

ETHICAL ISSUES IN ARTIFICIAL INTELLIGENCE

The growing collection, storage, and use of personal data by companies to drive innovation, product design, marketing and growth strategies creates a number of ethical issues. While the “European Union’s General Data Protection Regulation and the California Consumer Privacy Act are two examples of regulations aimed at helping to ensure that data and technology work for humanity rather than against it”, companies such as MasterCard, Google, Facebook, and Amazon have several different approaches to managing the ethics of AI within their businesses, leading to industry inconsistency and potential harm to consumers. (“Ethical concerns mount as AI takes bigger decision-making role in more industries,” The Harvard Gazette, October 26, 2020, Pazzanese, C.) Large corporations have plenty of additional resources to mobilize towards ethical use of AI, while smaller to mid-size enterprises (SME) face challenges in developing systematic policies to guide the use of AI towards business goals. (OECD (2021), The Digital Transformation of SMEs, OECD Studies on SMEs and Entrepreneurship, OECD Publishing, Paris, (<https://doi.org/10.1787/bdb9256a-en>))

Internal corporate AI ethics and data privacy offices/committees address issues which include but are not limited to the following:

- Bias in data (including but not limited to gender and racial bias)
- Algorithmically generated bias (bias in creation)
- Transparency of consumer data use
- Consumer data security
- Consumer privacy and the use of location tracking
- Use of health care data

The complexities surrounding AI and data privacy may inhibit companies from reaping the potential benefits of AI to the fullest extent. Additionally, many small to mid-sized enterprises may find it difficult to:

- Set up internal controls for AI to manage corporate risk
- Attend to a broad range of ethical and legal considerations in their use of AI
- Adequately protect consumer data
- Revisit and revise AI and data privacy policies as technology changes and evolves

Absent U.S. governmental policies to guide corporations in this realm, there is a lack of consistency and agreement in what comprises the ethical use of Artificial Intelligence and use of consumer data. “Legal issues loom particularly large in light of the fact that it’s neither clear how existing laws and regulations bear on new technologies, nor what new regulations or laws are coming down the pipeline.” (Harvard Business Review, Ethics and AI: 3 Conversations Companies Need to Have, March 21, 2022, Blackman, R.).

The use of AI in corporate settings is no longer an anomaly; “companies around the world have increasingly developed AI technologies: In a survey of US companies in 2021, 86% of respondents said AI would be a “mainstream technology” at their company that year, contributing up to US\$15.7 trillion to the global economy by 2030.” (AI predictions 2021. PwC. Retrieved from <https://www.pwc.com/us/en/tech-effect/ai-analytics/aipredictions.html>)

The use of AI in business is neither inherently bad nor good. AI has the potential to both reduce and embed bias. Like any tool, its costs and benefits are highly dependent on the humans who design, implement, and monitor AI systems. “Use of AI in predictions and decision making can also reduce human subjectivity and open new possibilities and opportunities. However, AI can also embed human biases, produce discriminatory outcomes at scale, and pose immense risk to individuals and society.” (Berkeley Hass Case Series, “Responsible A.I.: Tackling Tech’s Largest Corporate Governance Challenges,” October 1, 2022, McElhaney, K., Smith, G., Rustagi, I., Groth, O.)

Large corporations are becoming increasingly attentive to the ethical issues inherent in using AI to guide business decision making.

- In 2017, Deep Mind, a Google owned AI Company, formed a research group to investigate ethical issues inherent in AI and the impact of AI on society. (Google Starts Ethics Unit for Artificial Intelligence." International Business Times [U.S. ed.], 6 Oct. 2017). Even with the resources of Google behind the work, Deep Mind itself has engaged in problematic ethical practices, including the use of health care data from patients in the UK without their permission.
- MasterCard, a global payments industry company, set out to ensure that its use of AI was consistent with one of their key company values, integrity. To do this, MasterCard created the “AI Governance Council.” This Council, led by the Chief Privacy Officer, Chief Data Officer, and Executive Vice President of Artificial Intelligence, met regularly to create a framework to assess the ethical implications of AI decisions on consumers. “The team looked at the principle of fairness to ensure that the technology treated people fairly and appropriately. They explored questions such as what methodologies were used to check and eliminate bias? Had a methodology been used to ensure that the algorithm did not drift from its intended purpose? How was data quality being ensured? Because Mastercard operated in the B2B space, it identified creative ways to be transparent in explaining how its AI algorithms work so its customers could explain them to their own customers: the consumers.” (IMD, International Institute for Management Development, 2022)

Small to medium size enterprises (SME’s) have fewer examples to draw from for the development and implementation of ethical AI frameworks for their companies. This is despite the fact that an increasing number of SME’s are using AI to guide their business development and growth.

YOUR CHARGE

You have been asked by the President and CEO of Good Funds Credit Union (a fictional company) to lead the Credit Union’s work to develop an AI Ethics Charter. Good Funds Credit Union is one of the largest credit unions in the state of WA, serving over 150,000 members and holding close to 2 billion dollars in assets. As the credit union plans for growth, it is seeking to use AI for:

- Decisions regarding consumer and business loans
- Targeted marketing to current and future customers
- Assessing markets for growth and development

As your team begins to develop the AI Ethics Charter, please answer the following questions:

1. Who should be involved in the creation, implementation, and maintenance of the Good Funds Credit Union AI Ethics Charter?
2. What are the costs of developing the charter, communicating the charter to employees and consumers, and maintaining the charter as technology changes and improves?
3. What are the potential costs of NOT being attentive to the ethical issues of AI in credit union practices?
4. What are the five key components that must be addressed in the Good Funds Credit Union AI Ethics Charter?
5. For each of the components identified in #4 above, what are your recommendations to ensure the most ethical use of AI in the context of Good Funds Credit Union’s plans for the use of AI?