Generative AI in Risk

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Agenda

- What is generative AI and why does it matter?
- How can we use GenAI?
- Demonstrations
- Risk Considerations in GenAI
- Q&A

What is Generative Artificial Intelligence – also called Generative AI or Gen AI?

Artificial Intelligence

AI, or artificial intelligence, is a field of computer science that focuses on creating intelligent machines capable of tasks requiring human intelligence

Machine Learning

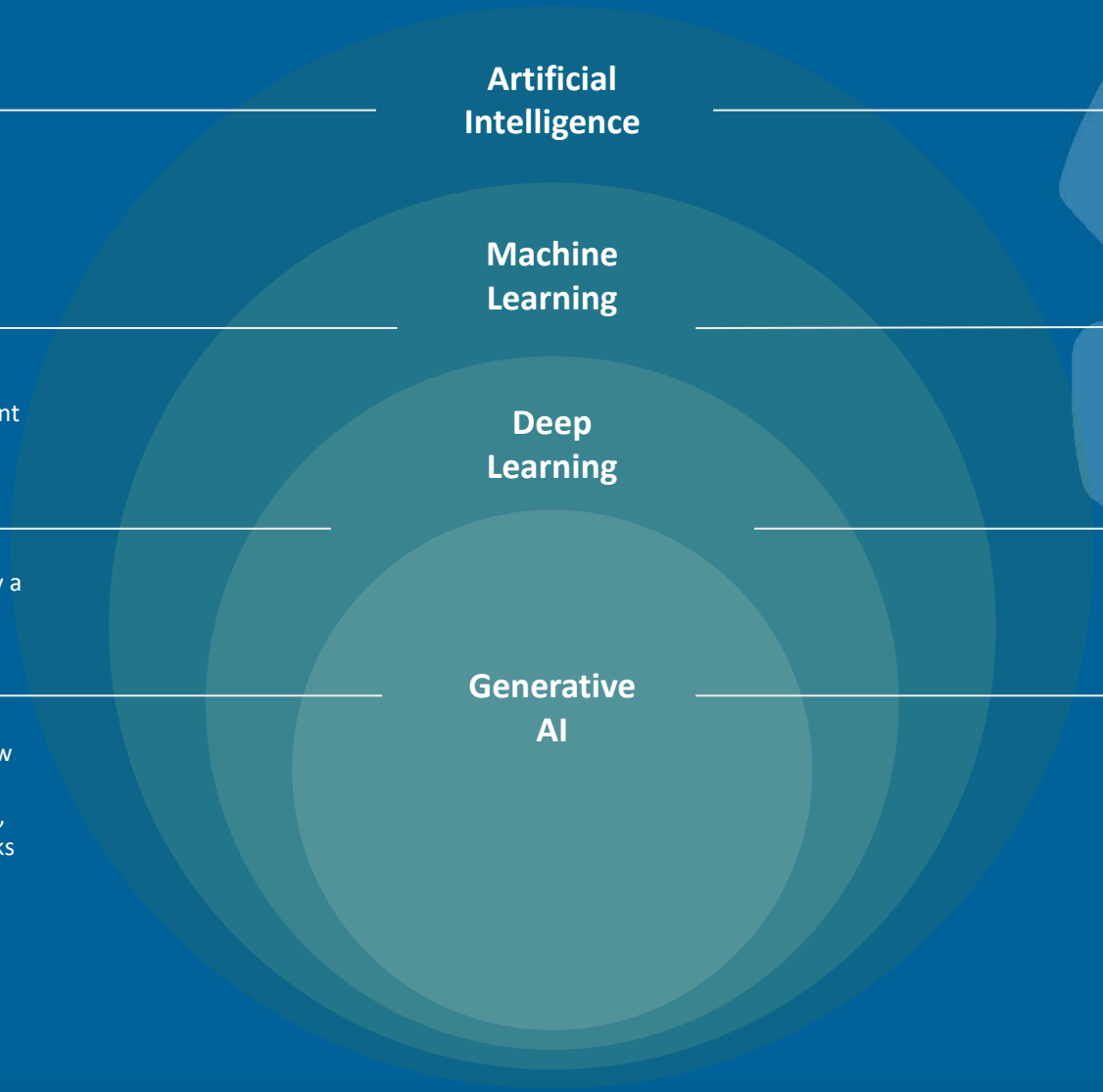
Machine learning is a subfield of artificial intelligence, which is broadly defined as the capability of a machine to imitate intelligent human behaviour

Deep Learning

Deep learning is a subset of machine learning, which is essentially a neural network with three or more layers

Generative AI

Generative AI is a type of artificial intelligence that can create new content such as images, text, audio, or video based on the data it has been trained on, using techniques like large language models, transformer neural networks, and generative adversarial networks



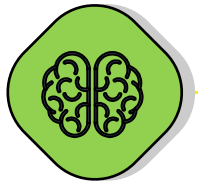
Technology Appearance

- Artificial Intelligence — 1943
- Machine Learning — 1959
- Deep Learning — 2006
- Generative AI — 2017

Why does generative AI matter?

What is Generative AI?

A type of deep learning that can **create new content** such as **text**, **code**, **images**, **audio**, or **video**.



Works much like **our own brains** through **abstraction** and **pattern identification**

Full value comes from **integrating GenAI tools** with other analytic products

ChatGPT has fastest growing user-base in the history of the internet

ChatGPT is just **one amongst a sea of growth** in Generative AI

Why is it important to understand Generative AI?

The **scope and impact** of Generative AI on business operations is **quickly expanding** with **rapid discovery** of **emergent capabilities.**

30% of **professionals** surveyed tried ChatGPT within 2 months of launch

77% Increase in **references to AI** on investor calls (Bloomberg)

12 Mo. estimated timeline for commercialization of 100s of specialized GenAI patents

What should leaders be considering?

How…

CEO / COO …does Generative AI impact our company's strategy and market position?

CFO …can we leverage Generative AI to create value and increase shareholder returns?

CTO / CIO …can we integrate Generative AI into our teams' skillsets as well as our core technology and information systems?

CRO …do we place the right safeguards and controls to operationalize using Generative AI?

CMO …can Generative AI help our organization stay ahead of the competition and enhance customer engagement?

Organizations must align their activities across four areas.

Trust & Accuracy

Inputs/ output accuracy. Model explainability and traceability of outputs

Fairness & Bias

Inherent bias due to public training data. Toxicity in responses requires ongoing management

Privacy and Security

Data collection with unclear use. Public exposure to client proprietary data; Cybersecurity Concerns

Legal Issues

Potential Copyrights and IP infringement; Liability of Use; GDPR Compliance

Demo #1 – Product Listing Writer

Demo #2 – Gen AI for Procurement Negotiation

How can AI scale be accelerated in a controlled manner?

A resilient AI ecosystem will accelerate the adoption of AI by establishing participants' trust and confidence

1. **AI Definition and Identification**
2. **Enhance Existing Risk and Control Frameworks**
3. **Operating Model (Interim State to Accelerate and Scale)**
4. **Capabilities Prioritization and Projection**
5. **Technology Foundations**
6. **Validation & MRM Impact**

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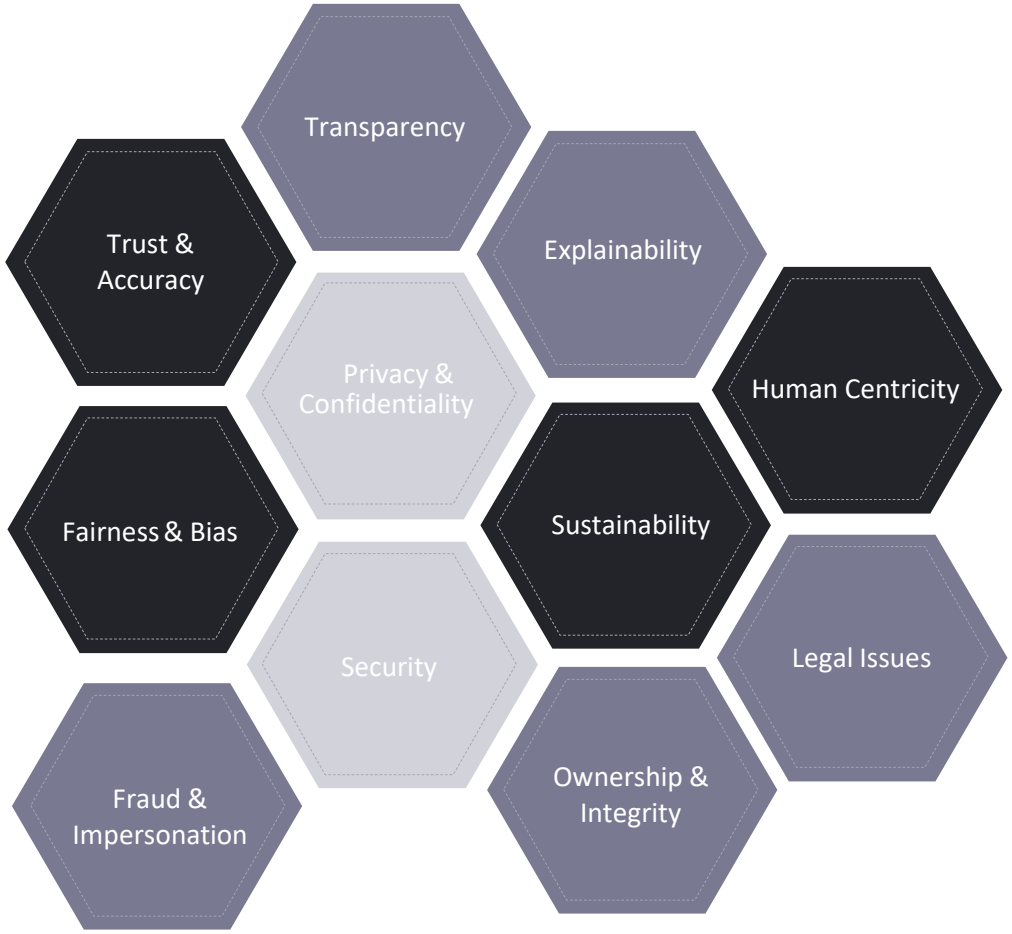
Note: The above components of the AI governance are not sequential, and some aspects will be in parallel to establish and implement the framework

Generative AI Risk Considerations

Generative AI risk considerations are contextual and apply to different extents depending on the context in which the models are deployed and used.



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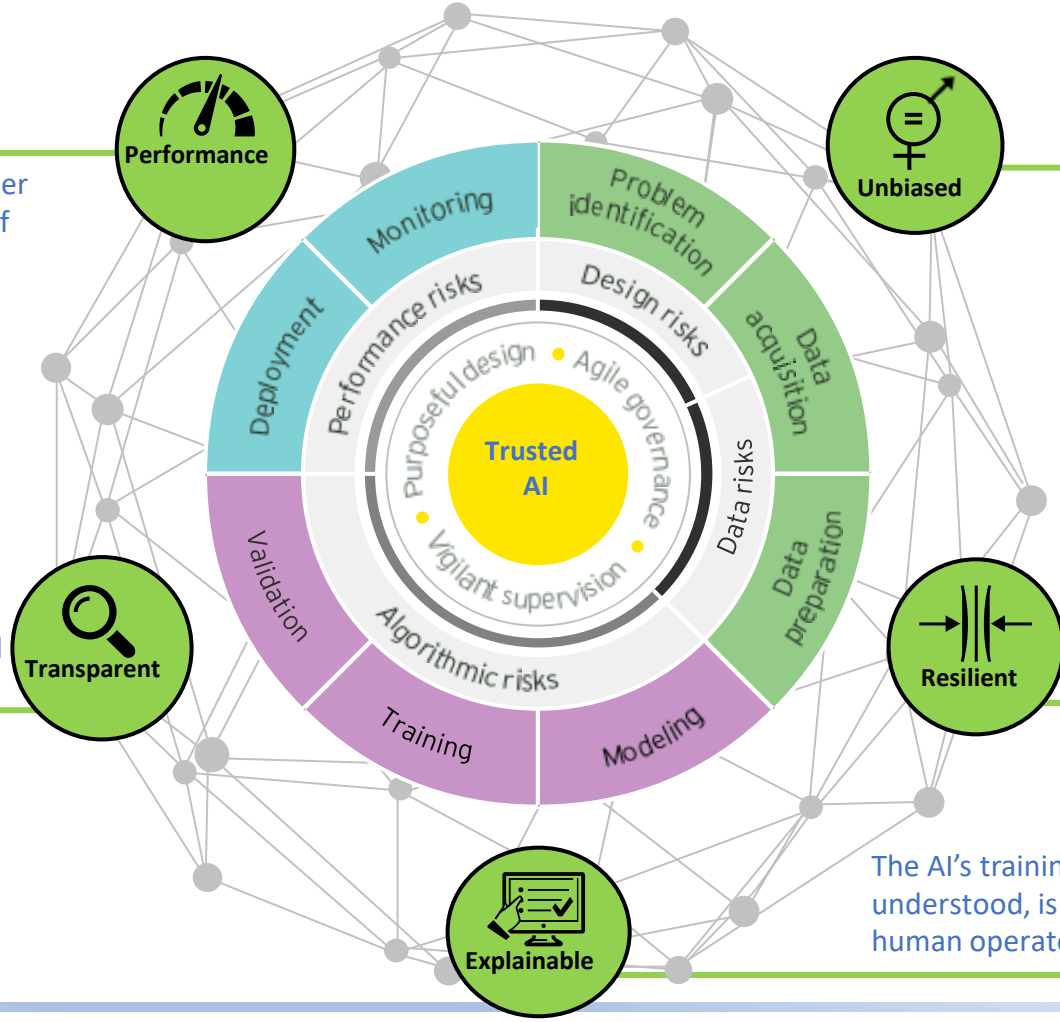
Trusting AI will require expanding the risk and control attributes

EY's Trusted AI Framework emphasizes the following five attributes necessary to sustain trust.



The AI's outcomes are aligned with stakeholder expectations and perform at a desired level of precision and consistency.

Inherent biases arising from the development team composition, data and training methods are identified and addressed through the AI design. The AI system is designed with consideration for the need of all impacted stakeholders and to promote a positive societal impact.

When interacting with an AI, an end-user is given appropriate notification and an opportunity to select their level of interaction. User consent is obtained, as required for data captured and used.

The data used by the AI system components and the algorithm itself is secured from unauthorized access, corruption and/ or adversarial attack.

The AI's training methods and decisions criteria can be understood, is documented and is readily available for human operator challenge and validation.

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Q & A