Artificial Intelligence Strategy

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Artificial Intelligence Strategy

Introduction

This AI strategy aims to position River Bank to benefit from and manage the risks of AI technology, ensuring it continues to lead in its market segments while upholding the values and vision of the organisation.

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Scope

This strategy is intended to apply to all of River Bank's divisions and businesses and applies to all of the bank's technology and all employees.

Throughout this document and the related documents, the phrase Artificial Intelligence or AI is intended to also capture Generative AI (GenAI), Large Language Models (LLMs) and foundational models. These documents are not intended to capture machine learning technology using structured data, such as credit, fraud or risk management scores.

Related documents

Artificial Intelligence Roadmap
Artificial Intelligence Policy

Vision for AI

To harness the power of Artificial Intelligence (AI) to enhance River Bank's reputation as one of the most trusted financial service brands in the UK, by improving customer experiences, optimising operational efficiency, and driving innovation in financial products.

Objectives for AI

- Enhance the experience of both River Bank employees and customers
- Optimise operational efficiency
- Drive product innovation
- Enable data-driven decision making
- Streamline compliance and risk management

Alignment with River Bank's business goals

Trust and Integrity
By using AI to deliver accurate, transparent, and consistent services, River Bank strengthens its commitment to being a trustworthy partner to its customers.

Collaboration and Innovation
AI initiatives will be developed in partnership with technology teams and business units to foster a culture of innovation and continuous improvement.

Customer-Centric Approach
AI will be pivotal in understanding and predicting customer needs, thereby tailoring services and products to enhance customer satisfaction and engagement.

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Overview of AI value proposition

This AI strategy positions River Bank as a forward-thinking, efficient, and customer-focused institution, poised to excel in a competitive and rapidly evolving digital landscape. By harnessing the unique capabilities of AI, the bank not only keeps pace with technological advancements but also sets new standards in the delivery of financial services.

How will River Bank generate value from AI?

Optimise Operations
- Utilise AI for automating routine banking processes like QA, underwriting, and document and policy generation, therefore enhancing customer experience by improving operational speed and accuracy, while also reducing manual efforts.
- Use AI to assimilate and utilise vast amounts of unstructured proprietary data, such as policies, procedures and internal knowledge, streamlining access and processing. This will enhance customer experience, generate efficiencies and supporting decision-making.
- Deploy AI-driven virtual assistants for River Bank team members to support them with policy compliance, regulatory compliance, risk management, HR and other knowledge sharing, significantly reducing response times and therefore accelerating projects.

Innovating Financial Products
- Dynamic Product Development: AI will facilitate the rapid development and adaptation of financial products by simulating market conditions and customer responses, enabling the creation of offerings that align closely with current market demands.
- AI-driven Content Creation: Harness AI for dynamic creation of marketing and educational content, adapting in real-time to market conditions and customer feedback.
- Market Insight and Forecasting: AI will analyse market trends and generate insights, empowering River Bank to proactively develop products that anticipate future market needs and consumer preferences.

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How will River Bank generate value from AI?

Continued...

Competitive Advantage
- Market Differentiation: By leveraging AI, River Bank will distinguish itself in the financial market through superior customer service and innovative financial products that respond to real-time conditions.
- Sustained Leadership: Strategically deploying AI will ensure that River Bank maintains and extends its leadership in key market segments, such as consumer lending, vehicle finance, and business lending, keeping it at the forefront of the financial services industry.

Enhance Customer Experience
- Personalised Customer Experience: Implement AI technologies to provide personalised banking interactions, generating customised financial advice and product recommendations tailored to individual customer profiles.
- Virtual Assistants: Deploy AI-driven virtual assistants for round-the-clock customer support, significantly reducing response times and elevating customer satisfaction through accurate, context-aware interactions.

Data-Driven Decision Making
- Strategic Insights: Integrating AI with existing business intelligence systems will refine data analytics capabilities, providing strategic insights generation that inform better decision-making across all levels of the organisation.
- Predictive Analytics: Develop AI-driven forecasting models that use both generated and retrieved data to predict future trends in customer behaviour and market conditions, aiding proactive business strategies.

Streamlining Compliance and Risk Management
- Regulatory Compliance: AI-enhanced monitoring systems will ensure more efficient and accurate adherence to financial regulations and standards, including those enforced by the PRA, FCA, and GDPR.
- Risk Assessment Improvements: Leverage AI to refine and automate 1st and 2nd line risk management assessment processes, increasing accuracy and efficiency.

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Section 3
Measuring Success

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Overview of Measuring Success

To gauge the effectiveness and impact of its AI initiatives, River Bank will establish a comprehensive framework of Key Performance Indicators (KPIs). These metrics will not only measure the success of individual AI applications but, by aggregating several of the most powerful KPIs, River Bank will also assess its overall integration of AI. Reporting will be detailed and standalone for the AI team and steering committee, but also summarised and integrated into all leadership and board reporting.

KPIs for AI Initiatives

Optimise operations
- Reduction in process time
- Error rate reduction
- Data utilisation efficiency

Innovating financial products
- Time to market for new products
- Customer uptake rate
- Engagement with AI-created content

Competitive advantage
- Market share growth
- Customer service metrics (NPS, CSAT, etc)

Enhance customer experience
- Customer service metrics (NPS, CSAT, etc) and retention rates
- Personalisation effectiveness

Data-driven decision-making
- Quality of insights
- Forecast accuracy

Streamlining compliance and risk management
- Compliance incident rate
- Risk assessment accuracy

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Overview of People Assessment

River Bank's strategy for managing the human aspect of AI integration focuses on understanding and mitigating the impact on staff, providing comprehensive training and support, and fostering a culture of continuous improvement and innovation. This approach ensures that the workforce is equipped and motivated to work alongside AI, ultimately leading to enhanced performance and customer satisfaction. We start with impact mapping.

Mapping of impacts on team members of new AI processes

Job Role Evolution
- Reduction of Manual Tasks: AI will automate tasks such as document processing and basic customer queries, reducing the need for manual input and allowing staff to focus on more value-added activities.
- Shift to Supervisory and Strategic Roles: Employees will increasingly oversee AI operations and engage in strategic decision-making, requiring a shift from task execution to management and oversight.

Skill Set Realignment
- Enhanced Technical Skills: As AI tools become integral to operations, employees will need upgraded skills, particularly in understanding and managing AI technologies.
- Analytical and Decision-Making Skills: Staff will need to develop stronger analytical skills to interpret AI-generated data and insights effectively.

Cultural and Psychological Impacts
- Adaptation to Change: The introduction of AI may cause uncertainty and resistance among staff. Addressing these concerns proactively will be crucial.
- Emphasis on Innovation: Staff will be encouraged to adopt a mindset of continuous learning and innovation, aligning with River Bank's core values.

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People-related actions derived from adopting AI

To both maximise the positive impact, as well as minimise potential negative impacts of adopting AI, River Bank will be required to implement changes for its team. Training will play a significant part, as defined on page 9, as well as employee communications and organisational change.

Strategic Communication
- Regular Updates and Inclusive Planning: Communicate the purposes and benefits of AI integration across all levels, ensuring transparency and inclusivity in the planning and implementation phases.

Role Redefinition and Transition Support
- Clear Role Adjustments: Define new job descriptions and expectations clearly to help staff understand their new roles and responsibilities.
- Transition Teams: Establish dedicated teams to support employees through the transition, addressing concerns and providing guidance on new operational norms.

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Training and support for transitions

Comprehensive Training Programs
- Foundational AI Training: Mandatory training for all employees on AI basics, ethical considerations, and the specific AI tools they will encounter in their work.
- Advanced Technical Training: Targeted training for IT and analytics staff, focusing on AI maintenance, troubleshooting, and data analysis techniques.

Continuous Learning and Development
- Ongoing Learning Opportunities: Provide access to courses and workshops on emerging AI trends and applications relevant to the banking sector.
- Upskilling Initiatives: Programs to continually develop skills in line with evolving technology and business needs, such as leadership in AI-driven environments.

Support Mechanisms
- Mentoring Programs: Pair experienced employees with those less familiar with AI to foster peer learning and support.
- Help Desks and Resource Centres: Establish AI help desks and online resource centres to provide immediate assistance and information on AI-related queries and issues.

Cultural Reinforcement
- Innovation Labs: Create spaces or forums where employees can experiment with AI technologies and propose new ideas or improvements.
- Recognition Programs: Implement programs to recognise and reward innovative uses of AI and contributions to AI projects, reinforcing a culture of innovation and engagement.

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Overview of Ethical AI Framework

River Bank's Ethical AI Framework is designed to ensure that AI technologies are deployed responsibly, aligning with our core values of integrity and collaboration. By establishing a comprehensive management and governance structure, the bank commits to upholding the highest ethical standards in all AI-driven operations, ensuring trust and reliability in our AI systems among all stakeholders.

Principles of Ethical AI Use at River Bank

Transparency
Ensure all AI systems are transparent in their operations and decision-making processes, providing clear explanations for outcomes, particularly in customer-facing applications like credit scoring and customer service.

Accountability
Assign clear responsibilities within the organisational structure to oversee AI operations, ensuring that there is always an accountable executive or team for every AI-driven process.

Fairness and Non-discrimination
Implement mechanisms to continuously audit and review AI algorithms to prevent biases and ensure fairness across all customer and employee interactions.

Privacy and Data Protection
Adhere strictly to GDPR and other relevant regulations, ensuring that all AI systems comply with data protection laws and the bank's internal data privacy policies.

Safety and Security
Develop and enforce robust security measures to protect AI systems from unauthorized access and cyber threats, safeguarding both the technology and the data it handles.

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Responsibilities for business leaders

AI Governance Board
- Establish an AI Governance Board composed of senior leaders from different departments (IT, Risk Management, Compliance, Legal).
- The Board's responsibilities include setting AI policies, reviewing AI implementations for ethical concerns, and ensuring compliance with legal and regulatory frameworks.

AI Ethics Officer
- Appoint an AI Ethics Officer responsible for overseeing the ethical deployment of AI technologies across the bank.
- This role involves conducting regular ethical reviews of AI projects, providing guidance on AI ethical matters, and serving as the point of contact for ethical concerns raised by employees or customers.

Departmental AI Champions
- Identify and train AI Champions within each department who are knowledgeable about AI and its applications within their areas.
- These champions will be responsible for monitoring the daily operation of AI tools, ensuring adherence to ethical practices, and liaising with the AI Governance Board.

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Governance framework for AI processes

Clear Delegation for AI Decision Overrides
- Establish a clear delegation framework that outlines who can override AI decisions and under what circumstances, ensuring human oversight in critical decision-making processes.

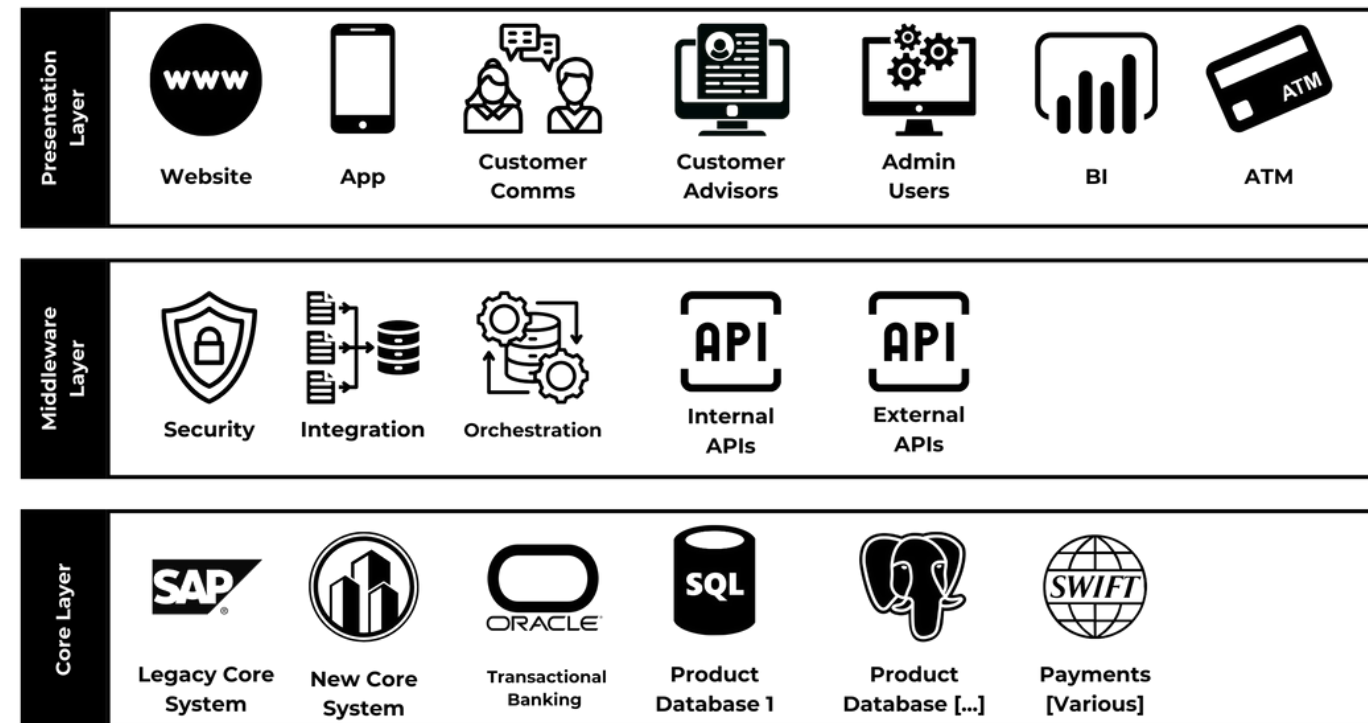**Regular Audits and Compliance Checks**
- Implement a schedule for regular audits of AI systems to ensure compliance with ethical standards and legal requirements.
- These audits will be conducted by independent internal or external parties to maintain objectivity.

Feedback Mechanism for Continuous Improvement
- Create a feedback mechanism that allows employees and customers to report concerns or suggest improvements regarding AI applications.
- This feedback will be reviewed regularly by the AI Ethics Officer and the AI Governance Board to refine AI strategies and operations continuously.

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River Bank's current technology architecture

Banking architecture

| Presentation Layer | Website | App | Customer Comms | Customer Advisors | Admin Users | BI | ATM |

| Middleware Layer | Security | Integration | Orchestration | Internal APIs | External APIs |

| Core Layer | Legacy Core System | New Core System | Transactional Banking | Product Database 1 | Product Database [...] | Payments [Various] |

Business IT

| User Applications | Email | Microsoft 365 | Customer Comms | Customer Advisors | Admin Users | BI |

| File Storage | Microsoft Azzure | Microsoft Sharepoint | Microsoft 365 | AWS S3 | Salesforce |

Challenges
- There is no unified data repository and data storage is disparate.
- Various systems are out of date and more advanced technologies are now available.
- Team members rely on many isolated systems to fulfil their roles.
- Product development is complex and slow.

Benefits of adopting AI
- Data does not need to be structured or unified for it to be useful.
- AI can present data to team members through one platform.
- AI can make all team members using the technologies above more efficient, from customer advisors to database engineers.
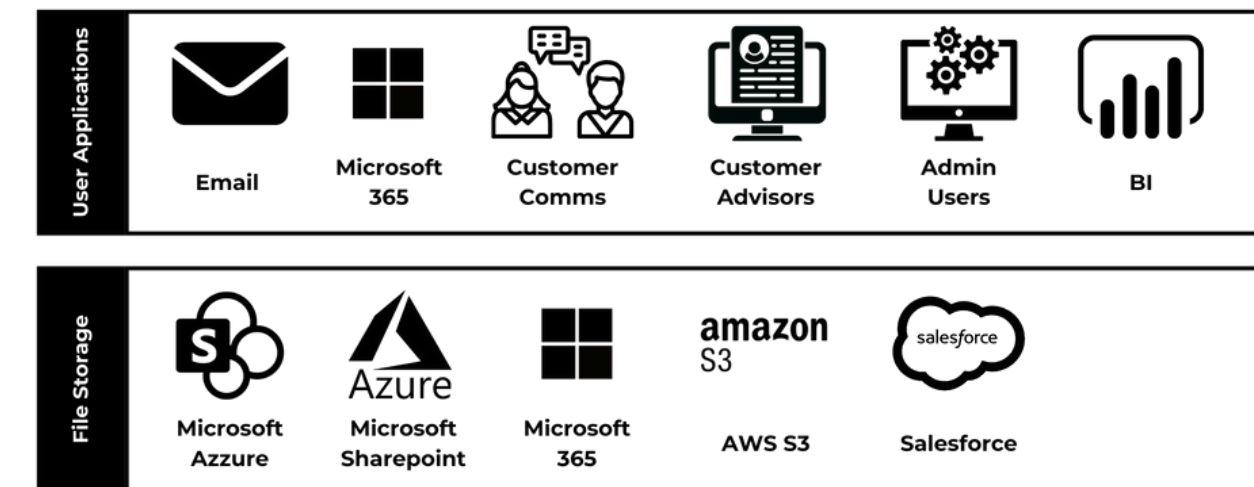
Challenges
- There is no unified knowledge repository and documentation and knowledge storage are disparate.
- Data is almost entirely unstructured and stored across various formats, from PDF to Word, to Excel, to email.
- Sharing knowledge is inefficient and ineffective.

Benefits of adopting AI
- Networking and knowledge sharing can be automated and highly efficient.
- All team members can be encouraged to perform in line with your best.
- Migration to one platform is no longer required.

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Technological gaps to be addressed

Data Integration and Accessibility
Existing systems, while robust, are fragmented due to River Bank's growth through acquisitions, leading to challenges in data consolidation and real-time data access. The lack of a unified data platform limits the potential for advanced AI applications that require holistic data views.

Advanced Analytical Capabilities
Current BI tools are effective for historical data analysis but lack the capacity for real-time predictive modelling and advanced analytics that AI can provide.

Automation Readiness
Many operational processes are still manually intensive, particularly in areas like credit assessment and compliance reporting, making them ripe for AI-driven automation.

Scalability of AI Solutions
Existing middleware and API management solutions may not be optimized for the scale required by sophisticated AI implementations, particularly in handling large, real-time data workflows.

AI Expertise and Development Frameworks
Current staffing and technology frameworks may not sufficiently support the development, deployment, and maintenance of AI solutions, indicating a gap in both expertise and technical infrastructure.

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