



Rethinking responsible AI: a conversation with Cathy Li, World Economic Forum

VIDEO TRANSCRIPT

[00:00:04] **Arnab Chakraborty** Hello, everybody. I'm Arnab Chakraborty, Chief Responsible AI Officer at Accenture. In our newest thought leadership, "Rethinking responsible AI: from readiness to value", we surveyed thousand plus C-level executives spanning across 19 industries and 22 countries in collaboration with Stanford University. Our research report really, you know, goes into the depths of exploring the attitudes of responsible AI, the evolving risk landscape that organizations are facing around AI and the organization level of readiness when it comes to implementing responsible AI. One of the key themes of the research is around regulations. And it's really fair to say that the regulatory space is complex. And today we're here to discuss this theme. And with me, I've got the privilege of having Cathy Li, head of data and AI at World Economic Forum. Cathy, really appreciate your time and welcome to our session today.

[00:01:07] **Cathy Li** Thanks for having me, Arnab. It's always a pleasure to speak to AI together with you and Accenture.

[00:01:15] **Arnab Chakraborty** Thank you. Thank you, Cathy. I think it's really great that you're here. And I think the topic, as you know, is really, really extremely relevant today, especially with everything that's going around with generative AI and the buzz that we are seeing. And Cathy, you know, as part of this thought leadership that we have been working on, we see that over 77% of the companies and the C-level executives that we spoke with, they all brought up this topic that either their

organizations are facing some form of regulation coming from AI, or they are expecting, you know, the AI regulations to be applicable for them over the next five years. Over 90% of the C-level executives also highlighted that they are just, you know, AI obligations that are coming in either because of cybersecurity, because of consumer protection, data protection and so on and so forth, which they will also be needing to comply with. So, I wanted to start the discussion there with you and get your views about, you know, as as we hear about the concerns for AI's, you know, transformative be potential and how it intersects with regulatory complexities that we are seeing today. I would love to get your perspective. You sit in a very unique position, you know, at WEF and watching this and being involved in this. I would love to get your perspective on the intersection with regulatory complexities and AI's transformative potential.

[00:02:42] **Cathy Li** Thanks, Arnab. You're absolutely right. For example, even this morning, we just had the International Business Council meeting with over 100 CEOs here in Geneva. And AI obviously has always been on the top of everyone's mind since I think now almost two years. Last year, the discussion was mainly around, you know, the kind of opportunities that AI is going to create. And now we're almost two years in. You can see that many of the organizations, if they haven't deployed AI before, they have, they definitely have now. And they are more and more grappling with the difficulties of governed and regulated technology within their own



organizations, but also collaborate with policymakers. And the reason of this complexity is because the technology itself is transformational. It has transformational potential, but that creates both opportunities and risks leading to significant challenges when it comes to regulatory concerns. So, policymakers must balance encouraging innovation with addressing concerns such as bias, privacy and job displacement. These regulatory complexities stem not only from the rapid pace of the AI development, but also from the fact that AI is a foundational technology. It's a general-purpose technology. It has applications spanning multiple sectors and being accessible to users of all kinds, from individuals of all ages to businesses of all sizes. And as a result, the scope of regulatory challenges is much broader as well, requiring regulators to capture risks that are emerging, unknown and distributed across every part of the society and the economy. This complexity can lead to the temptation of creating additional layers of regulation, even when the existing regulatory tools might already be sufficient if adapted to new use cases. So, the challenge, therefore, is finding a regulatory approach that is both comprehensive and flexible enough to address the multifaceted nature of AI while avoiding unnecessary regulatory burdens. And you might say that sounds very complicated and very difficult to actually make it happen in reality. And that is why at the forum we launched the AI Governance Alliance back to June 2023, with the aim to champion the responsible development and deployment of AI systems and with generative AI being the focus of the work. And we've been very lucky also to partner with Accenture, particularly working on the governance and regulations track what we titled as resilient governance and regulation. What we're trying to do is really to provide practical guidance for the development of regulatory and governance solutions that equipped policymakers and other decision makers from all the sectors to address the emerging challenges of generative AI systems. We also tried to identify areas of actions for public private collaboration and international cooperation to foster an interoperable, inclusive and effective global AI governance environment. We've already, with the ongoing work, we are going to actually publish a 360 regulatory governance framework that provides policymakers and regulators with a comprehensive 360-degree framework for the governance of gen AI,

examining existing regulatory gaps, governance challenges unique to various stakeholders, and the evolving needs of this dynamic technology. Looking forward, we're now in the scoping phase again with Accenture that we're hoping that we can build on the work that we've done already with the community and further explore the challenges of AI governance by the private sector. The aim will be to support governments to better understand private sector AI developments and their governance responses so they can provide more tailored guidance. So yeah, in a nutshell, it is complex, but at the same time it is something that's quite urgent for the private sector and public sector to address together.

[00:07:40] **Arnab Chakraborty** Thanks, Cathy. Thanks for bringing bringing the great work that WEF is doing, you know, with the AI governance alliance that I think it's at the heart of, as you said, you know, bringing the whole ecosystem together to solve, you know, for this complexity around the regulations and make it very practical so that we can have the right balance between the compliance aspects as well as the innovation aspects, you know, that AI brings with it. So, you know, a topic that comes to mind as you highlighted in other work that WEF is doing, you know, in the space of AI governance. And we have the opportunity of working together with you, Cathy. And, you know, one thing that we are seeing, especially with after the European Union AI Act, you know, came to the floor and as we have been talking to the C-level executives, there is a lot of discussion around whose responsibility is prime in terms of taking care of the obligations in the regulations. And when we when we spoke to the C-level executives, 80% of the companies believe that the mitigation of gen AI risks will be the sole responsibility of the foundation model providers. And they also highlighted that it will require a significant amount of global coordination and global agreement on the AI governance, which is where, you know, the work WEF is doing is, you know, front and center. So, my question to you, as you know, as you say that WEF works with, you know, hundreds of Fortune companies and policymakers around the world, what kind of strategies business leaders and organizations will have to deploy to address this complexity, to address this uncertainty, to address the ambiguity of the AI regulations? And what can organizations do practically to address



this and navigate the complexity of the AI regulations?

[00:09:35] **Cathy Li** That is a great question, Arnab, because the policies and regulations can only go so far as to protect businesses. And businesses, they themselves are already looking for different ways of making sure that their employees, first and foremost, their customers, their users are also protected. Whenever there's new technology that's being deployed. But at the same time, I think it's also not as mature to think that eventually a lot of the responsibilities will be solely associated with the model producers, because the reality is, as we were just discussing earlier, that because it's a general purpose technology and where it could be most useful is when organizations actually take the model and train it with their own data sets within a secure environment. And then therefore, once you do that and the responsibility, if you think about it, is no longer solely on the model producers, and that's quite obvious. So regardless, there need to be guardrails that's put in place within each of the, you know, the firewall of the organizations. And there also needs to be coordinated kind of actions when it comes to potential AI risks. So, there are some of the things that the organizations can do, and we again, look forward to work with the whole community in the next few months to surface even more practical recommendations. Some of the early, early practices, best practices that we already are seeing through the work we've done so far are, for example, for business, for organizations to engage early with policy makers and contribute to shaping the practical regulations because of the importance of public private sector dialog and how public sector can actually support business towards implementing RAI, responsible AI practices. Because governments are, they need to carefully consider how to avoid over- and under-regulation to foster a thriving and at the same time responsible AI ecosystem where AI is developed for economic purposes, includes robust risk management and where AI R&D is fostered to address critical social and environmental challenges. But since the market-driven objectives may not always align with public interest outcomes, governments can also encourage a robust and sustained RAI practices through a combination of financial mechanisms and resources, clarified policies and regulations and interventions tailored to industry complexity. But all of this requires

collaboration from the industry. If the government don't understand the complexity of the industry, they won't be able to help you to tailor the interventions, as you can imagine, from the business, organization's perspective. There are other instruments that can be leveraged. For example develop the kind of adaptive compliance programs using sandboxes and pilots to stay flexible. So, keep, you know, learn through the through the process. There are also other opportunities, for example, collaborate across different jurisdictions and align with global standards for consistency. And last but not least, implement a risk management and certification type of program to demonstrate the organization's commitment to responsible AI as well. One example I wanted to give a shout out to is, for example, was the financial services sector, particularly for the institutional investors. The forum already has been working with the community and published a responsible AI playbook for investors in collaboration with the Canadian Pension Plan Investment Board earlier this year, where we really emphasized the critical role large investors play in promoting responsible AI to drive sustainable growth and mitigate risks associated with AI technologies. The playbook really outlines how investors can accelerate the adoption of RAI to help drive value. It highlights the importance of engaging stakeholders such as corporate boards, asset managers and the broader ecosystem to embed RAI principles across investment portfolios. The playbook also discusses the need for adaptable governance framework, continuous learning and collaborative efforts to develop the standard RAI metrics and practices. So that's really just one example for the financial services sector in particular. And again, we look forward to work with Accenture to surface more best practices that's tailored to each of the sectors.

[00:15:02] **Arnab Chakraborty** Cathy, that was brilliant. I think you touched upon multiple facets, you know, that organizations can take. And I think the private sector and the government collaboration, I think is a really, really important point. And I think it's a give and take. The government wants to engage, and it's also up to us as a private sector to really inform the government and the policy makers as to what works, what doesn't work. And so, I think that's the really, really important point. All right. So, Cathy, I think that was really great. I think



your practical advice in terms of what organizations should do to address the complexities of regulation, I think is fantastic. And I think it's spot on with the private sector and the collaboration with the policymakers and the government. And I've had first-hand experience, you know, addressing the Senate House in the United States in D.C., where they're all interested to learn from the private sector about what works, what are the risks, you know, and what are the practical, best practices that we're seeing that works in the adoption of the AI and managing the risks of the AI? So, I think that was a really, really important point that you made. You know, one of the topics I wanted to get a little more steer from you is when we talk about the the topic of AI risks and how responsible AI can help us navigate the journey, you know, to create trust, you know, build more transparency, the topic of fairness and bias comes into the picture. And organizations, whether it's the health care industry, whether it's consumer goods or a retailer or a bank, everybody is concerned about the topic of fairness and the topic is the simple and at the same time very complex because there are 50 different definitions of what fairness can mean and how to address that. And there are so many different techniques and standards to kind of address that. And this comes up in all of my conversations with C-level executives. So I'd love to get your perspective, Cathy, in terms of, as you think about the concept of fairness and bias and how we are able to mitigate that, what are the challenges that you see in defining the topic of fairness and addressing the topic of fairness to make sure that AI solutions are being fair to all parts of our society and population and constituents?

[00:17:24] **Cathy Li** Yeah, that is a great question and probably the most difficult one to address because of fairness, indeed. Data at the end of the day is a reflection of humans and human society, and the human society isn't perfect and isn't always fair, as we all know that. So how do you actually make sure that the data on one hand reflects what the society actually is? By the same time, we need to be very, very conscious when it comes to, because the data is the foundation of a lot of the decision that we're making. So how do we make sure that we don't further exacerbate the existing human society issue? So, for us, the fairness in AI involves ensuring systems are unbiased and equitable.

Defining fairness is challenging because of the different cultural, ethical and societal norms. As you pointed out, biases in data, tradeoffs between fairness and accuracy and varying industry needs. This all further complicates establishing clear fairness standards and achieving fairness require transparent algorithms, diverse data practices and industry-specific guidelines. And is also not something that we can use a cookie cutter kind of approach. Because an example is when you use data for, for example, market research, a lot of the times you need the data to actually truly reflect the kind of a, you know, the kind age group or a different market, different geography that you are trying to research on. So those cannot be easily changed because of the data representation kind of a guideline. So, we do need to take it, you know, case by case. And we are living in an era where the automated decision-making systems based on algorithms and data are increasingly common, but it has profound implications for individuals, companies, communities and society. So those who design and use such systems must carefully consider the potential social impact with all-around equity as a core concern. A concept that we study very carefully at the forum is data equity. Data equity can be achieved by appropriate design of data collection, uses, practices and governance in order to promote just and fair outcomes for people and communities whose human rights are directly or indirectly impacted by those systems. Data equity can be defined as shared responsibility for fair data practices that respect and promote human rights, opportunity and dignity. Data equity is a foundational responsibility that requires strategic, participative, inclusive and proactive, coordinated action to create a world where data-based systems promote fair, just and beneficial outcomes for all individuals, groups and communities. It is easier said than done, as we all know. That's why we require, you know, it is required that all of the parties who are part of the practices must always take a hard look at their own practices based on the outcomes that you wanted to achieve and all of the parameters that we collectively set. It recognizes that data practices including collection, curation, processing, retention, analysis, stewardship and responsible applications of the resulting insights significantly impact human rights and the result. Access to social, economic and natural and cultural



resources and opportunities. Again, it sounds very, very academic and it does vary from case to case. Like the example I gave earlier on market research. But it is a definition that's been widely accepted and must be upheld in the daily practices.

[00:22:07] **Arnab Chakraborty** I think that's really great. And I think one of the things that you've touched upon, you know, in addition to the right process and approach and the methods and the techniques that we need to use, also the kind of teams we bring together and the kind of questions those teams actually ask and to make sure that we can have the right conversation and bring the diversity of our thinking to de-bias the solution and the way we build a solution. And that's one thing I wanted to ask you, Cathy, as you think about the topic of responsible AI and more AI in general. One of the big things that we are seeing is the, you know, the lack of right talent and ability to create teams with the right diverse thinking that can create solutions that are meaningful to the business, to the society and creates that equality and the equity that you talked about. And there is a lot of work to be done in creating the right teams, you know, creating the right culture and also building that talent, DNA, you know, within the organization so that you can be responsible by design, you know, across your AI journey. So, any thoughts, Cathy, as we try to, you know, wrap this up. Organizations as they are going into the responsible AI journey with their broader AI agenda, what kind of actions they should be taking when it comes to talent and creating the right culture within the organization.

[00:23:32] **Cathy Li** The people question again is on top of mind of every boardroom, every company, every organization. And that's really been truly propelled by this AI evolution. To your point, Arnab, we've also discovered through working with the community, which is over 390 organizations and 470 individuals at this point, with the AI governance alliance is, on the contrary to the myths that AI would take away jobs. What it creates is that we more and more are in dire needs of people who are actually more generalist, meaning talent who understand different disciplines and knowing how to actually connect the dots. Because of the complexity, even with governance, you do need to understand the product, the engineering, the design. Otherwise, you won't truly understand,

you know, how to actually govern and regulate those technology and vice versa. If you even if you're in product design, you still need to understand the downstream impact and implications on humans and on societies. So where AI actually creates opportunity for, you know, bridging that gap is because of AI, in particular generative AI, nowadays can help really with, with employees with many of the kind of repetitive tasks. And a lot of the times that kind of first-draft problem you know because AI is so good retrieving certain information. And of course it does have, you know, different hallucination and other risks as well. But if the employees understand and know how to work with the technology, it can definitely increase their productivity. I would say your tools 3 to 5 times depends on the roles and the responsibilities. And that potentially leaves room for, you know, your employees to look at other sectors and have more time to work with other disciplines as well. So, I do think that's one thing that AI, in the long run, can definitely help with organizations and individuals to really think about what are the things that we could leave technology to be, to work on and to be better at. And what are the unique roles of humans? How can we connect the dots? Because at the end of the day, that's our strength. So, I might be more optimistic on that. But I do think that's been a common challenge when it comes to, you know, cross-disciplinary kind of a talent and where we can actually build a system that can basically encourage more of those talent in the coming months and years as well.

[00:26:32] **Arnab Chakraborty** That's fantastic, Cathy and great to hear the optimist voice in you. And I'm in the same camp here. I think AI is going to create significant opportunities for us as human and for all of us in the society. And I think responsible AI and the whole topic that we discussed today, rethinking responsible AI, is going to be at the front and center to, you know, create that that value and the innovation for the businesses and for the societies. I think we talked about a number of topics, a number of themes, right from the complexity of the regulation to how organizations should go about practically addressing that and navigating that. You've touched upon, you know, a deep topic like fairness and how to go about addressing that topic and also about the people agenda and how organizations need to be thinking of



uplifting and reskilling their employees in their organization to take the full advantage of this powerful technology that we are all faced with. So, Cathy, before we round up. Was there anything else that was top of your mind that you would like to bring forward that we probably have touched asked?

[00:27:37] **Cathy Li** I think we covered many of the topics in a very comprehensive way. If anything, again, I'll just take the opportunity to just shout out to the work that we are collaborating on and we call for more organizations to join us on this journey because at the end of day, the more kind of global interoperability you have and collaboration, particularly between private and public sector, the better kind of consistent understanding we have among different sectors, the better the outcome there is for the whole society. So yeah, I would leave that as my closing thoughts.

[00:28:20] **Arnab Chakraborty** Thank you, Cathy. It's always a pleasure to talk to you and work with you.

[00:28:24] **Cathy Li** Likewise.

[00:28:25] **Arnab Chakraborty** Thank you for the collaboration and partnership. Really appreciate it.

[00:28:28] **Cathy Li** Likewise. Thank you, Arnab.