Chapter 9
Ethical Concerns in Artificial Intelligence (AI): The Role of Governance Mechanism in Finance

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ABSTRACT

Artificial intelligence and governance ideas are being implemented in business and society. These are two of the most explored issues in the current period. Banks and financial institutions nowadays collect vast volumes of client information, which is then processed by artificial intelligence; yet, the fate of such information remains unknown. This study seeks to identify ethical difficulties in the application of artificial intelligence and presents solutions based on governance concepts. It also looks into the function of artificial intelligence in financial institutions. This study is exploratory, with a focus on primary data analysis. Primary data is collected using a standardized questionnaire distributed to bank personnel. The study's findings indicate that

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there is a significant association between ethical difficulties in AI implementation and the function of corporate governance in financial institutions. The findings also indicate that the effective and intelligent use of governance concepts can alleviate ethical concerns about artificial intelligence implementation.

1 INTRODUCTION

A wide range of artificial intelligence (AI) systems and applications are present in our daily lives, such as recommender systems on streaming services, chatbots on bank websites, email and message receipt, and automatic categorization and classification into distinct sections (Agarwal et al., 2015). Still, as AI has become more widely used, so too has its abuse grown. Concerns about data privacy, trust, and security have been raised during the past ten years in relation to the improper use of AI (Rabbani et al., 2022).

In the present era, AI technology has advanced and may now be incorporated into several aspects of daily life (Al-Sartawi et al., 2021). As more and more people get the ability to use AI, its accessibility has also improved (Shihadeh, 2021). Making an intelligent machine raises several ethical questions about how to make sure it doesn't hurt people or other living things (Bostrom & Yudkowsky, 2018). The AI-equipped autonomous vehicle has already driven several million miles and has the capacity to make decisions that may have an impact on society, morality, and ethics (Ziaee, 2011). However, this vehicle has the potential to cause accidents that could endanger human or animal lives. For example, in May 2016, a Tesla vehicle operating on autopilot caught fire, killing one of the occupants (Etzioni & Etzioni, 2017). A rising body of literature on AI applies it to a variety of fields, from sophisticated self-driving cars to machine translation. However, research on the ethics and governance of AI has also received more attention lately (Winfield & Jirotka, 2018).

Three major goals are the focus of this study. It first analyzes the moral dilemmas that arise when AI is used in financial institutions. Secondly, it explores the possibility of using governance mechanism to lessen these moral dilemmas. Thirdly, it looks at the social perspective on ethics serves as the primary source of inspiration for AI ethics, as it implies that AI is designed to adhere to cultural norms, which typically lack a universal ethical perspective. The three primary obstacles to AI social choice judgments are aggregation, measurement, and standing. Standing challenge is the idea of whose opinions should be taken into account, whereas measurement is the idea of whose opinions are acknowledged or identified, and aggregation is the idea of how several opinions are combined to create a single vision of AI programming (Baum, 2017). Each of these difficulties is a worry in and of itself, and if left un-