The use of artificial intelligence: Ways to manage risks

By Kamal Hossain Meahzi

Kamal Hossain Meahzi (meahzi.law@gmail.com**)** is pursuing an advanced masters in compliance at the University of Fribourg, Switzerland, and a practicing lawyer of the Supreme Court of Bangladesh.

The use of artificial intelligence (AI) in business is rising at scale. Its use received further importance in the last two years due to the COVID-19 pandemic. With the increase of AI use in various sectors, both the associated benefits and risks are getting highlighted. Businesses must acknowledge these risks to redefine their compliance plan before using an AI system in their business. This article is an attempt to identify some risks related to the use of AI. Based on these risks, a compliance plan is suggested to mitigate and/or monitor risks related to using and implementing AI.

Kamal Hossain Meahzi

Benefits and risks of using AI

The use of AI is considered a substitute for human labor. Modern AI can enhance and replace tasks of human skill in the same manner that past machines replaced human muscles. AI is beneficial not only to industries but also for consumers. Benefits include the reduction of economic inefficiencies and labor costs, as well as an increase in high-skilled jobs. Moreover, AI can help companies understand their individual customers better and thus develop more customized products tailored to their specific needs. For consumers, AI has increased their choices of products. AI is being used in different sectors, such as transportation, education, manufacturing, media, healthcare, banking, etc. However, there are risks. Businesses interested in using AI should be familiar with these risks to redefine their compliance plan. The pertinent risks associated with the use of AI may be summarized as follows:

- **Discrimination and bias**: There is a concern that AI systems are sometimes discriminatory and fail to ensure fairness. AI-generated decisions are based on algorithms. Algorithmic bias might affect marginalized communities. For example, Amazon's AI recruiting model was found to be biased against women. Upon investigation, it was found that the system favored male job applicants.[1] The other issue of serious concern is that the rise of this technology has the potential to create a new form of discrimination—price discrimination. Price discrimination occurs when the same product is sold at different prices to a different group of customers, whereas the cost of production is same. Organizations might charge discriminatory prices by analyzing customer data and behavior.

- **Technical risks**: Software and hardware systems, which are at the root of AI-based decisions, are highly error-prone and susceptible to manipulation because of cyberattacks. For example, Germany's government network was successfully hacked.[2]

- **Privacy risks**: AI makes decisions using a large quantity of data. Access to data is fundamentally important to the development of digital technologies in general, and AI in particular. AI systems, if abused, will put the personal data of individuals and their privacy at risk.