



AI

 **RiskSpotlight**

AI Governance & Risk Management



Manoj Kulwal

- Chief Risk & AI Officer, RiskSpotlight
- Passionate about utilising risk management as a strategic management tool
- 20 years of experience in operational risk management
- Participated in revision of ISO 31000 as part of the UK delegation
- Participated in developing the Certificate in Operational Risk Management developed by The Institute of Operational Risk
- Won the award for “Best Use of AI For Transforming Business” from Mindvalley in 2024
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Michael Rasmussen

- GRC Analyst & Pundit, GRC 20/20 Research
- Internationally recognised thought leader and pioneer in GRC
- Widely known as the “Father of GRC” for first defining and modelling the GRC market in Feb 2002
- 30 years of experience covering enterprise GRC strategy and processes supported by robust IT architectures
- Honorary Life Member and Global Ambassador of Risk Management with the IRM
- Treasury & Risk recognised him as one of the 100 most influential people in finance
- LinkedIn: www.linkedin.com/in/mkrasmussen



Agenda

1. AI Governance
2. AI Risk Management
3. Q&A

You will receive the slides & recording of the session.

- Conduct training sessions for your Board, Senior Management & Team Members
- Defining and executing pilot use cases
- Guide selection of Generative AI tools
- Facilitate definition of business case with potential benefits and risks
- Assist definition of the Generative AI strategy
- Develop AI applications integrated with your GRC systems





World's First Microsoft Copilot Course For Risk & Compliance Professionals

Link: www.riskspotlight.com/copilotfeb25

Course Overview

Take your risk and compliance expertise to the next level with our **Mastering Microsoft Copilot: AI for Risk & Compliance Professionals** course. This hands-on course equips financial services professionals with AI-driven tools to enhance efficiency, improve productivity, and deliver superior outcomes in risk and compliance management. Learn how to leverage the power of Copilot to streamline tasks and stay ahead in your career.



Why Attend?

- ✓ Fast-track AI learning from trainers with expertise in risk, compliance, & Generative AI in the financial services industry
- ✓ Apply AI to real-life risk & compliance use cases
- ✓ Protect your career & thrive in the upcoming AI transformation

Course Date

- ✓ **Dates:** 25th and 26th February 2025, 2pm to 5pm (UK Time)

Course Fee: £450

Pay & Register





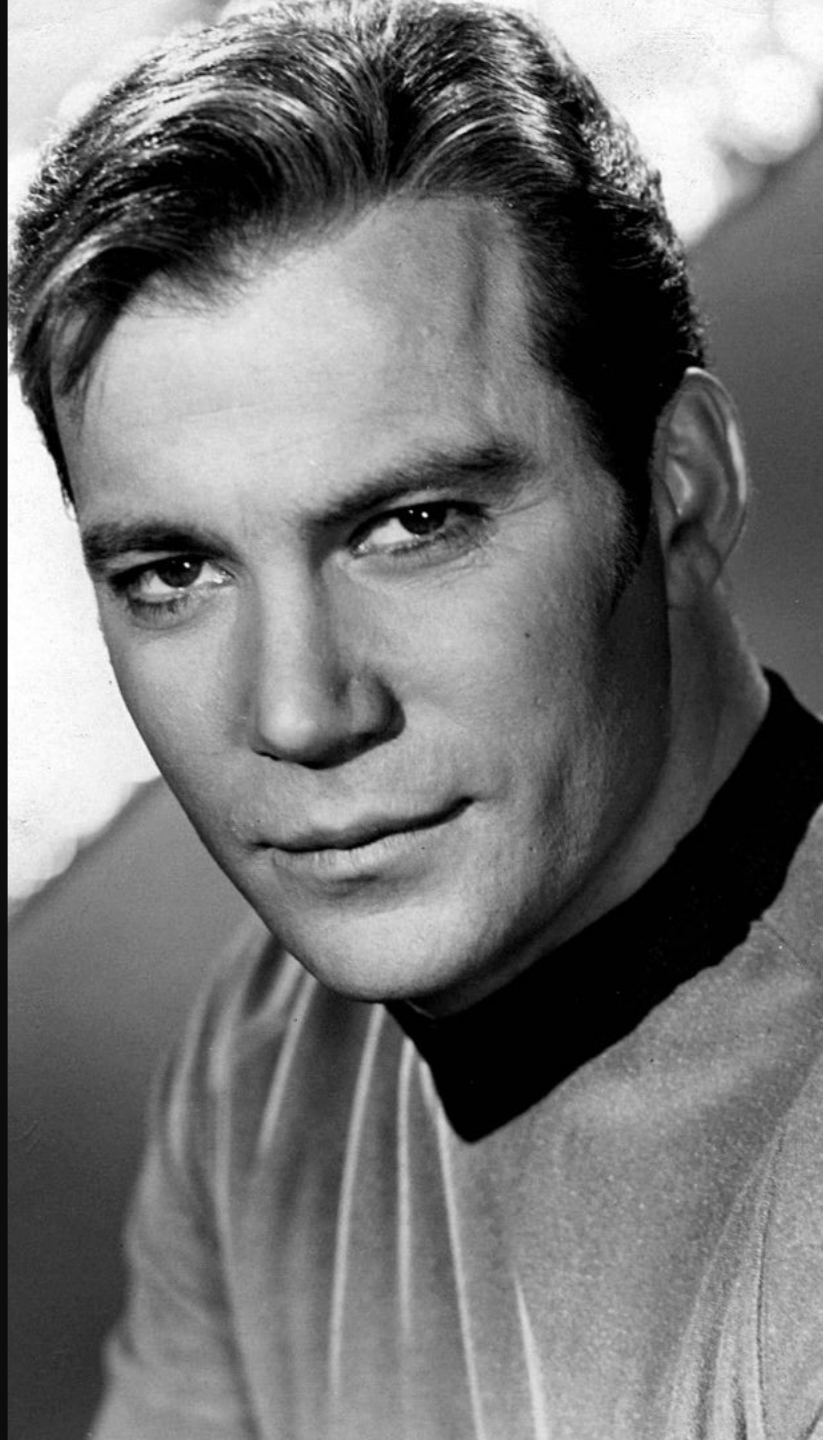
AI Governance & Risk Management

AI Governance & Risk Management

PRESENTATION

Governance, Risk Management & Compliance Insight

**“RISK... RISK IS
OUR BUSINESS.
THAT’S WHAT THIS
STARSHIP IS ALL
ABOUT. THAT’S
WHY WE’RE
ABOARD HER.”
-CAPTAIN
JAMES T. KIRK**

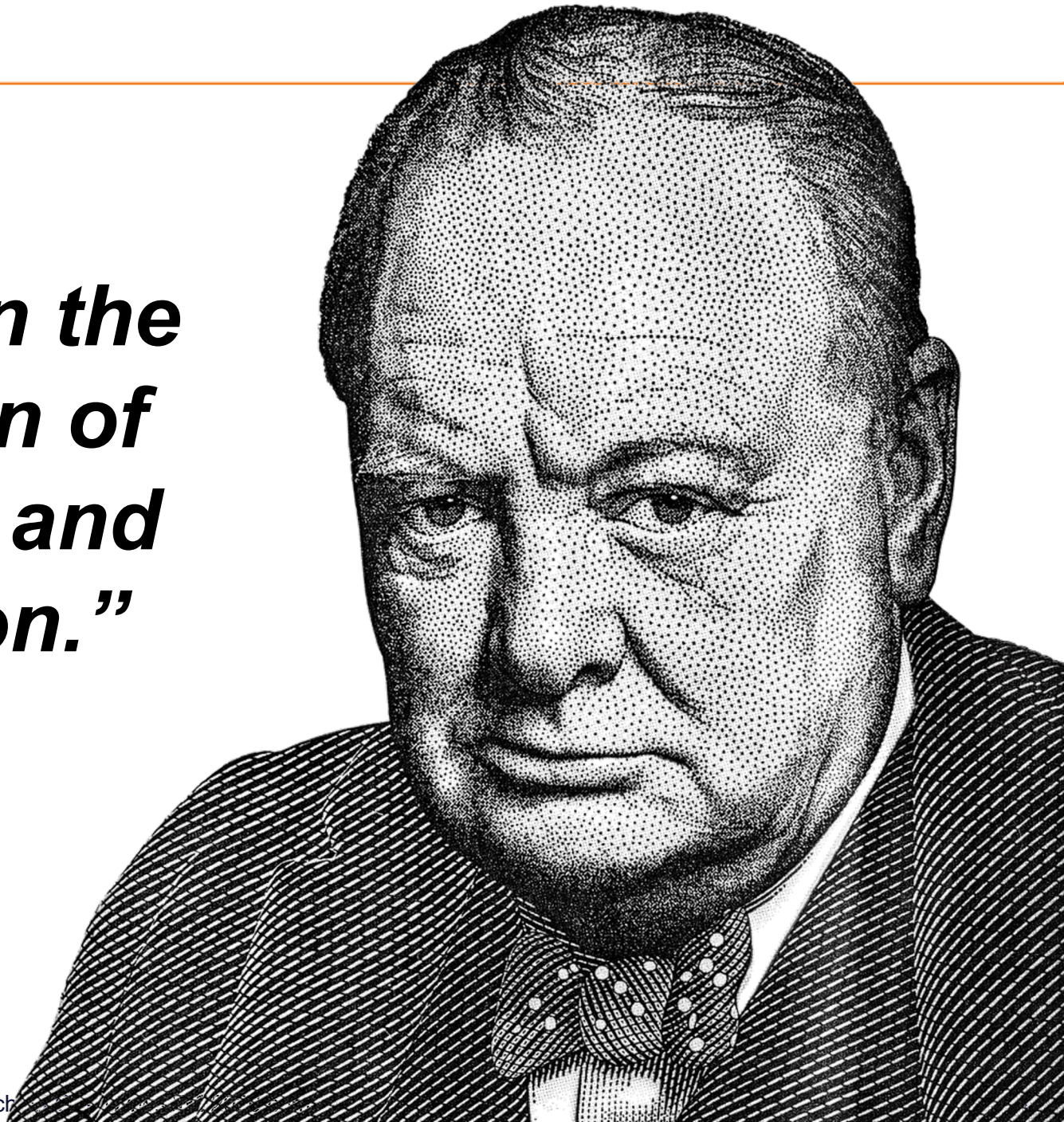




Navigating Chaos

“True genius resides in the capacity for evaluation of uncertain, hazardous, and conflicting information.”

Winston Churchill





PALANTOR
ORB

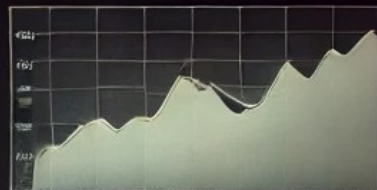


FOREST
RISK MANAGEMENT

FORESIGHT

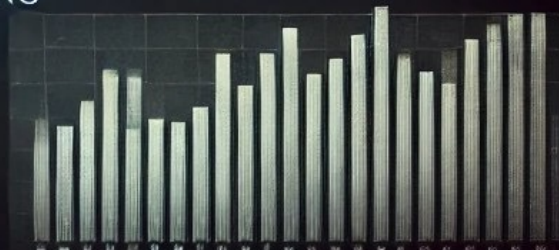


FORESIGHT



| US\$ (US) | | Q1 | | Q2 | | Q3 | | Q4 | | Q5 | | Q6 | | Q7 | | Q8 | | Q9 | | Q10 | | Q11 | | Q12 | | Q13 | | Q14 | | Q15 | | Q16 | | Q17 | | Q18 | | Q19 | | Q20 | | Q21 | | Q22 | | Q23 | | Q24 | | Q25 | | Q26 | | Q27 | | Q28 | | Q29 | | Q30 | | Q31 | | Q32 | | Q33 | | Q34 | | Q35 | | Q36 | | Q37 | | Q38 | | Q39 | | Q40 | | Q41 | | Q42 | | Q43 | | Q44 | | Q45 | | Q46 | | Q47 | | Q48 | | Q49 | | Q50 | | Q51 | | Q52 | | Q53 | | Q54 | | Q55 | | Q56 | | Q57 | | Q58 | | Q59 | | Q60 | | Q61 | | Q62 | | Q63 | | Q64 | | Q65 | | Q66 | | Q67 | | Q68 | | Q69 | | Q70 | | Q71 | | Q72 | | Q73 | | Q74 | | Q75 | | Q76 | | Q77 | | Q78 | | Q79 | | Q80 | | Q81 | | Q82 | | Q83 | | Q84 | | Q85 | | Q86 | | Q87 | | Q88 | | Q89 | | Q90 | | Q91 | | Q92 | | Q93 | | Q94 | | Q95 | | Q96 | | Q97 | | Q98 | | Q99 | | Q100 | |
|-----------|----|----|----|----|----|----|----|----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|------|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|-----|--|------|--|
| Q1 | Q2 | Q3 | Q4 | Q5 | Q6 | Q7 | Q8 | Q9 | Q10 | Q11 | Q12 | Q13 | Q14 | Q15 | Q16 | Q17 | Q18 | Q19 | Q20 | Q21 | Q22 | Q23 | Q24 | Q25 | Q26 | Q27 | Q28 | Q29 | Q30 | Q31 | Q32 | Q33 | Q34 | Q35 | Q36 | Q37 | Q38 | Q39 | Q40 | Q41 | Q42 | Q43 | Q44 | Q45 | Q46 | Q47 | Q48 | Q49 | Q50 | Q51 | Q52 | Q53 | Q54 | Q55 | Q56 | Q57 | Q58 | Q59 | Q60 | Q61 | Q62 | Q63 | Q64 | Q65 | Q66 | Q67 | Q68 | Q69 | Q70 | Q71 | Q72 | Q73 | Q74 | Q75 | Q76 | Q77 | Q78 | Q79 | Q80 | Q81 | Q82 | Q83 | Q84 | Q85 | Q86 | Q87 | Q88 | Q89 | Q90 | Q91 | Q92 | Q93 | Q94 | Q95 | Q96 | Q97 | Q98 | Q99 | Q100 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

APPROACHING
RISKS



AI Can Provide the “Palantir” of Insight, But Requires Interpretation/Application

Innovating & Rearchitcting GRC



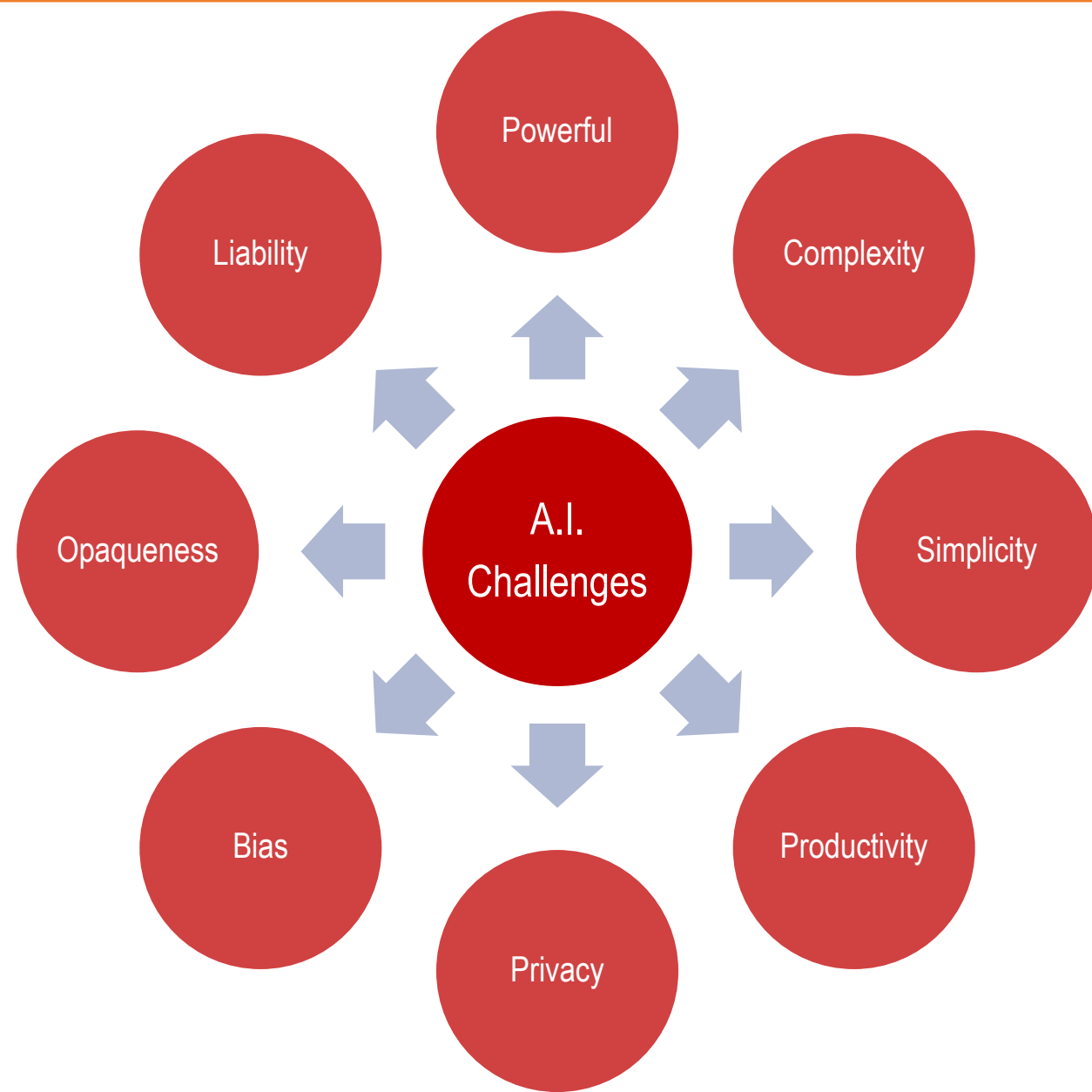
“Any intelligent fool can make things bigger, more complex and more violent. It takes a touch of genius – and a lot of courage to move in the opposite direction.”

This quote has been attributed both to Einstein and E.F. Schumacher.

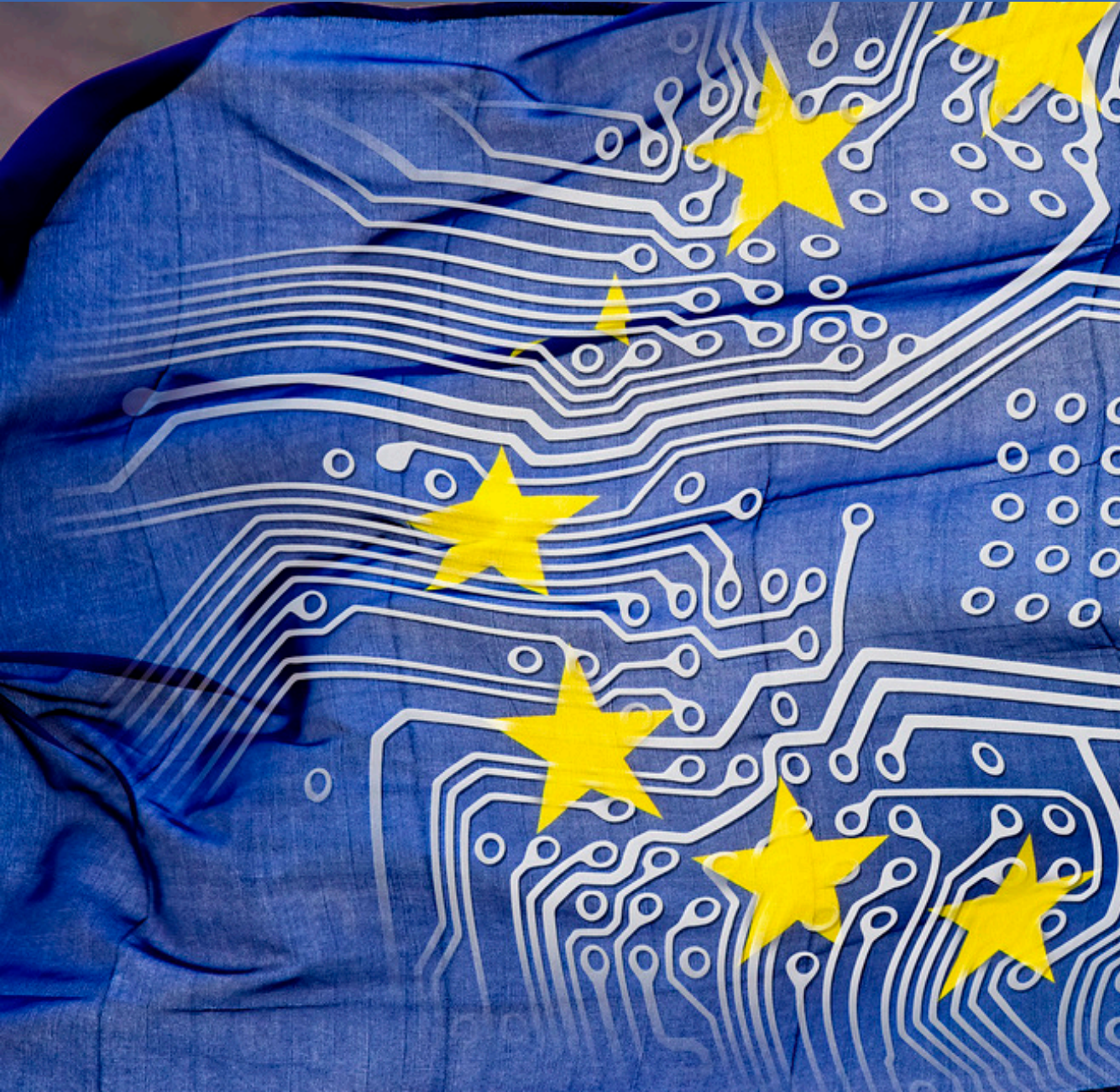


Governing A.I. in the Organization, While Using A.I. to Enhance GRC Capabilities

Challenges (and Opportunities) with A.I. Use



Growing Regulatory A.I. Focus that Includes Data Governance



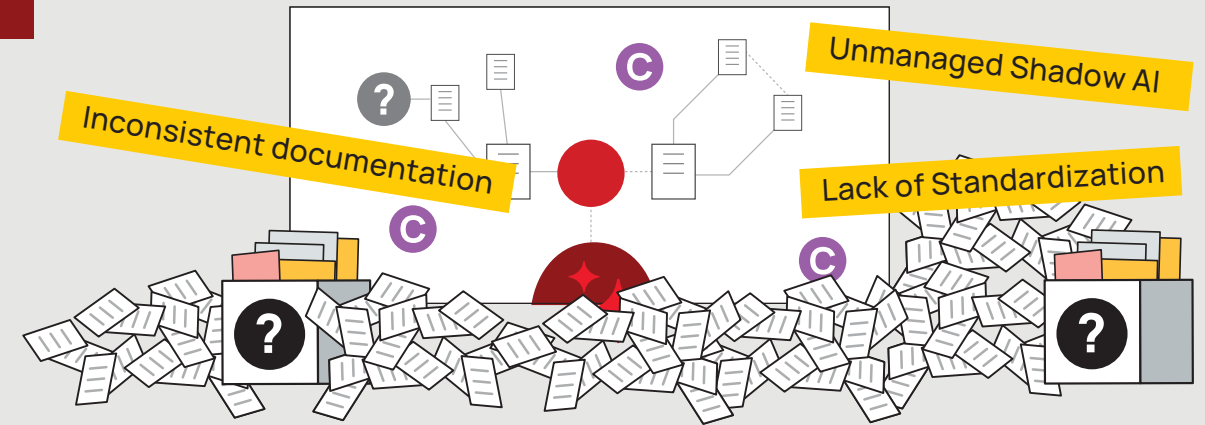
Navigating the regulatory landscape requires staying updated on laws such as the EU AI Act, which mandates transparency and accountability in AI.

Sector-level regulations in the US also impose varying requirements that organizations must comply with.

Strategies include regular audits, updating privacy policies, and ensuring data processing activities meet legal standards.

Top 10 Challenges Companies Face

- Data Privacy Issues
- Bias and Discrimination
- Regulatory Compliance
- Legal Liability Uncertainty
- Inconsistent Documentation
- Third-Party Usage of AI
- Lack of Standardization
- Lack of Control Automation & Enforcement
- Model Misuse and Shadow AI
- Inexperienced Staff



Address these challenges by transitioning to an integrated AI GRC solution that provides a unified view of AI governance across the lifecycle of AI use in the organization and delivers greater efficiency, effectiveness, resilience, and agility to the organization.

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When A.I. Fails



Trust and Integrity are Critical for the Intersection of A.I. & Data Governance

A close-up photograph of a hand placing a light-colored wooden block onto a stack of similar blocks. The block being placed has the word 'TRUST' engraved in bold, dark capital letters on its side. The background is dark and out of focus.

Effective data governance builds a foundation of trust by ensuring data used in AI systems is accurate, reliable, and secure.

Trust in data leads to trust in AI outcomes, which is crucial for stakeholder confidence.

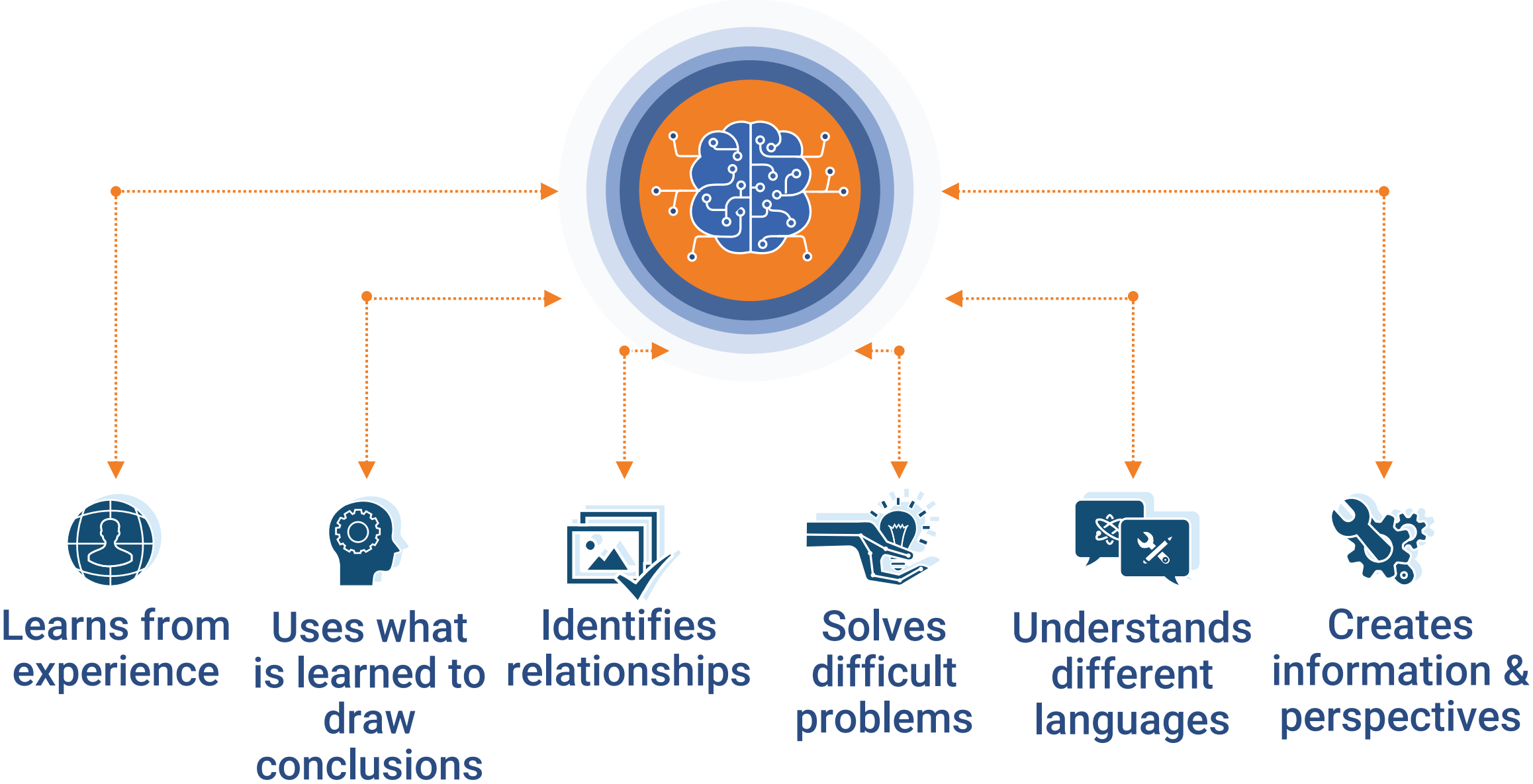
Example: Ensuring consistent data formats and reducing data redundancy to prevent errors in AI predictions.



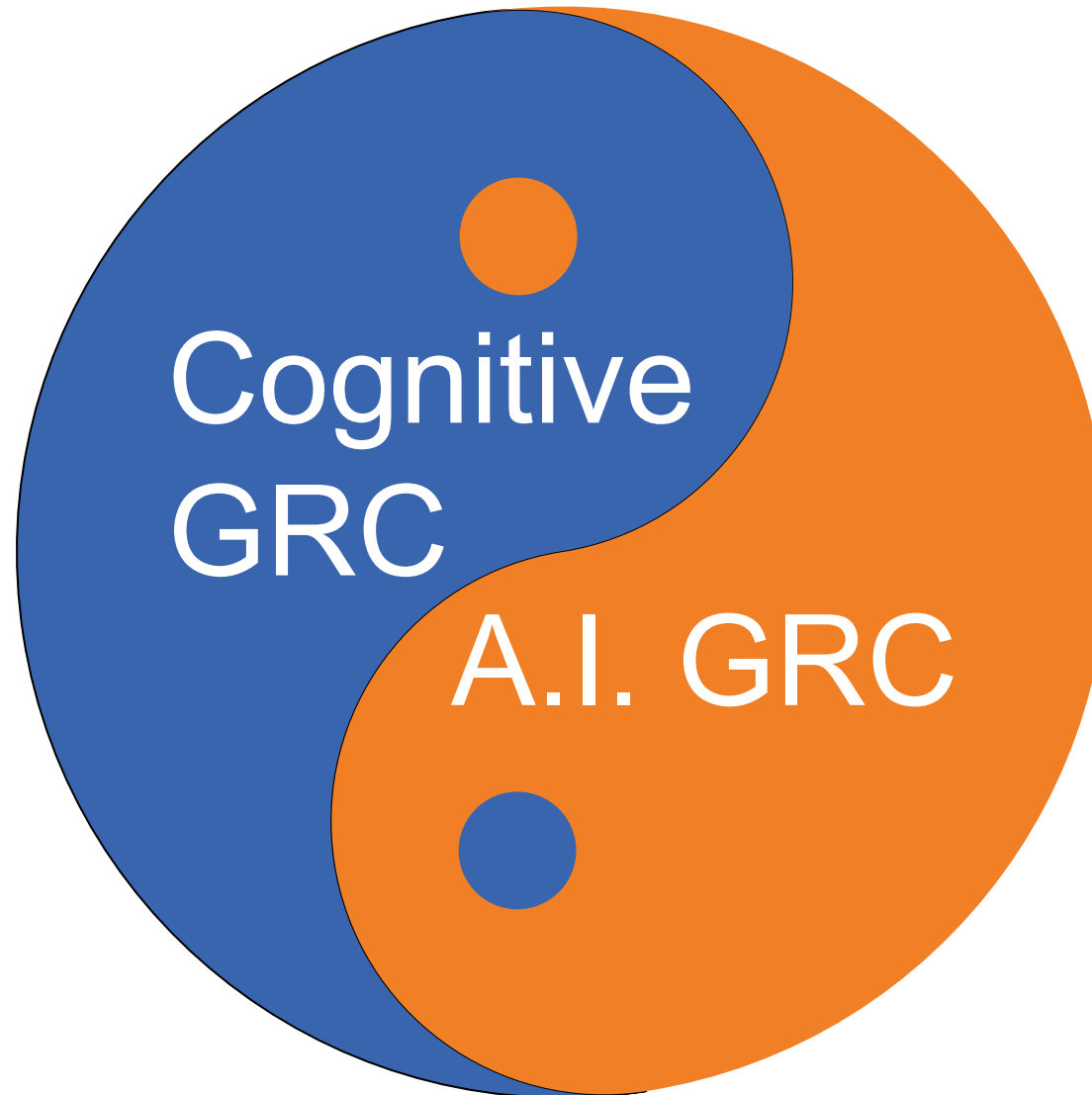
“Doing the right thing is never the wrong thing.”

- Ted Lasso





Addressing the Risk of A.I. while Leveraging A.I.



Cognitive GRC: the use of A.I. technology to make GRC processes more efficient, effective, resilient, and agile.

A.I. GRC: the governance of the use of artificial intelligence within the organization to ensure the reliable achievement of objectives, address uncertainty/risk, and act with integrity/compliance.

Benefits of Cognitive GRC



GRC Definition . . .



GRC is a capability that enables an organization to:

- G) reliably achieve objectives,
- R) while addressing uncertainty, and
- C) act with integrity.

SOURCE: OCEG GRC Capability Model

AI GRC Definition . . .



AI GRC is a capability that enables an organization to:

- G) reliably achieve objectives in AI,
- R) while addressing uncertainty in AI, and
- C) act with integrity in the use of AI.

SOURCE: Adapted from OCEG GRC Capability Model

A.I. GRC Oversight

- A well-defined A.I. governance framework to manage A.I. use that brings together the right roles, policies, and inventory.

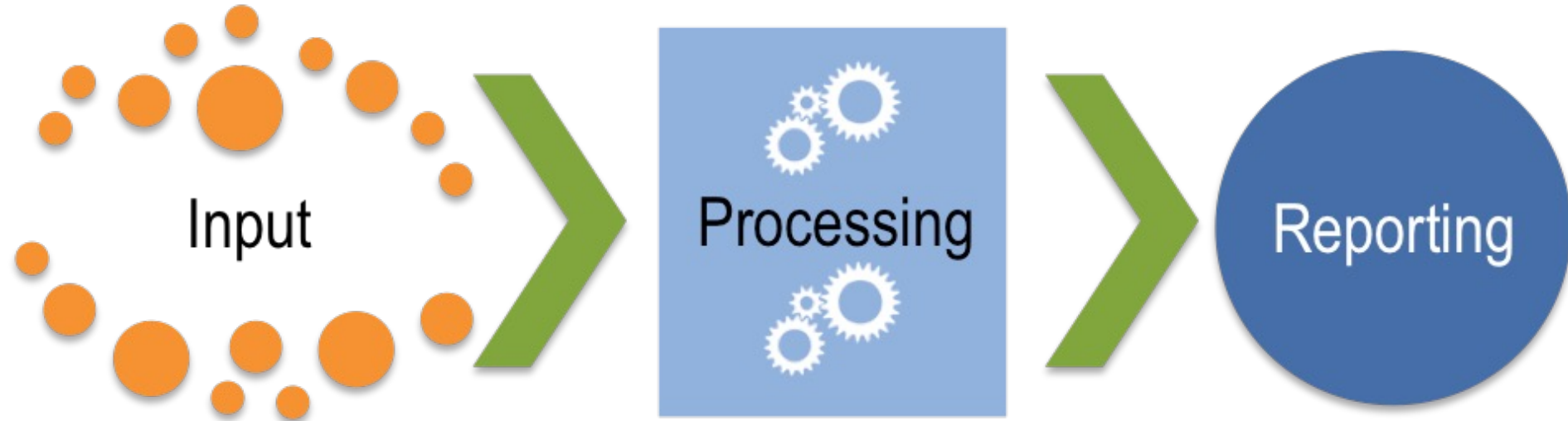
A.I. GRC Lifecycle

- An end-to-end A.I. management lifecycle to manage and govern A.I. use from development/acquisition, throughout their use in the environment, including A.I. maintenance and retirement.

A.I. GRC Architecture

- Effective management of A.I. in today's complex and dynamic business environment requires an information and technology architecture that enables A.I. GRC.

Components of an A.I. Model

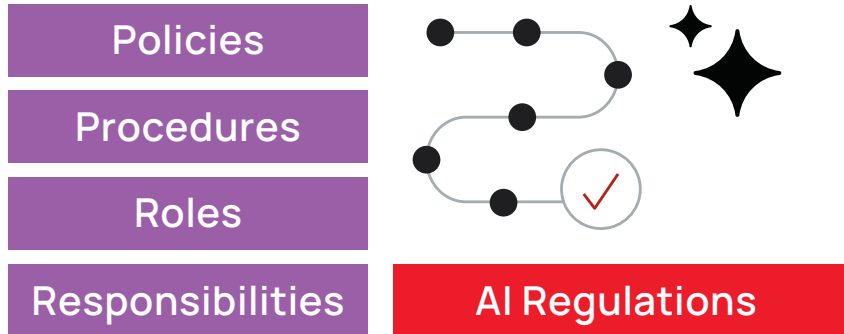


The Core Components that Make a Model

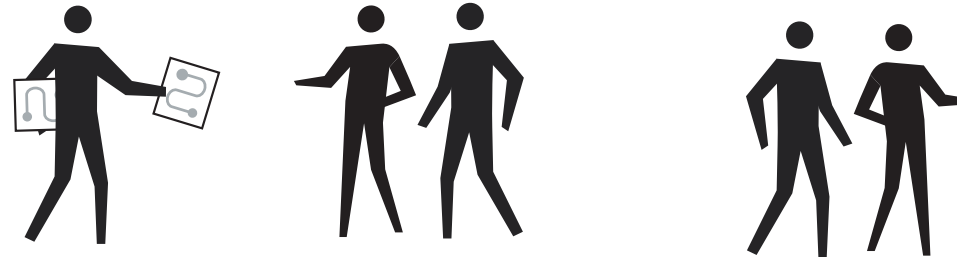
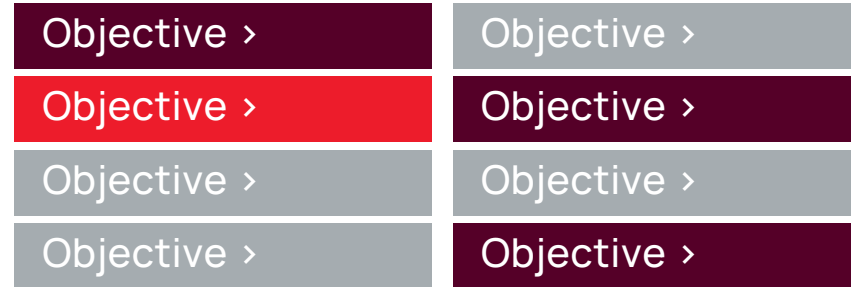
There are three core components to a model:

1. **Input Component.** Delivers assumptions and data to a model.
2. **Processing Component.** Transforms inputs into estimates.
3. **Reporting Component.** Translates the estimates into useful business information.

AI Governance Program Design



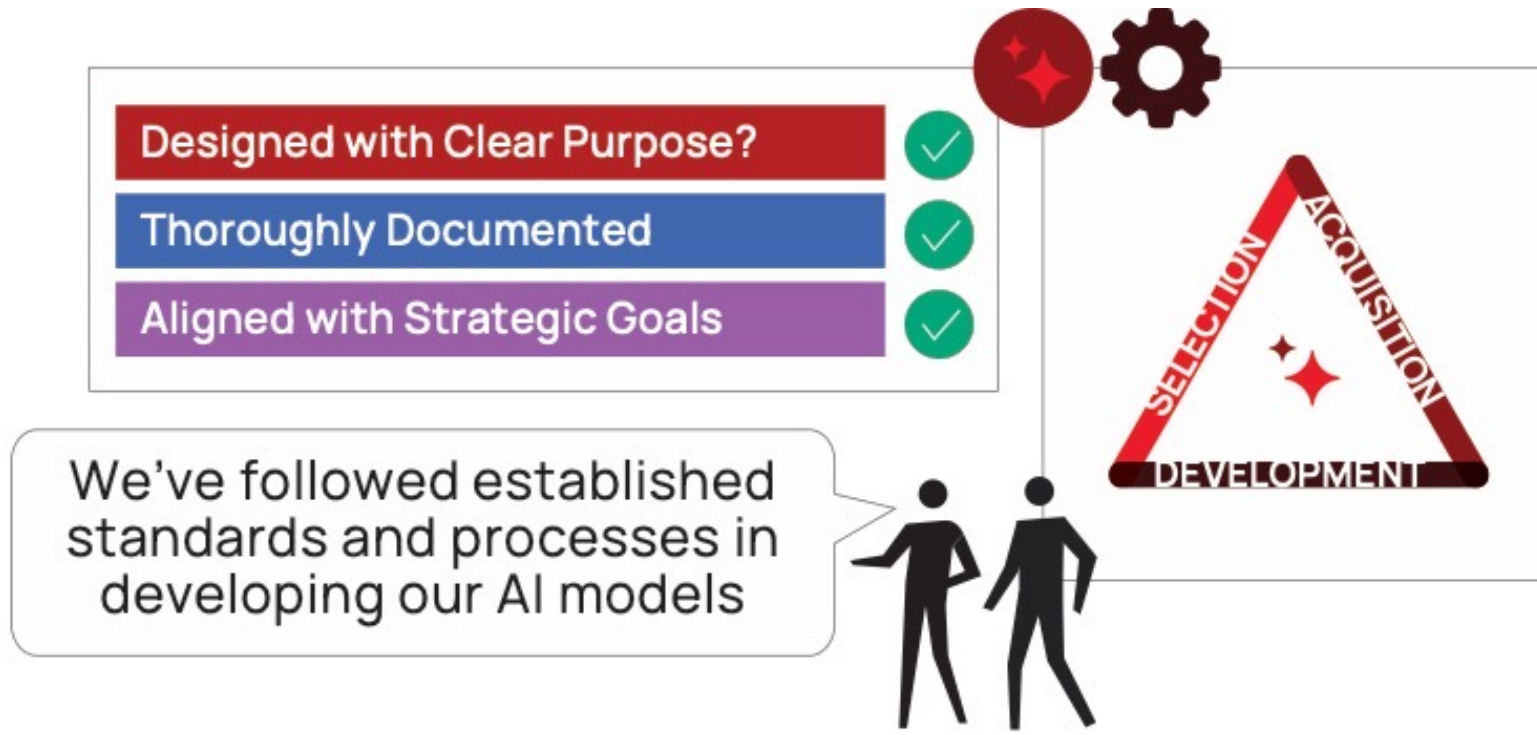
Organizational Objectives



1 Program Design

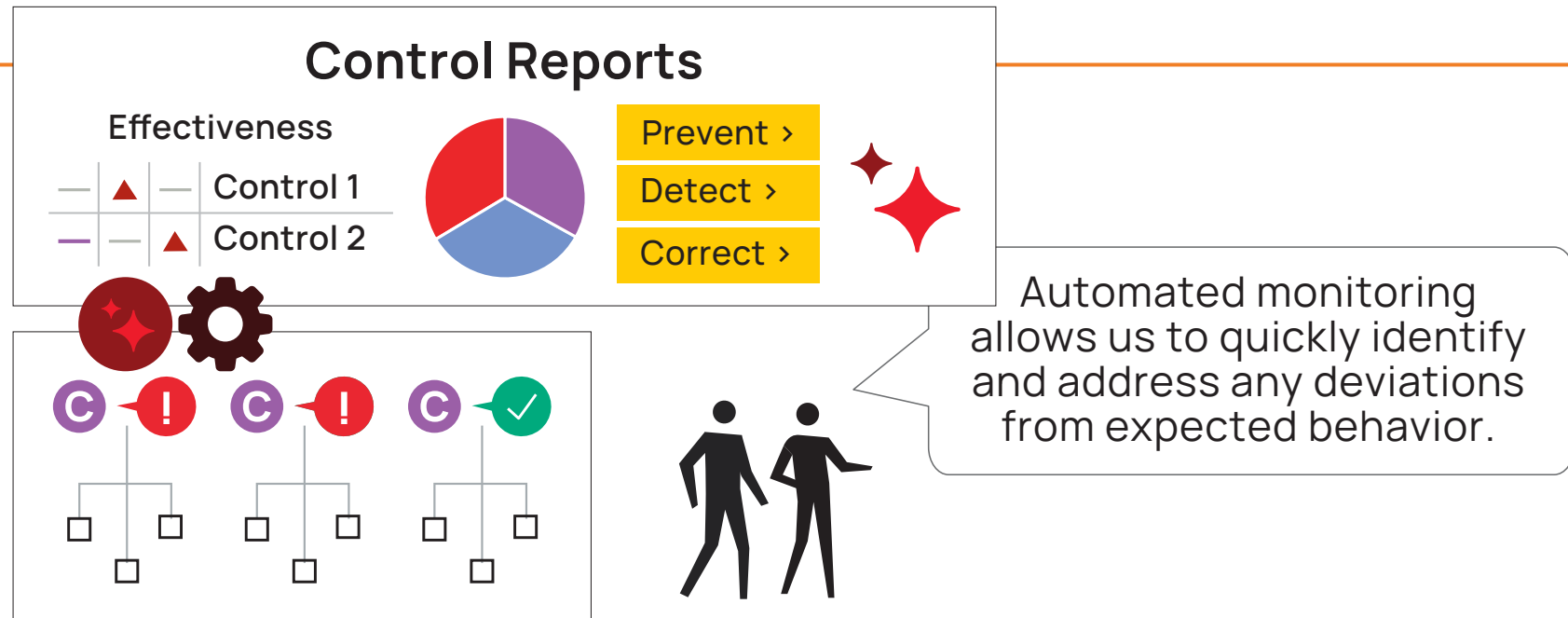
Develop a structured AI GRC program that defines governance, risk management, and compliance processes to ensure responsible AI use is aligned with business objectives and regulatory requirements.

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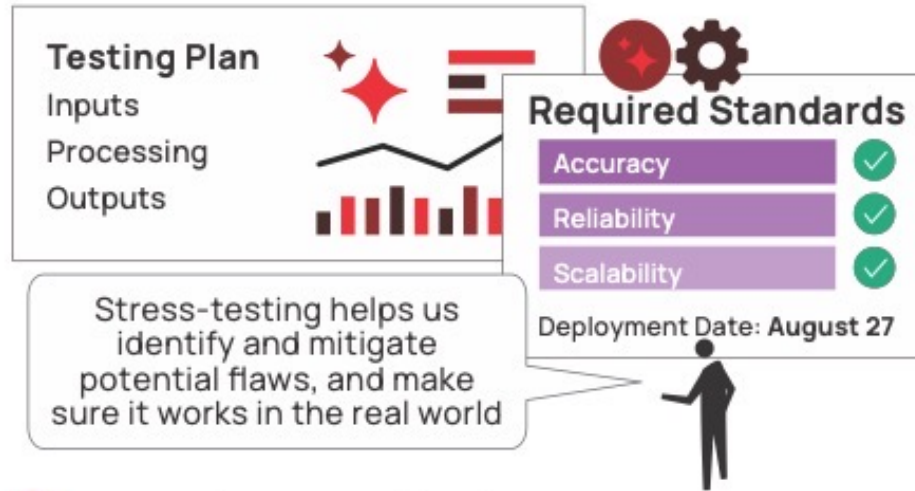
2 Inventory

Create and maintain an up-to-date inventory of all AI models and technologies used, ensuring proper documentation, ownership, and governance across the organization for transparency and control.



3 Pre-deployment Controls

Establish controls to align and govern the business case to prevent unauthorized access, misuse, or tampering of AI models before deployment, ensuring they adhere to security, compliance, and governance standards.



4 Pre-deployment Validations

Thoroughly validate AI models for accuracy, reliability, security, and compliance before deployment to ensure they meet organizational and regulatory requirements, minimizing risks from flawed models.

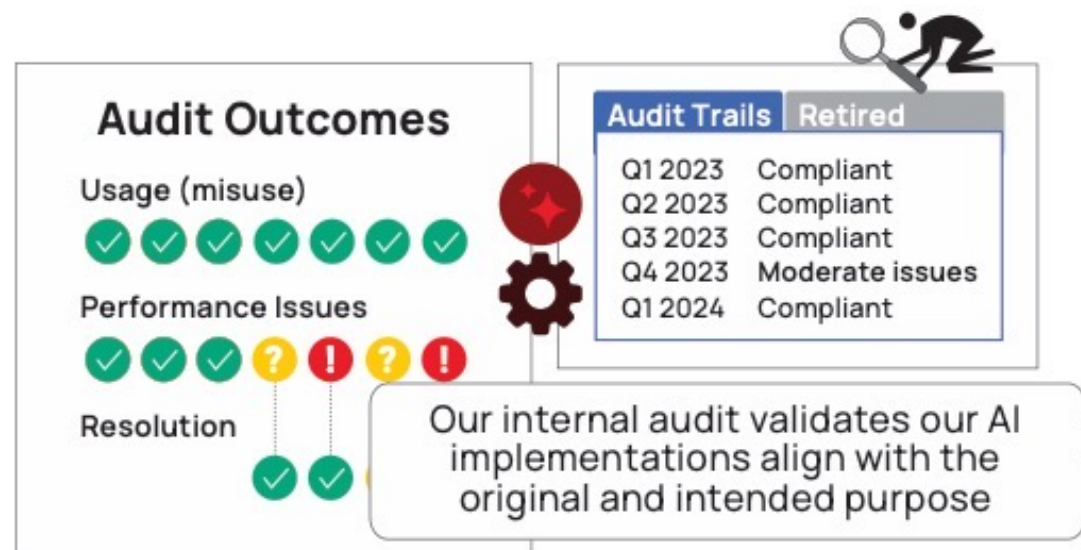


DEPLOYMENT OF AI MODEL



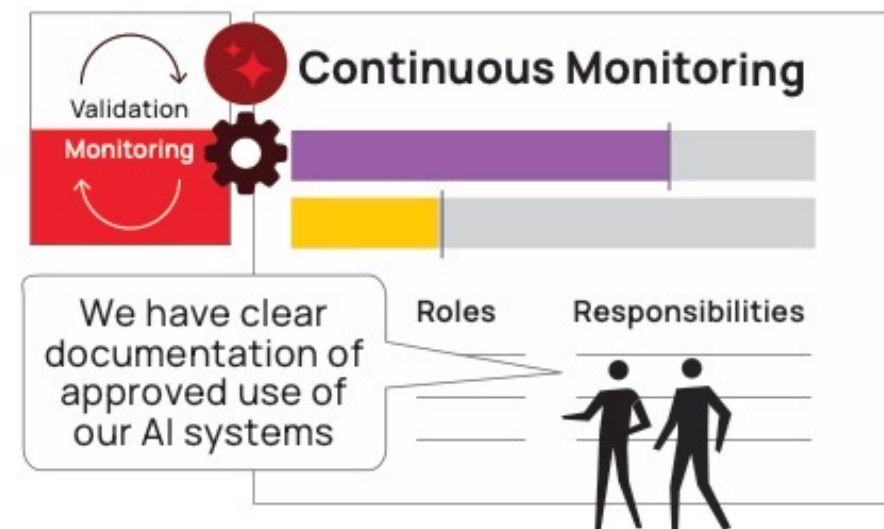
6 Post-deployment Periodic Reviews (Assurance)

Conduct regular reviews to ensure AI systems remain compliant, effective, and aligned with evolving regulatory requirements, updating models as needed to address changes in risks.



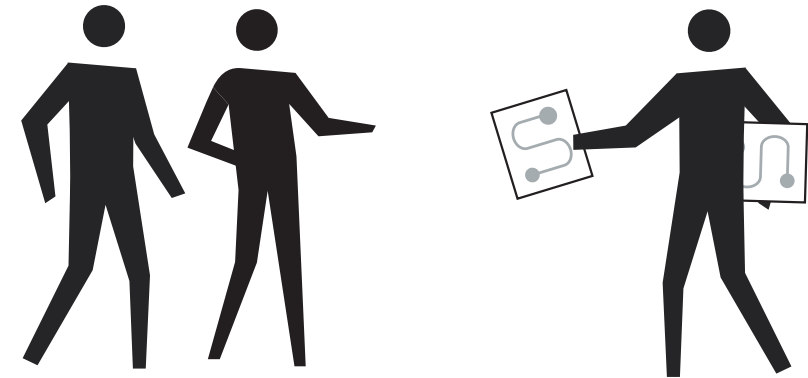
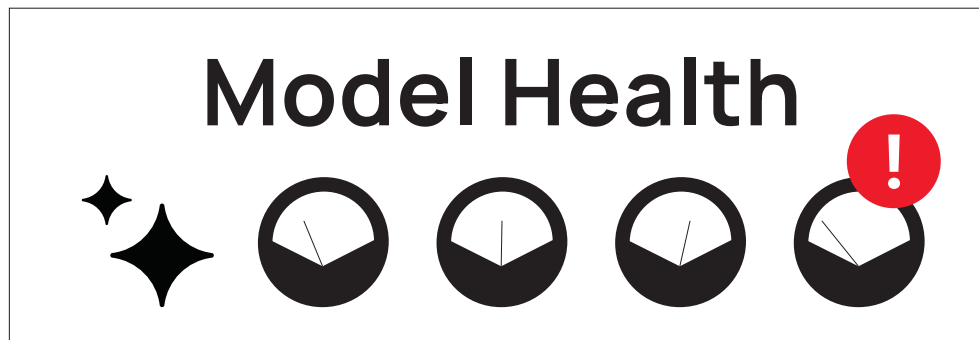
5 Post-deployment Validations and Monitoring

Continuously monitor and validate deployed AI models for performance, compliance, and emerging risks to ensure they operate as intended in dynamic environments.



7 Retirement

Manage the decommissioning of outdated or unused AI systems, ensuring proper documentation, audit trails, and removal from production environments while retaining records for compliance purposes.



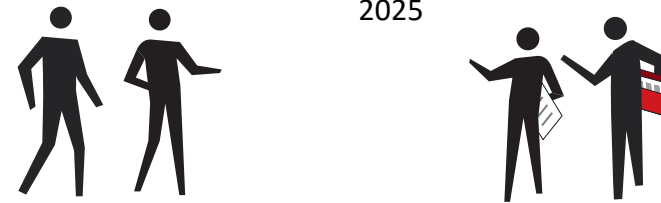
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Responsible Use of A.I.

- ✓ Ensure A.I. systems comply with evolving laws and regulations helps prevent legal issues, financial penalties, and damage to reputation.
- ✓ Manage uncertainty and risk when A.I. can have unintended consequences, including biased decisions or privacy breaches. Effective risk management helps identify and mitigate these risks.
- ✓ Meet ethical standards, ensuring A.I. is used fairly and doesn't perpetuate harmful biases.
- ✓ Deliver trust and transparency where A.I. GRC practices help organizations demonstrate that their A.I. systems are trustworthy and transparent, essential for customer and stakeholder confidence.
- ✓ Provide strategic business alignment where strong A.I. GRC ensures that A.I. usage aligns with an organization's broader strategic goals and doesn't deviate into potentially harmful or unproductive areas.
- ✓ Enable agility as the A.I. landscape is rapidly changing, A.I. GRC practices help organizations be ready for potential future regulatory changes.

Critical Capabilities

- ✓ Robust policies and controls
- ✓ Risk assessment and compliance monitoring
- ✓ Control monitoring
- ✓ AI model inventory management
- ✓ Bias and drift detection
- ✓ Explainability, decision interrogation & transactional recording
- ✓ Performance monitoring
- ✓ AI version control interoperability
- ✓ Scalability
- ✓ Security
- ✓ User-friendly interface
- ✓ Audit trail and assurance
- ✓ Governance and regulatory integration



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Building Your Business Case for AI GRC Solutions



Efficiency

The right AI GRC solution will save time and money (human capital and financial capital costs).



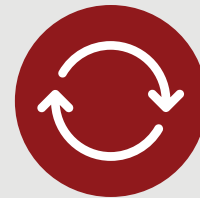
Effectiveness

The right AI GRC solution will see fewer things slipping through the cracks and greater management and accountability of AI in the organization.



Resilience

The right AI GRC solution will enable the organization to discover and contain AI risks and compliance issues, minimizing exposure to the organization.



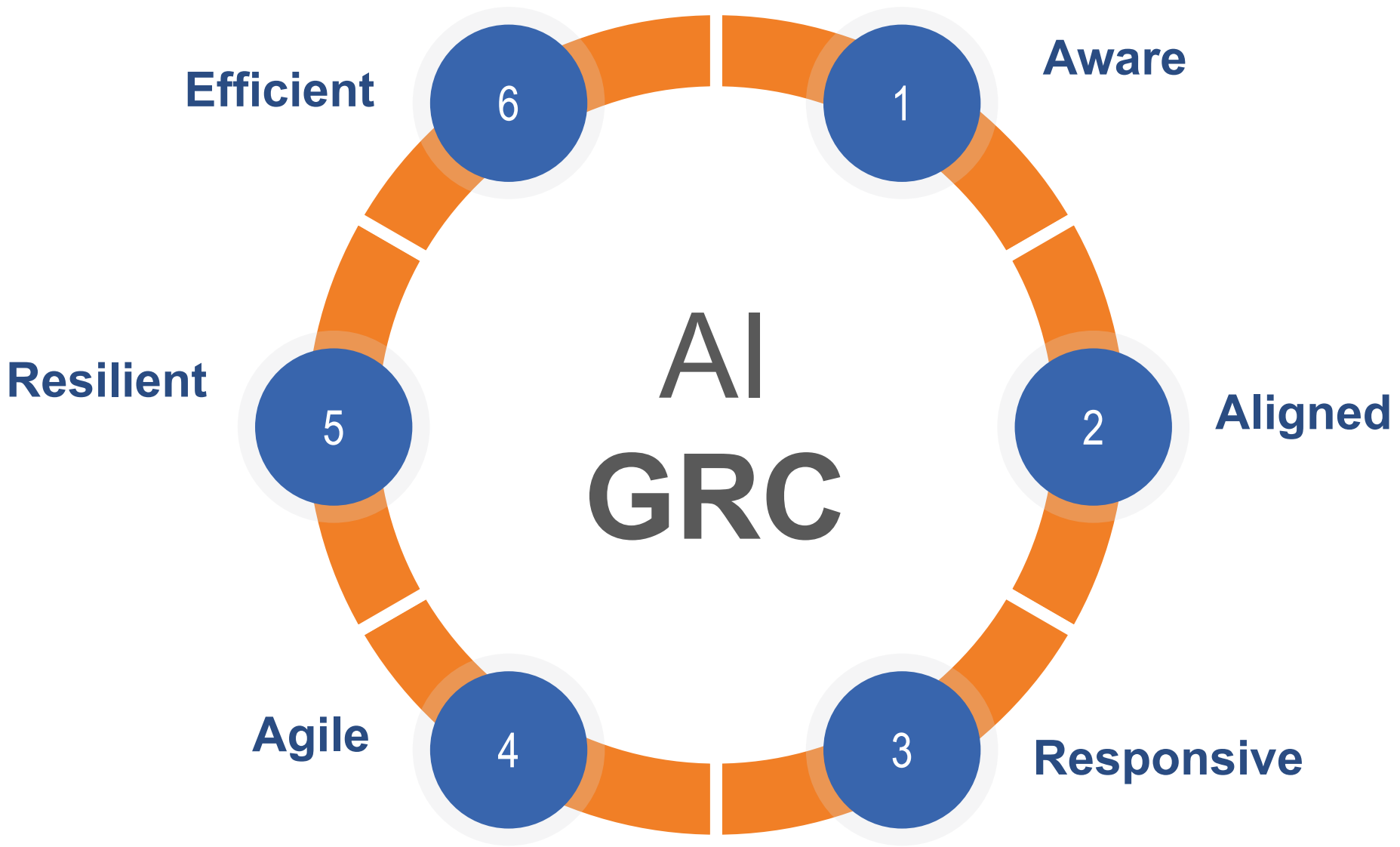
Agility

The right AI GRC solution will enable the organization to achieve AI objectives in the midst of changing AI obligations, risks, processes, employees, and third-party usage.

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<https://www.oceg.org/ai-grc-technology-illustrated/>

Benefits of 360° Contextual Awareness of AI GRC



Questions?

GRC 20/20 Research, LLC (GRC 20/20) provides clarity of insight into governance, risk management, and compliance (GRC) solutions and strategies through objective market research, benchmarking, training, and analysis.

grc20/20

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The GRC Report is the first word in governance, risk, and compliance news – providing leading analysis, insights, and updates for GRC professionals.

We are dedicated to delivering transparency and providing relevant news to help individuals and organizations stay informed in this ever-evolving field.

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