

# Governing and controlling Artificial Intelligence

To unleash the true potential of AI, you first need to build trust.  
To build trust in AI, you need to have control.

Artificial intelligence (AI) presents unprecedented opportunities for business. But with it comes risks that are difficult to quantify. Organisations cannot afford to wait for their competitors to get ahead, nor can they afford to have trust in their brand diminish due to a poorly controlled decision. Managing the risks related to AI in a responsible way is therefore vital to successfully harness AI.

## AI is a concern for technology risk professionals



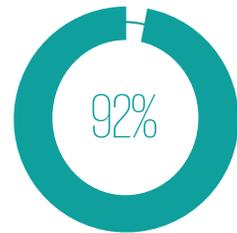
Say that AI is either already being used or is planned for use



Lack confidence in AI governance in place



Lack a clear AI audit approach



Are worried about the lack of **trust** in data analytics and AI on **reputation**.

Source: KPMG client survey across 170 technology risk professionals

Source: KPMG's Guardians of Trust report

# What are the key challenges?

## Reputational Risk

### Gaps in corporate governance

Is my model decision making in line with our ethics, values and brand? Is it free from bias?

## Financial Risk

### AI getting decisions wrong

Am I at risk of approving/rejecting the wrong decision? Are my AI's decisions leaving profit on the table?



## Regulatory and Compliance Risk

### Lack of explainability

How do I explain a decision made by AI to my customer, boss or regulator so that they fully understand?

## Legal Risk

### AI getting out of control

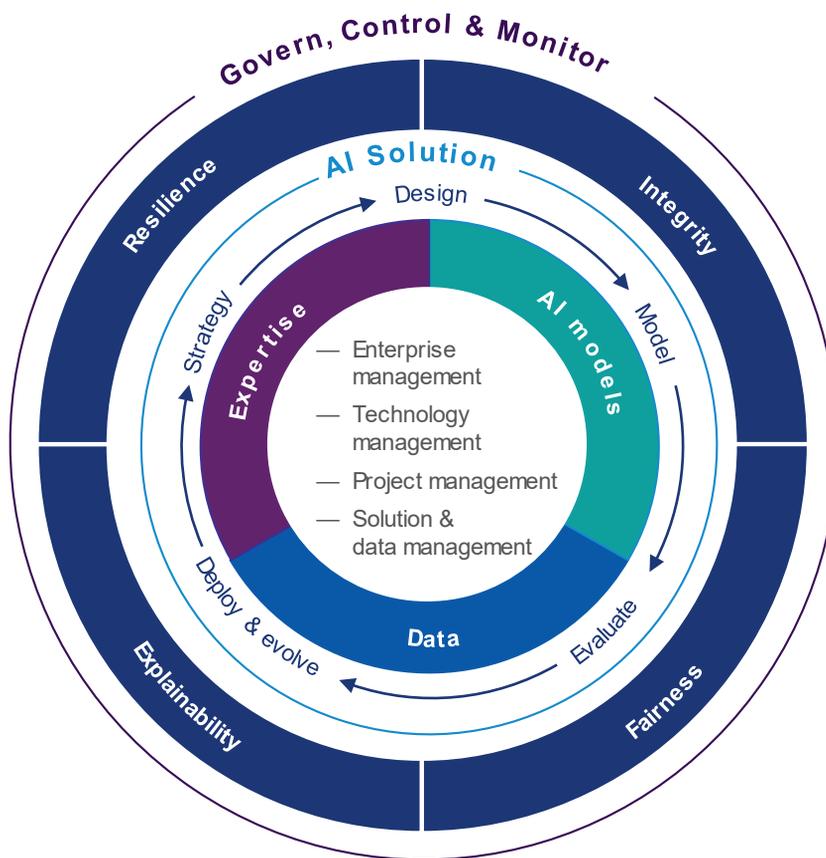
How do we know when AI begins to make decisions outside of our thresholds?

# Gain control of AI risk

KPMG's 'AI In Control' framework and suite of assets helps organisations address key inherent risks and misconceptions associated with AI and Machine Learning (ML). This, in turn, helps foster transparency and confidence in AI and serves as a foundation for innovation and new use cases.

AI In Control incorporates our AI/ML experience, a range of tools and methodologies as well as our multidisciplinary capabilities around governance and risk management into one solution designed to complement your AI programme and strategy.

Our solution helps organisations stand up a responsible AI programme and build and evaluate sound AI/ML models to help drive better adoption, confidence and compliance.



## What sets AI In Control apart?

AI In Control is a unique and customisable service for each organisation. It is based on a core set of foundational components.

### Comprehensive AI framework

The AI Framework helps organisations build trust in their technology performance through transparency and effectively governing algorithms

### A suite of technology assets and capabilities

An environment that fosters greater AI control, which is digitised and flexible, to gauge algorithmic risk

### AI expertise

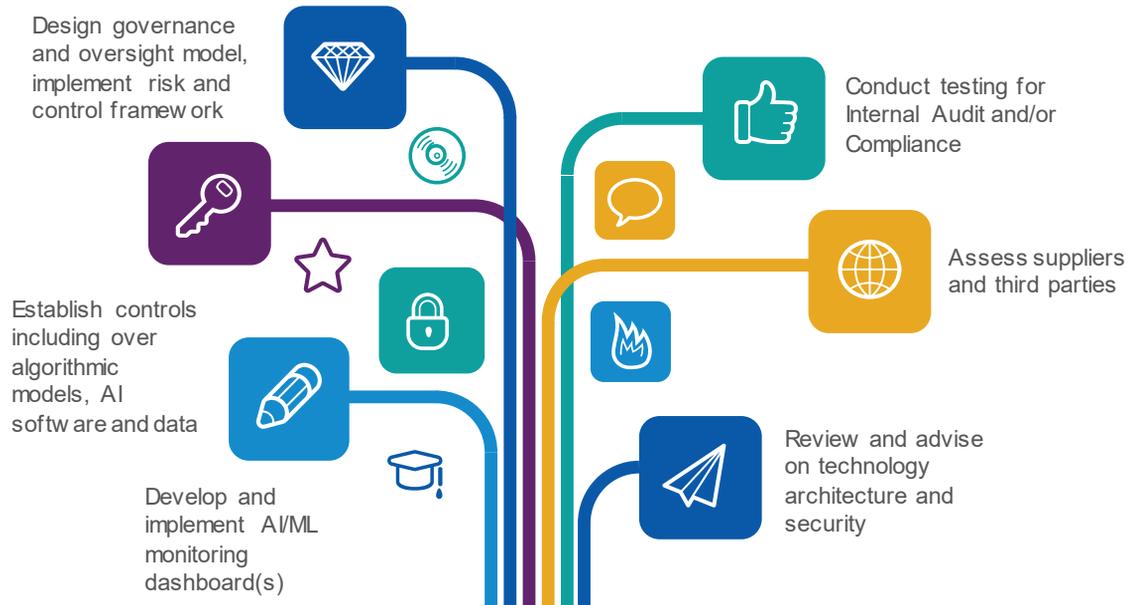
Experienced professionals look at the overall governance and management framework for AI and map it back to the corporate policies and guidelines from a risk perspective

### Continuous monitoring and value-added insights

Allows the user visibility into the various metrics related to the trust imperatives

# How can KPMG help?

We support organisations in their journey to establishing and maintaining governance and control over AI/ML, helping them to reduce exposure to risks and improve business processes.



## Credentials



### Challenge

A global bank wanted to drive increased effectiveness around how it detected potential sanctions breaches and at a reduced cost. This required the application of intelligent automation to expedite the process of clearing alerts, whilst at the same time providing a more accurate and consistent approach, and maintaining the quality of the decisions.

### Our Approach

KPMG's multidisciplinary team of forensic, banking and data science specialists built and deployed an AI solution that automated this business area. As this is a regulated business, controls were embedded from the start, e.g. a random forest algorithm was used to ensure adequate explainability, and rigorous ongoing monitoring was implemented to demonstrate effectiveness.

### Result

KPMG automated the work that 100 sanctions alert clearing staff were doing previously, and at higher levels of accuracy than the human approach. A number of the team are now continuously monitoring the solution, and the remaining staff have been deployed elsewhere in the bank.



### Challenge

A capital city in Europe is using an algorithm to identify, record, allocate and prioritise complaints coming from its citizens. The city wants to ensure that the allocation and prioritisation of the complaints are unbiased, and is therefore looking to implement a system of managing risks to overcome these biases.

### Our Approach

KPMG is using its AI In Control method to provide guidance to set up a system of controls on the design, implementation and operation of the algorithm.

### Result

The city is able to disclose to its citizens that the algorithm is thoroughly controlled and reviewed by an independent party that confirms its design, implementation and operation.

# KPMG experience and capabilities



## We know data and AI

**Experience in** data analytics, statistics, data mining, ML, natural language processing, mathematics and optimisation.

**Problem-solving** algorithms, models and testing. We understand advanced analytical methods and 'Big Data' software.



## We know risk

**Experience in** risk, controls and governance and how to identify, evaluate, assess and mitigate risk associated with emerging technologies, including ML, AI, Internet of Things, cloud, blockchain and many more.

**Evaluate**, design, build, test and manage emerging technologies.



## We focus on industry

**Client Solution Expertise focused on industry.**

**Experience in** industry specific domains to provide relevant use cases, understanding of your unique challenges and competition.

**Understanding of** the challenges facing your organisation.

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## Let's talk

**Get in touch with us today to learn more about the risks facing your business, and how KPMG can help you with AI.**



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