AI startups from prototyping to commercialization.
  - IndiaAI Startups Global program with Station F (Paris) and HEC Paris to help 10 startups expand to Europe.
  - 29 proposals from 21 states/UTs for state-level AI Centres of Excellence.
- Safe & Trusted AI
  - Focus on governance frameworks, bias mitigation, explainability, privacy, and ethical AI.
  - First EoI supported 8 projects in areas like machine unlearning, auditing tools, and governance testing.
  - Second EoI (400+ applications) focused on watermarking, deepfake detection, and risk assessment tools.
  - Plans for an IndiaAI Safety Institute under a hub-and-spoke model.

Upcoming Event: India will host the AI Impact Summit in February 2026, continuing participation in global AI policy discussions.

While the government's stated objectives highlight growth, innovation, and efficiency, the trade unions must also examine these developments critically. The rapid introduction of AI in sectors like banking could have far-reaching consequences on employment patterns, workload distribution, job roles, and skill requirements. Questions of data privacy, bias in decision-making algorithms, transparency in AI systems, and the safeguarding of workers' rights become more urgent as these technologies move from pilot projects to everyday operations.

It is therefore essential for unions to remain vigilant, informed, and actively engaged in policy discussions. AI adoption should not be allowed to bypass labour protections or undermine job security in the name of efficiency. Instead, it must be implemented in ways that ensure fairness, inclusivity, and accountability, keeping both technological progress and workers' welfare at the centre of the transformation.

11. The Way Forward for Trade Unions: Strategies for a Just Transition

Comrades, let us be very clear, artificial intelligence is not just another technological change; it is a direct threat to our survival as employees in the banking industry. The jobs we have safeguarded and nurtured for decades are now at risk of being declared obsolete overnight, with no guarantee of alternative roles. Our hard-earned career growth and promotions may come to a standstill, because AI is being designed to replace not only repetitive tasks but also supervisory and decision-making functions.

Management may have their own thoughts about reskilling, but we all know this is neither quick nor easy. This so-called transition will create unbearable stress for employees. They will expect instant adaptation and flawless performance in new roles, but many of us, especially our senior colleagues, will find it extremely difficult to cope with such unrealistic demands. Even our younger employees, though more familiar with technology, will also struggle, because artificial intelligence is entirely new to banking. Even they also require considerable time to learn, adjust, and perform effectively.

Make no mistake, if we remain silent or indifferent today, tomorrow we will be left without jobs, without promotions, and without dignity in the workplace. That is the harsh reality.

Comrades, the reality is stark, our existing roles are at risk of becoming obsolete, and at the same time, there will be no scope for new recruitment. If fresh jobs are not created, unemployment in India will rise to alarming levels. And let us understand clearly, this is not just a threat to banking employees, it is a danger to the entire Indian economy, with even our GDP bound to take a hit.

Comrades, we have already witnessed what is happening around us. Recently, TCS laid off 12,000 employees, about 2% of its entire workforce, mostly from middle management levels. The company did not openly admit that these layoffs were due to the advent of AI, but whatever the reason, the reality is clear. What happens to the families of these employees? Families who had planned their entire lifestyle around their salaries, who had taken home loans, vehicle loans, and other commitments. Overnight, their secure lives have been shattered. Their lifestyle, their stability, and their dignity all have taken a drastic hit. And let us remember, in this AI-driven era, getting immediate employment elsewhere is not easy. Other companies may not be willing to hire displaced employees, leaving them and their families in a state of deep uncertainty and despair. This is the grim future that could face us too, if we do not stay alert and united.

This is why it is absolutely essential that each one of you remains alert, attends every union meeting, and raises your voice fearlessly. Every member must immediately report to the General Secretary wherever AI has already been implemented, highlight the disadvantages being faced, and ensure that these matters are discussed in detail at the local unit level. These discussions must not remain casual they must be thorough, and every strategy must be debated and documented. Only after active participation at all unit levels can we build a comprehensive ground-level feedback. Comrades, let us remember that only by standing united, only by strengthening our collective voice, can we compel the management to listen to us.

And let this be firmly understood unless and until management addresses every single issue of ours and clears all our apprehensions to the satisfaction of the workforce.

Trade unions have a crucial role to play in shaping the future of work in the AI-driven banking industry. Instead of resisting AI, unions should focus on proactive strategies to ensure a just and equitable transition for their members. The way forward for trade unions involves a multi-faceted approach to ensure that the implementation of AI benefits workers and promotes fair labour practices.

Proactive Engagement and Social Dialogue

- **Early Involvement**: Trade unions must demand early and meaningful involvement in all discussions and decision-making processes concerning the adoption and implementation of AI technologies within banks. Worker concerns should not be treated as an afterthought, but addressed from the very beginning.

  Comrades, if we are not at the table, decisions will be made without us, and against us.

- **Strengthening Social Dialogue**: Strong social dialogue mechanisms between unions, employers, and government bodies are non-negotiable. These platforms must ensure transparent negotiations, information sharing, and mutually agreed frameworks for AI implementation.

  Our voice must not only be heard; it must be respected.

- **Collective Bargaining**: Collective bargaining should be firmly used to secure binding agreements on how AI affects employment, job roles, training, and working conditions. This includes enforceable clauses on job security, reskilling opportunities, and ethical use of AI systems.

  Through unity and bargaining power, we can ensure technology serves workers, not displaces them.

Focusing on Workers' Rights and Well-being

- **Job Security and Fair Transition**: Unions must insist on concrete safeguards to protect against job displacement due to AI-driven automation. Options such as redeployment, natural attrition, reduction of working hours without loss of pay, and creation of alternative roles must be negotiated and guaranteed.

  We cannot allow jobs to vanish in the name of progress; progress must include the worker.

- **Reskilling and Upskilling**: Banks must be held accountable for investing in structured, time-bound reskilling programs. Unions should play a direct role in shaping these programs, ensuring they focus on future-proof skills—data analytics, AI oversight, cybersecurity, and customer engagement. Partnerships with academic institutions and industry experts should be explored for certifications and workshops.

  Training is not a favour to workers — it is their right.

- **Working Conditions and Compensation**: As job profiles change, unions must ensure fair compensation and prevent increased workloads and stress. Automation should reduce employee burden, not increase it. Employees handling AI-related tasks must receive additional pay and recognition.

  Technology should ease the burden, not break the worker's back.

- **Fair and Ethical Use of AI**: Unions must demand transparency in how AI is deployed. This includes preventing algorithmic bias in promotions, evaluations, and opportunities, and ensuring human oversight in critical decision-making. Independent audits of AI systems should be mandatory.

  No machine can decide the dignity of a worker's labour — only humans can.

- **Data Privacy and Surveillance**: With AI comes expanded data collection. Unions must safeguard workers' privacy and resist intrusive surveillance. Negotiations should set strict boundaries on what data is collected, how it is used, and prevent misuse by management.

  We say no to digital exploitation — privacy is a worker's right, not a privilege.

Building Union Capacity and Expertise

- **AI Literacy:** Trade union representatives and members need to develop a strong understanding of AI technologies, their applications in banking, and their potential impact on the workforce. This will enable more informed participation in discussions and negotiations. Proactively develop a comprehensive union strategy on AI, outlining key demands, principles, and approaches for engaging with the evolving technological landscape. This should include a focus on "AI literacy" for union leaders and members.

  Knowledge is power, and in the age of AI, it is also our shield.

- **Research and Analysis:** Unions should invest in research capabilities to analyze the specific ways AI is being implemented in different banking roles and to understand the potential long-term consequences for employment and work organization.

  We must not wait for consequences — we must foresee them and act.

- **Collaboration and Knowledge Sharing:** Networking and working with other trade unions, research institutions, and international labour organizations can provide valuable insights and best practices for navigating the challenges and opportunities of AI. Learn from and collaborate with trade unions in other countries facing similar challenges in the banking and finance sectors.

  Our struggle is not isolated — across the globe, workers face the same challenge, and together we will rise.

Strategic Engagement with Technology and Innovation

- **Monitoring AI Developments:** Continuous monitoring of technological advancements in banking is vital for unions to anticipate risks and shape responses in advance.

  We must watch every step of technology, so it never tramples the worker.

- **Piloting and Experimentation:** Engaging in pilot projects or experiments with AI in collaboration with employers can provide valuable learning opportunities and help shape the responsible adoption of these technologies.

  No experiment should come at the cost of a worker's livelihood.

- **Promoting Human-Centred AI:** Unions should advocate for the development and implementation of AI systems that augment human capabilities and support workers, rather than simply replacing them. This involves emphasising the importance of human skills like critical thinking, emotional intelligence, and complex problem-solving in the future of banking.

  Machines cannot replace the human spirit — our skills, our empathy, our solidarity will remain the heart of banking.

- **Addressing the Digital Divide:** Actively engage with banks and government to push for initiatives that bridge the digital divide in rural areas. This includes advocating for better internet infrastructure, digital literacy programs, and hybrid banking models that combine digital convenience with human assistance for those who need it.

  Technology must unite society, not divide it further.

- **Advocating for Policy Changes:** Strong lobbying is required to ensure that regulatory bodies introduce policies protecting workers' rights in an AI-driven banking industry. Unions should also explore the demand for AI-specific safety nets, universal basic income discussions, and mandatory disclosure of AI-related risks by banks.

  Comrades, if laws do not protect us, we must fight to change them.

By adopting these strategies, trade unions can play a vital role in shaping the implementation of AI in the banking industry in a way that protects and promotes the interests of members, ensures a just transition for workers, and contributes to a more equitable and human-centred future of work.

12. Conclusion

Artificial Intelligence is no longer a distant possibility; it is today's reality, and its presence in banking will only intensify in the years ahead. But progress cannot be defined only by efficiency and profits. Innovation must walk hand in hand with fairness, dignity, and justice for the workforce.

If automation advances unchecked and without accountability, it will deepen inequalities, erode trust in the financial system, and marginalize millions of workers and customers alike.

We must therefore demand an alternative path—one where technology serves humanity, not replaces it; one where banks grow, but workers grow with them; one where digital transformation is rooted in inclusion and fairness.

The choice is clear: **either allow AI to become a tool of exclusion, or ensure it remains a tool of empowerment. The future of banking and the future of workers depends on which path we take.**