



THE AI PARADIGM: A PERSPECTIVE ON THE RISKS AND OPPORTUNITIES



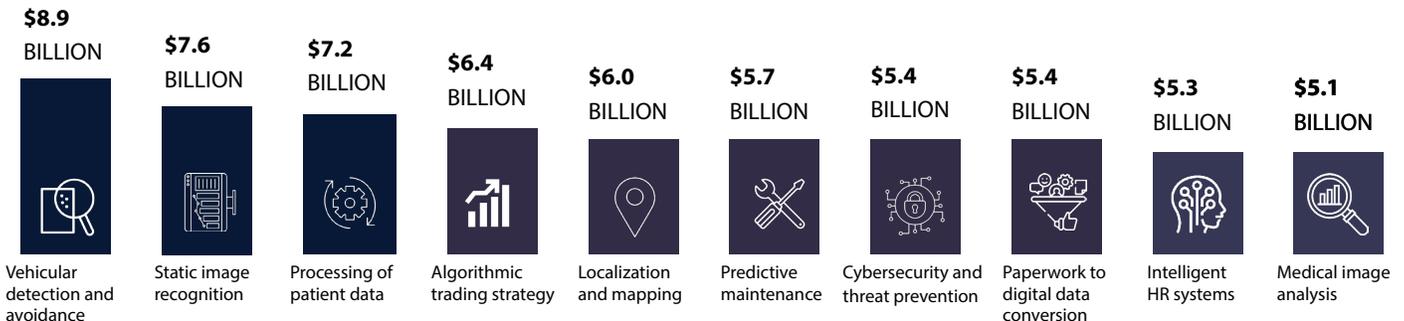
Introduction

Artificial intelligence (AI) technologies can fulfill tasks that are usually associated with human cognitive functions. This is made possible through the processing of large quantities of data and instructions to recognize patterns to model decision-making on. This can easily be understood by seeing AI as a driverless car that can make driving decisions through the identification of patterns in the data from other vehicles, pedestrians, road signs, obstructions, etc.

In the case of examples such as Chat GPT, 'Generative AI' analyzes the patterns present in source documents and data to generate original content, as if produced by another human.

With these capabilities, it is easy to see why AI is rising to prominence in various sectors, transforming processes and disrupting the day-to-day. AI use cases have also become large sources of revenue in areas that range from vehicular detection and avoidance to intelligent HR systems as illustrated in the figure below. However, many see this rise in a different light and feel the need for a prudent approach. As AI is integrated into several aspects of human life and continues to become more intelligent, the question remains whether we need to be more careful.

Global AI ranked by revenue of use cases:



Navigating AI in professional services with care

AI is becoming increasingly capable and along with this is the possibility of it replacing human effort. These views may seem unfounded, however, there are some legitimate concerns behind this view, especially in certain areas where AI can come with its risks. A good example of this is in the Tax and Audit sector, where the approach is marked by caution.

Tax

In the tax space, an AI assistant will provide you answers to your questions, irrespective of the fact that it may or may not know the right answer. If the same question is slightly rephrased and asked a second time, the chances are that the assistant may arrive at a completely different answer. Here, the quality of the answers is fully dependent on the documents that have been used to train the AI. Another aspect is that tax regulations undergo regular revision, while the model is not always updated with the latest information. The system does not offer any transparency in the data that has been used to train the model and how it arrives at each answer. The system is also very susceptible to different answers based on how the question is phrased. This leads to answers that are not often certain, correct, or reliable.

As of now, AI does not have the tools to navigate these tax scenarios that are highly subjective and dependent on each taxpayer.

Audit and assurance

With large volumes of historical data being used in training AI in the audit and assurance sector, the lack of government regulations for the usage of AI and its related data is definitely a concern. The fear also extends to the fact that this can also lead to unchecked misinformation.

Any errors in the process cannot be noticed, without close human inspection, owing to the complex nature of AI algorithms. Thus, the transparency in the process is very low and auditors may find it difficult to explain certain decisions that AI can make.

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An AI-driven workplace: New skills, new opportunities

The first thought is often that with AI becoming more integrated into professional services, more jobs will become automated. This in turn would replace the manual review process, especially in the tax and audit space. However, the reality is that this will create a substantial number of new opportunities, where new AI skills will be central. This would cause a shift to a workforce that is already trained in AI-centric skills or is willing to acquire these. With these very workforces, we can expect that AI will further aid in better talent retention, by enabling better productivity. Employees will be able to deliver better efficiency by automating tasks and focusing on additional tasks.

Even in the consulting space, instead of thinking that AI will be displacing jobs, the fact is that tools such as Chat GPT can help deliver services faster. This can help in achieving better satisfaction at both the employee and customer end.

AI's impact on global employment trends

The global unemployment rates have been on a steady increase over the last 20 years with close to 250 million people unemployed . In light of this, the widespread belief is that employing AI in the decision-making process would make even more jobs redundant, leaving more people unemployed.

A recent report by the investment bank Goldman Sachs suggested that AI could replace the equivalent of 300 million full-time jobs across the globe, as tasks become more and more automated. Though this can be expected in the near future, the long-term impact is highly uncertain.

Several industries are set to see huge changes with AI, where banking, insurance, capital markets, and manufacturing hold great scope for automation. Though the scope of automation in any industry will eventually replace some jobs, it will also create new jobs. The possibility for new roles is not only confined to these sectors, areas such as health and communication can also expect new roles as well as products that would have been unimaginable. These new products will also generate new employment, where AI skills will again be crucial.



Author



Daniel Raja Singh K
Lead Consultant Infosys

For more information, contact askus@infosys.com



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