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## How is AI currently used by your sector, members, and/or stakeholders?

AI usage in the financial sector is growing rapidly. According to a 2024 [survey conducted by Gartner](#) on 121 financial institutions globally, 58% of finance organizations are currently using AI, up from 37% in a similar survey conducted the previous year. It is projected that by 2026, [90% of finance functions will deploy at least one AI-enabled technology solution](#). With the move toward open banking and a rapidly growing financial ecosystem, these global trends are expected to extend to Canada's financial sector.

This rapid adoption is driven by AI's ability to streamline processes such as risk and fraud detection, credit decisions, operational efficiency, and improved customer experiences. In the fintech sector, many companies are adopting AI in various ways:

- **Wealthsimple:** Its [robo-advisor service](#) leverages AI and machine learning to power its automated investing software, taking on the role traditionally held by wealth managers or investment advisors.
- **Borrowell:** Leverages AI to analyze users' credit scores and financial habits, providing [personalized recommendations](#) for improving credit and matching users with financial products like loans or credit cards. Their platform also uses AI to monitor credit activity in real-time, sending alerts for important changes, empowering users to manage their credit health proactively.
- **Shopify:** While primarily an e-commerce platform, Shopify uses AI to help merchants analyze consumer behavior and optimize sales strategies. This includes AI-driven product recommendations and fraud detection.
- **Block:** Uses AI across Block's products, including Cash App, where machine learning models detect person-to-person (P2P) payment scams in real-time. Block also leverages AI to offer lending solutions via Square Loans and Afterpay, enhancing user experience and providing operational efficiency through content generation and automation.

## How do you expect AI will contribute to innovation for your sector, members, and/or stakeholders over the next 10 years?

Over the next decade, AI is expected to drive innovation across several key areas:

- **Enhanced Financial Inclusion:** AI will play a critical role in expanding access to financial services by analyzing vast amounts of financial data to create fairer credit assessments. This will help small business owners and underserved communities access financial services that were previously out of reach.
- **Improved Fraud Detection:** With continued advancements in AI, fraud detection and risk management will become more proactive. AI-driven models allow for real-time monitoring and dynamic risk assessments, which will strengthen security while ensuring the responsible expansion of financial services.
- **Automated Solutions:** AI-powered tools will automate routine administrative and operational tasks, allowing businesses to streamline their operations and focus on their core activities, improving overall efficiency.
- **Advanced Personalization:** AI has the potential to greatly increase access to credit for these underserved populations by utilizing financial data and employing more precise AI algorithms to provide fair credit evaluations. This could be especially advantageous for low-to-moderate income consumers and communities that have historically faced challenges in accessing financial services. Personalization of financial products and services, offering users more tailored experiences. This includes personalized financial offerings, such as discounts and rewards, which will particularly benefit users who do not have access to traditional credit services.

### **What do you expect will be the most significant impacts, both positive and negative, of adopting innovative AI technologies?**

#### ***Positive Impacts:***

- **Risk Management:** AI is transforming how companies detect and prevent fraud, as well as manage risks. AI-driven models are highly effective in real-time fraud detection and have been shown to [improve fraud detection rates by 15% to 20% percent and reduce fraud-related cost losses by 30% to 50%](#).
- **Financial Inclusion:** [In Canada, 15% of the population—close to five million people—are underbanked](#), meaning they have limited or no access to traditional financial services. AI can significantly expand access to credit for these underserved and underbanked populations by leveraging greater financial data and using more accurate AI algorithms to deliver fair credit assessments.
- **Operational Efficiency:** AI tools can reduce the need for manual processing,

helping businesses save time and redirect their focus toward core activities, leading to substantial cost savings and increased operational efficiency. Notably, according to a [Forbes Advisor survey](#), 64% of businesses believe that artificial intelligence will help increase their overall productivity.

- **Enhanced Customer Experience:** AI's ability to personalize services can lead to higher customer engagement and satisfaction. For example, in financial services, AI-driven chatbots and virtual assistants offer real-time support, handling common queries and tasks like bill payments or transaction monitoring with greater efficiency. Personalization is another key area—AI algorithms analyze customer data to deliver tailored product recommendations and personalized offers, such as discounts or rewards programs.

### **Potential Risks:**

- **Data Privacy and Security Concerns:** AI's ability to analyze large volumes of data raises privacy concerns. With AI models becoming more integrated into decision-making processes, there is an increased risk of data breaches and misuse of personal information. Notably, a [2023 IAPP Privacy and Consumer Trust report](#) found that 57% of consumers globally are concerned that AI poses a significant threat to their privacy.
- **Bias and Fairness:** AI systems run the risk of unintentionally perpetuating biases that exist in the training data they are fed. For example, while AI has the potential to expand access to credit for underserved and underbanked populations, it can also have the opposite effect. If historical biases related to race, income, or geography are present in the data used to train these systems, AI may unintentionally strengthen those biases, leading to unfair credit decisions for groups that have historically been denied credit.
- **Model Accuracy and Data Quality:** Ensuring the accuracy of AI models and the quality of data used is crucial for reliable outcomes. If AI models are built on inaccurate or incomplete data, they can produce suboptimal decisions that may harm businesses and consumers.

### **How is AI currently impacting the labour market needs of your sector, members and/or stakeholders?**

AI is reshaping the labor market within the financial services sector in several ways:

- **Reducing Administrative Work:** AI tools reduce the need for manual processing within companies, changing the types of jobs needed.

- **Increasing Demand for AI Skills:** As AI technologies become more integrated, the demand for professionals skilled in AI, machine learning (ML), data science, and analytics is rising across industries. This trend is driving a skills gap in areas related to AI development, deployment, and management.
- **Shift to Higher-skilled Roles:** AI is augmenting operational roles, requiring employees to upskill in order to work alongside these technologies. For instance, real-time fraud detection, automated customer support, and AI-driven analytics necessitate a workforce that is proficient in managing and enhancing AI systems.

## **What future opportunities and challenges does AI pose for Manitoba's workforce?**

### ***Opportunities:***

- **Job Creation in Tech:** [According to the World Economic Forum](#), AI is expected to lead to the creation of 97 million new jobs by 2025. These jobs will encompass areas such as data analysis, software development, and digital transformation. Additionally, as AI continues to develop, it will create a variety of roles that require specialized skills and roles that we have not traditionally seen in the past.
- **Upskilling and Reskilling:** AI presents opportunities for workforce development through upskilling programs tailored to AI and tech-related competencies.

### ***Challenges:***

- **Skill Gaps:** The rapid advancement of AI technology requires a workforce skilled in AI, ML, and data management, potentially creating skill gaps.
- **Investment in Education:** With the potential skill gaps, investing in educating people about AI and related technologies is essential for the future. This will bolster the competitiveness of tech companies in Manitoba and provide the workforce with the necessary skills to thrive in an AI-driven environment.

## **What skill gaps currently exist or will exist in Manitoba's workforce that limit the understanding, design, and/or application of AI?**

While we do not have a full assessment of the specific skill gaps within Manitoba's workforce, there are general areas that may pose challenges based on our understanding and experiences in the financial services sector:

- **AI and Machine Learning Expertise:** There may be a shortage of professionals specialized in AI, machine learning, and data science. The rapid development of

these technologies typically requires a workforce proficient in these areas to effectively design and apply AI solutions.

- **Technical Skills:** The existing workforce might have limited availability of individuals skilled in implementing and managing AI-driven systems. Developing and maintaining complex AI models and infrastructure necessitates a high level of technical expertise that may currently be underrepresented.
- **Professional Development:** Continuous education in emerging AI trends and technologies is essential. Ensuring that the workforce has access to up-to-date knowledge and skills in AI will be crucial for keeping pace with advancements in the field. Training programs focused on AI, machine learning, data management, and related fields can be vital in bridging these gaps.

### **What future industry-education collaborations, programs, or initiatives could your sector, members, and/or stakeholders benefit from to address AI skill gaps?**

Future industry-education collaborations, programs, and initiatives aimed at benefiting the financial services sector and addressing AI skill gaps include:

- **AI Education Programs:** Establishing partnerships with educational institutions to create specialized AI courses and certifications tailored for the financial industry.
- **Internship and Apprenticeship Programs:** Implementing structured internship and apprenticeship opportunities that provide students with hands-on experience using AI technologies in real-world financial environments, enhancing their employability and practical understanding.
- **Continuous Learning Opportunities:** Offering a range of workshops, seminars, and ongoing certification programs to ensure the workforce remains updated on the latest AI advancements and best practices.
- **Public-Private Partnerships:** Fostering collaborations between tech companies, educational institutions, and financial organizations, such as fintechs, to drive AI-related research and development. These partnerships can help create a robust talent pipeline for AI applications within the financial sector.
- **Government Support for AI Innovation:** Advocating for increased government support for AI research, along with the development of educational and workforce training programs. Establishing open dialogues between policymakers and industry leaders through initiatives like government-led roundtable discussions and requests for information (RFIs) can further enhance collaboration.
- **Mentorship Programs:** Developing mentorship initiatives that connect industry veterans with students and early-career professionals, facilitating knowledge transfer and real-world insights into AI applications in finance.

**Please share your thoughts on specific actions or policies you believe the Manitoba government should implement to ensure the responsible and beneficial use of AI.**

To ensure the responsible and beneficial use of AI, the Manitoba government could consider the following actions and policies:

- **Support Innovation:** Foster a regulatory environment that promotes innovation and global competitiveness. This includes avoiding overly burdensome compliance costs and rigid requirements that could hinder legitimate AI development.
- **Investment in Education:** Invest in AI training programs and educational initiatives focused on AI and related technologies. This will help bridge skill gaps and prepare the workforce for the evolving landscape.
- **Encourage Targeted and Nuanced Regulations:** Encourage that regulations address domain-specific risks while promoting innovation. Regulations should be narrowly targeted to address gaps that may exist under existing laws in order to avoid overregulation and the stifling of innovation. Definitions should also be narrowed to address risks associated with particular use cases and subsets of AI technologies.
- **Aligning with Existing AI Frameworks:** Leverage detailed analysis and recommendations from established frameworks, such as those developed by NIST, to guide AI governance. Aligning with these existing frameworks will help mitigate risks associated with AI while promoting responsible and innovative use of the technology.