



Risk	Description	Mitigation Strategy
1. Client Data Privacy and Security Risks	AI relies on large datasets, raising concerns about client data breaches, unauthorized access, and compliance with regulations (e.g., GDPR, CCPA).	Implement strict client data governance policies, use end-to-end encryption, ensure regulatory compliance, and conduct regular security audits.
2. AI Bias and Fairness Issues	AI models can inherit biases from training data, leading to unfair or biased investment recommendations.	Use diverse training datasets, apply bias detection algorithms, and ensure human oversight in AI-driven decision-making.
3. Over-Reliance on Automation	Excessive automation may reduce human intuition in decision-making and cause AI-generated errors to go unnoticed.	Maintain a hybrid AI-human approach, where AI handles repetitive tasks, but humans review critical investment decisions. Dashboards should show why the AI is recommending a particular action.
4. Transparency and Explainability Issues	AI-driven recommendations may function as a "black box", making it difficult for relationship managers to understand AI-generated insights.	Use explainable AI models that provide clear justifications for recommendations and ensure AI decisions are auditable.
5. Regulatory and Compliance Risks	AI-driven CX must comply with financial industry regulations, including regulations on client communications and your duty to the consumer.	Align AI implementation with regulatory frameworks, conduct regular compliance audits, and ensure AI outputs meet fiduciary obligations.
6. Fiduciary Responsibility and AI-Governance	AI-driven recommendations must align with an asset manager's legal and ethical duty to act in the client's best interest. Without oversight, AI may generate unsuitable recommendations.	Implement AI governance frameworks that align AI-powered CX with fiduciary duty, investor protection principles, and compliance standards. Ensure human supervision over AI-driven recommendations to uphold duty-of-care obligations.
7. Model Risk and Accuracy Concerns	AI models may generate inaccurate forecasts or fail under unforeseen market conditions, leading to incorrect recommendations.	Keep a 'human in the loop' to ensure you govern an AI's communication with clients. Continuously retrain AI models using the latest data, apply stress-testing methods, and establish human validation checkpoints.