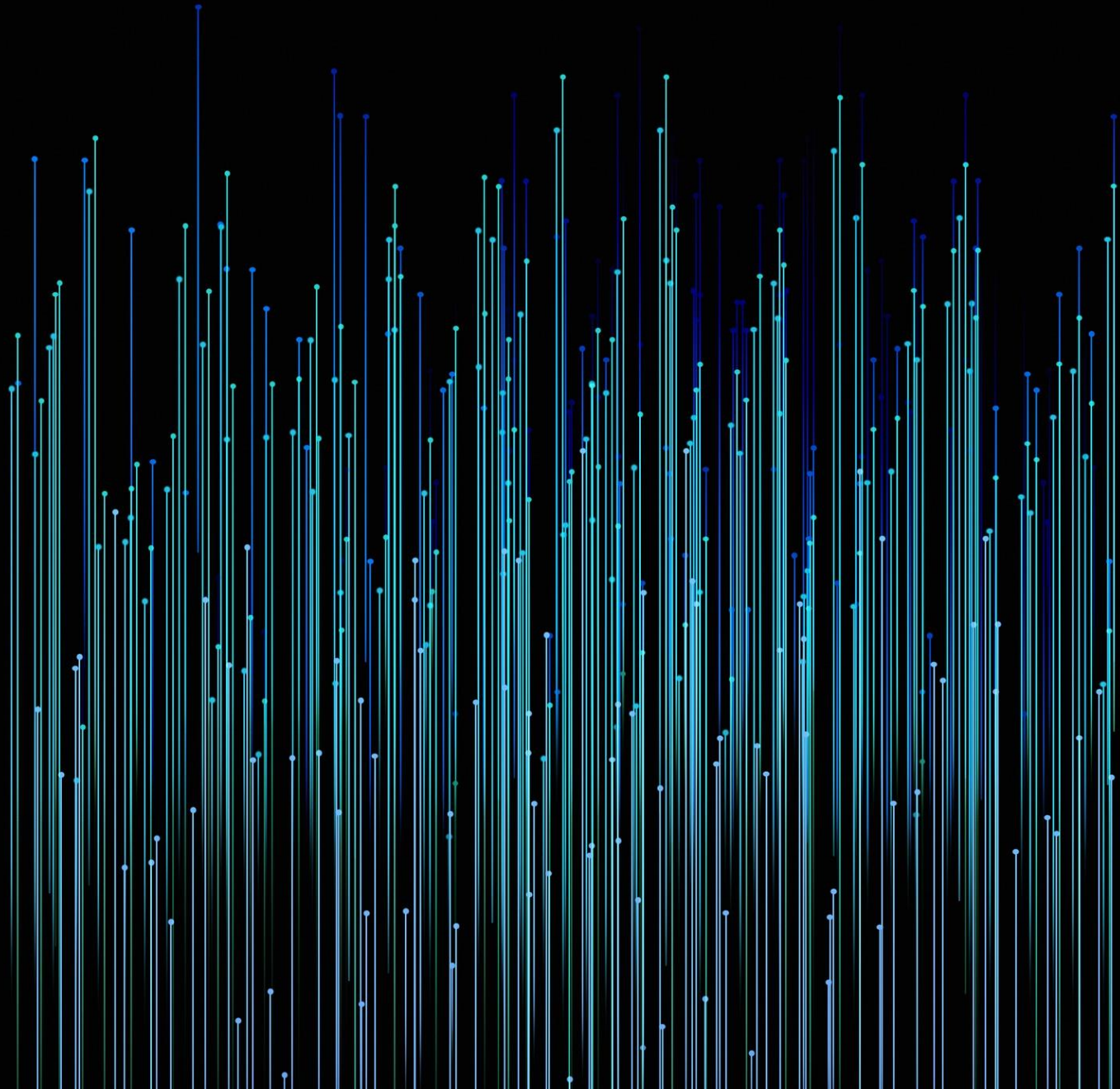




AI Risk Management

Observed Industry Priorities for
Financial Institutions



AI in Financial Services: Industry Priorities in H2 2024

The financial services sector is currently in the early phases of a strategic technological shift that will be enabled by artificial intelligence (AI). The long term objective of firms' AI agendas will be to facilitate a series of innovations using AI technologies that will create **competitive advantage through innovation and efficiencies**.

However, the advent of AI also creates a portfolio of urgent priorities, that firms are set to tackle throughout H2 of 2024. Firms have commenced assessing the effectiveness of their **risk frameworks and controls** in tackling the clusters of risk emerging from the use of AI in their internal and external landscapes, and the rapidly emerging **regulatory landscape** across key regions.

Institutions developing in-house AI capabilities or exploring the utilisation of third-party AI tools are rapidly creating **internal governance frameworks**, to oversee and challenge use cases, assign accountabilities, and monitor AI in business-as-usual.

Beyond 2024, firms will be reflecting on their **change management and digital transformation** approaches, to enable the safe scaling of AI across the organisation. **Educating and empowering staff** to become capable users and managers of AI technologies, will also be a critical priority in the mission to achieve competitive advantage.

A 2023 survey from UK Finance on AI found:¹

>70%

of firms are in the proof of concept or pilot stage of Generative AI use cases

>80%

believe that regulatory collaboration on AI would be beneficial

>95%

of firms are accounting for AI-related risks within risk frameworks

Firms' AI agendas are prioritising the creation of strategies to tackle AI risk management, regulatory alignment, and internal governance within the next six months (H2 2024)

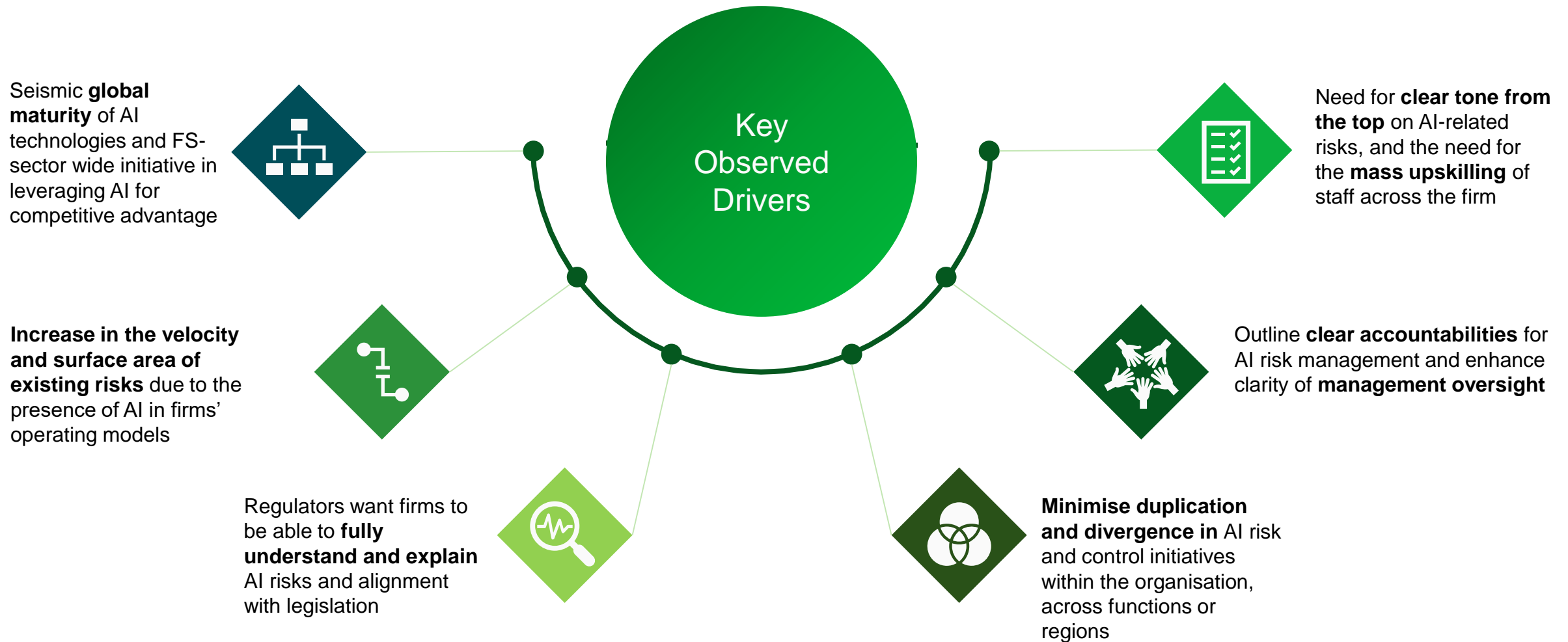


1. The Impact of AI in Financial Services: [UK Finance 2023](#)



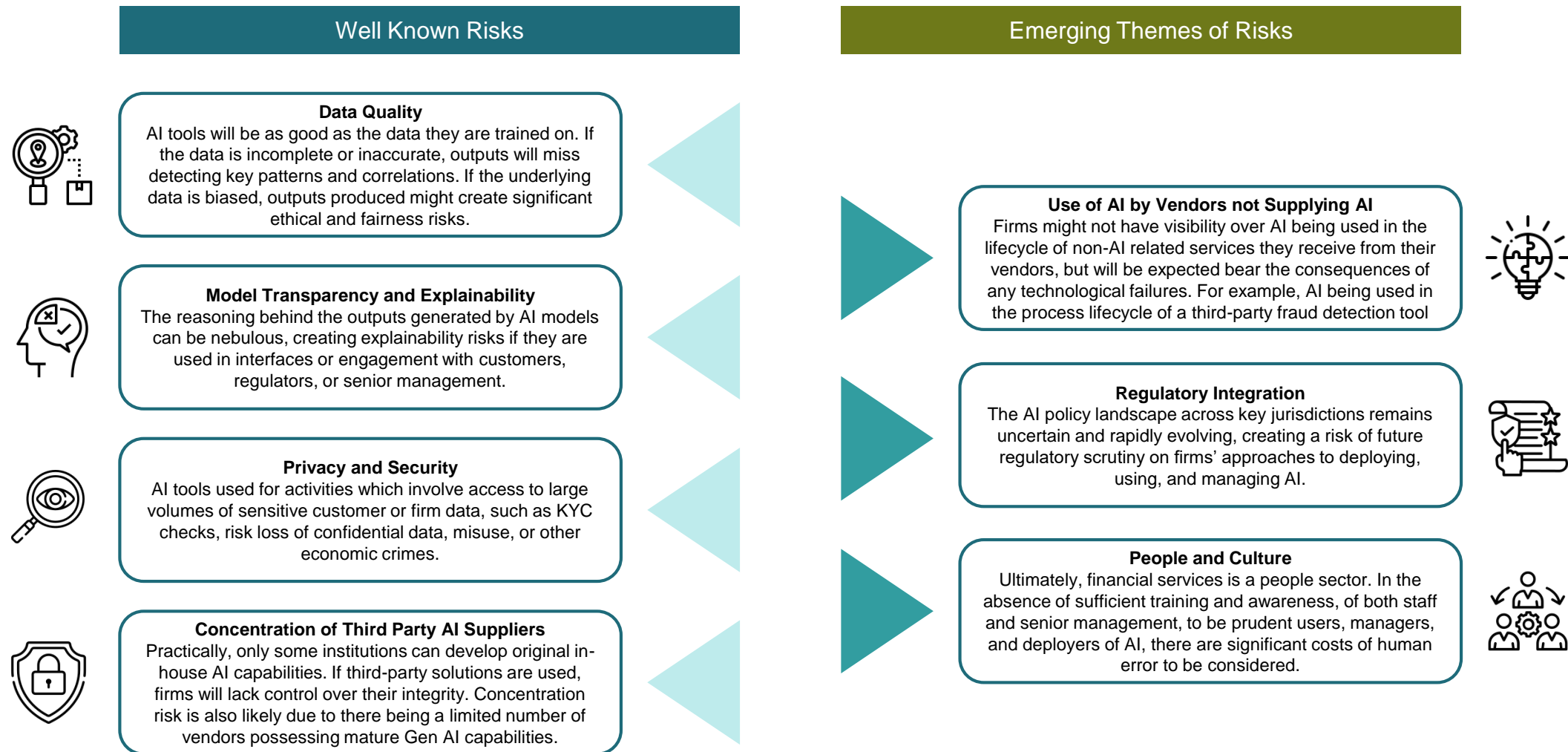
What are the drivers for defining a firm-wide AI risk strategy in FIs?

A range of drivers, across the internal and external landscapes, are influencing firms' approach to defining a firm-wide AI risk strategy.



What are the key themes of risks emerging from AI that firms are preparing for?

Some themes of risks that financial institutions are preparing for are well documented. However, with AI becoming a priority for regulators, vendors, as well as the employed staff of firms, **additional themes of risks are emerging.**



Our Risk Management Capabilities

We have specialist financial services experience and capabilities across Risk Management, Regulation, Finance and Transformation Advisory, working alongside CEOs, CROs, CFOs, COOs, CCOs and the wider business.

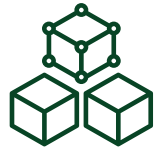


Risk, Treasury, and Finance

Quantitative Modelling

Regulatory Engagement & Submissions

Complex Transformations



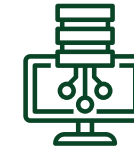
We partner with our clients to address the practical implications of risk, treasury and finance initiatives



We support our clients across the model life cycle from development through to validation



We advise our clients in effectively managing their regulatory relationships and obligations



We advise clients on, complex transformations, covering their legal entity structures, operating models, governance and control arrangements and client life cycle management



Our focus is to ensure our clients remain cost optimised and efficient while ensuring compliance with their regulatory obligations



Our teams specialise in all relevant model types – including risk, capital, pricing, and stress testing models



We help our clients design and deliver complex analysis (inc. ICAAPs, ILAAPs, RPs, SWD plans) as part of BaU change delivery

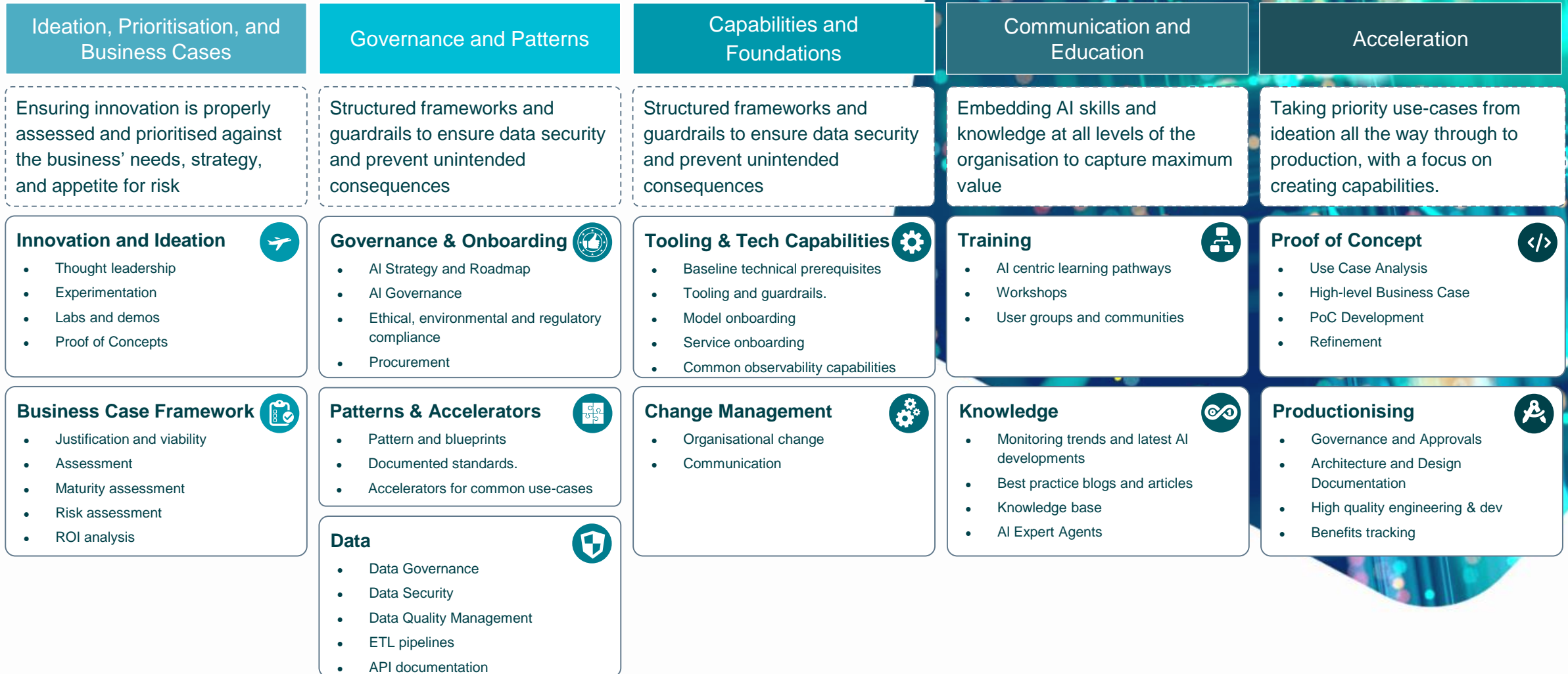


We leverage our expertise to support clients with regulatory transitions and achieving robust outcomes



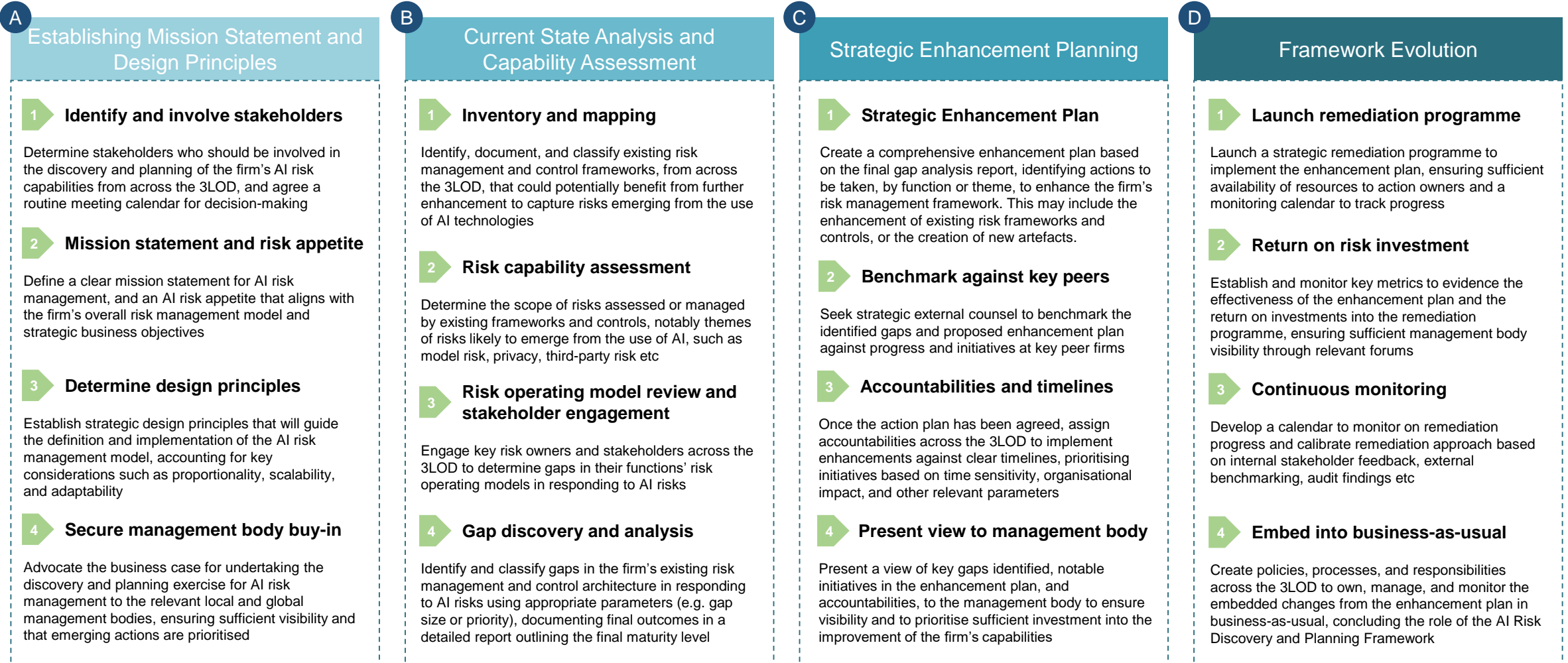
Our AI Enablement Capabilities

We help firms cut through complexity and design the risk-based operating model needed to enable Generative AI and swiftly realise business value. We tailor our engagement to your needs by understanding key **areas of desired focus** under our **Capability Map**.



Our AI Risk Discovery and Planning Framework

Our **AI Risk Discovery and Planning Framework** enables firms to fast-track the evaluation of their existing risk and control architecture in being able to capture AI considerations, identification of areas of enhancement, and embedment into business-as-usual.



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Thank You

