

# Chapter 9


## AI and Digital Transformation: Changing Landscapes of Emerging Economies in Asian Sub-Continent

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### ABSTRACT

*India is emerging as one of the major players in global economy. To keep in pace with the global scenario there is a requirement of implementation of AI in Indian economy. AI has helped in transformation by increasing productivity and reducing inefficiency. In India AI implementation is still a challenge. Lack of proper infrastructure and financial literacy has impacted the AI implementation. Banks, Financial Institutions, and MSMEs have benefitted from AI disruption. AI has helped MSMEs in saving cost by enhancing productivity and reducing operational risk. AI can also help SMEs in inventory control, production management. To make AI a success greater efforts are needed from all the segments of society. AI has*

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*contributed to financial inclusion by bringing underserved sections of society to main stream banking. AI has also helped in providing cost effective and affordable banking services world wide.*

## **INTRODUCTION**

Emerging economies will play pivotal role in contributing 4.06% to world's GDP by 2035 as compared to a contribution of 1.59% by developed nations. Global economic growth will reach 65% figure by 2035. The main contributors of this growth trajectory would be emerging economies like China, India, Vietnam and Philippines (Perez-Goropze et al., 2024). These economies act as game changer on world economic growth platforms. India and China have emerged as one of the main markets for all the major players in industry. AI has started making inroads in emerging economies. From agriculture to banking, AI has brought complete transformation in style of working of these sectors. AI has helped in bringing radical change in banking and industrial sector in emerging economies in Asia. The study done on ASEAN countries concluded that for various factors such as economic growth, financial development and financial performance are significantly influenced by the usage of AI. More AI adoption, higher is the positive impact of these factors. (Dampitaske et al., 2021). Another study done in emerging economies show that AI is the key driver for growth. Relative to the net and gross effect of AI on labour markets and GDP show that by 2030 AI might yield 16% increase in output translating into an estimated amount of \$13 trillion. Also, quality of resource and better allocation of talent is important for growth of Asia pacific economies (Haseeb et al., 2019).

Artificial Intelligence is changing the global scenario today. AI refers to the way we program computers to make them intelligent as humans. The rise of AI has also given emergence to other digital platforms such as blockchains and machine learning. In emerging markets like India, AI plays a very significant role of providing services to underserved sections of society by lowering the cost and delivering tailor made innovative products and services. AI showcased its impact on product, services and way of interaction. AI has greatly impacted emerging economies by providing low-cost solutions and innovative products which are suitable to underserved sections of society. AI has an ability to combine large data volumes with computing power thus helping to simulate human cognitive abilities such as language, reasoning, perception, vision and spatial processing. AI has given boost to poor economies in the world, which are using basic AI to provide financial solutions to underserved sections of economy. AI is used in some economies such as Ant Financial in East Asia, M-Shwari in East Africa, M-Kaiy in Madagascar and MoMo Kash in Coted

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