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*Together makes progress*

# New rules for a new age

Deloitte Trustworthy AI™ Solutions: **Regulatory**

Few organizations are new to the task of regulatory compliance, but the rules that surround artificial intelligence (AI) represent a new layer of complexity for everyone    because the rules themselves are new and changing quickly. Today, AI regulation is a patchwork that includes broad mandates from the European Union (EU) and national authorities around the world, alongside potentially dozens of regulations from US state and local governments. Some industries add their own rules and guidance. Depending upon what it does, in which sector, and where it operates, each organization faces its own unique exposure to that patchwork. And the stakes are high.

The immediate cost of falling short in AI compliance is measured in financial penalties, but ultimately it can also damage an organization's trust and reputation. On the other side of the ledger, effective compliance offers more than just avoiding fines: It can be concurrent with a coherent, enterprise wide approach to AI that leads to greater responsiveness and efficiency. As in other areas of life and business, staying on the right side of the law may unlock long term rewards.

## A new kind of challenge

Even a mature compliance function in a mature organization may find new challenges in meeting AI regulations. While some of the component capabilities will apply from other regimes, such as data practices and reporting processes, AI injects elements of technology governance, trust, and ethics that likely don't map to what most compliance organizations have handled before.

The comparative newness of AI regulation isn't the only thing that makes it different. It can also be a more fluid, less specific pursuit than other forms of regulatory compliance. Some rules may set standards without addressing the processes necessary to satisfy them. Some may contain subjective language. Determining whether an individual act or an entire operation is or is not in compliance may not be a clear cut matter.

Nonetheless, AI regulation is critical as the technology takes a greater role in enterprise. Taming this challenge calls for new combinations of both old and new capabilities.

## Time to flex and grow

Understanding, monitoring, and complying with AI regulation is a multidisciplinary mandate that spans several domains, including technology, legal, business model design, ethics, privacy, and data science. Even an organization that has a well developed legal and compliance function may need not only develop new skill areas to complement what's already there, but also new degrees of coordination among these domains.

Understanding AI regulatory compliance typically spans multiple domains; meaning, in order to comply with the regulations, there's a .need to coordinate AI lifecycle activities across domains such as model risk, cyber risk, IT, and legal / compliance, which are often siloed.

Putting that understanding into action is a similar step up from the familiar. To execute on compliance brings domains of technical knowledge such as design, governance, and control into play.

Deloitte has helped many organizations across industries either launch their AI journeys, make progress in scaling them up, or both. Long before the emergence of enterprise AI, Deloitte has a long and effective record of guiding organizations in different regulatory jurisdictions as they understand and carry out other areas of compliance.

In the fast evolving world of AI regulatory compliance, Deloitte provides readiness services and assists organizations to reduce risks by proactively tracking requirements, strengthening audit processes, and looking ahead as the policy landscape changes. These practices, which can deliver value no matter where an organization stands in its AI journey, include:

- **Regulatory sensing, analysis, and change management:** In this environment, the dynamic nature of AI regulations is the first hurdle. Deloitte helps organizations track not only the development of new rules, but also proposed ones   then builds a clear understanding of what regulations an organization faces, what obligations are involved, and what internal structures and strategies can drive effective compliance.

- **Internal and mock assessments and exercises:** An organization that has weighed its obligations and stood up a program still needs to test its compliance. Deloitte can not only perform an internal review, but   if requested   can also simulate role of a regulator in a scenario based drill.

- **Issue response:** If a regulatory action is pending or active, Deloitte can assist in preparation and response.

- **Legal and compliance readiness:** It's one thing for an enterprise to be up to speed on AI regulations; it's another for the people in key roles to internalize the rules and what compliance means to them. Deloitte can work to help internal teams understand requirements and check where they stand.

### For them—and for you

AI regulation may be a new field, but navigating complexity is not. Just as AI technology will continue to rapidly change and evolve, so too will regulatory expectations. It is not only an external responsibility, but also in internal and stakeholder duty to promote knowledge and practices that keep the organization safe from sanction because users and customers are safe from inappropriate outcomes. An effective AI program is inseparable from an effective approach to keeping it within the rules, no matter how quickly they change.

### The Deloitte difference

At Deloitte, we believe trust is essential to scaling AI with confidence. It must operate on two levels: the system must be designed to perform reliably, and people must feel secure in using it.

That's why we've built an integrated platform for Trustworthy AI   one that brings together machine level governance and human centered design. It's engineered to help organizations develop AI systems that are secure, transparent, explainable, and aligned with intended outcomes.

Backed by Deloitte's AI Institute, supported by global research, and informed by deep experience across industries, this platform helps organizations embed trust into AI development from day one   transforming it from a reactive concern into a proactive capability for responsible growth and long term value.

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