

MAS publishes good practices for AI model risk management at banks

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Documents the source offers: <https://www.mas.gov.sg/-/media/mas-media-library/publications/monographs-or-information-paper/imd/2024/information-paper-on-ai-risk-management-final.pdf>

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On 5 December 2024, the Monetary Authority of Singapore ("MAS") published an Information Paper on Artificial Intelligence Model Risk Management ("Information Paper").

MAS conducted a thematic review of banks' AI (including generative AI) model risk management practices in mid-2024. The Information Paper sets out good practices for AI and generative AI model risk management that were observed during the review, focusing on the following areas:

Oversight and governance of AI:

Updating of existing policies and procedures of relevant risk management functions to strengthen AI governance.

Establishing cross-functional oversight forums to ensure that evolving AI risks are appropriately managed across the bank.

Articulating clear statements and principles to govern areas such as the fair, ethical, accountable, and transparent use of AI.

Building capabilities in AI across the bank to support both innovation and risk management.

Key risk management systems and processes:

Identifying AI usage and risks across the bank so that commensurate risk management can be applied.

Utilising AI inventories, which provide a central view of AI usage across the bank to support oversight.

Assessing the materiality of risks that AI poses using key risk dimensions so that relevant controls can be applied proportionately.

Development and deployment of AI:

Establishing standards and processes for key areas that are important for the development of AI, such as data management, robustness and stability, explainability and fairness, reproducibility, and auditability.

Conducting independent validation or peer reviews of AI before deployment based on risk materialities.

Instituting pre-deployment checks and monitoring of deployed AI to ensure that it behaves as intended, and application of appropriate change management standards and processes where necessary.

MAS encourages all financial institutions ("FIs") to reference these good practices when developing and deploying AI.

MAS will continue to work with the industry to help facilitate and uplift AI and generative AI governance and risk management efforts across the financial industry. MAS is also considering supervisory guidance for all FIs in 2025, building upon the focus areas covered in the Information Paper.

Reference materials

The Information Paper is available on the MAS website www.mas.gov.sg.