GUVI | HCL

Skill Up. Level Up

Master the Magic of AI

National Conference on Artificial Intelligence
Southern India Regional Council (SIRC) - ICAI

Friday, 19 December 2025 | 02:30 PM - 03:30 PM



Mr. Arun Prakash M

Founder & CEO, HCL GUVI

Setting the Context

ICAI: Leading the profession through change

Launched ai.icai.org for structured AI integration

This session builds on that foundation:

- AI internals for common man
- Use cases : AI as governable, auditable capability
- Examples of real world



What You'll Take Away

GUVI | HCL
Skill Up. Level Up

AI is not replacing financial judgment.

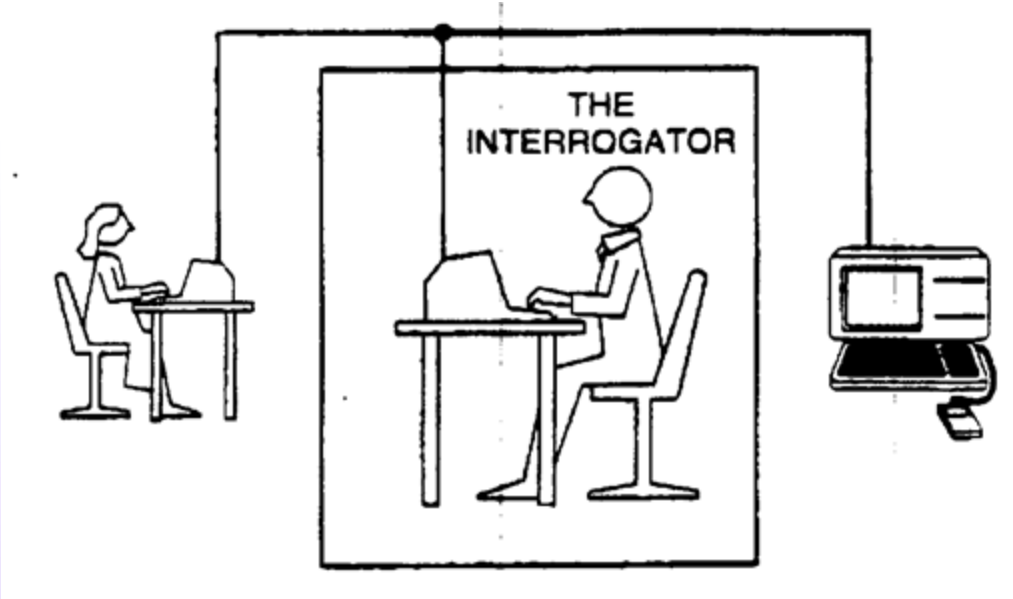
It is amplifying human expertise while handling the mechanical.

The professional role evolves:

✓ Executor → Validator
✓ Processor → Strategist
✓ Checker → Risk Architect



Turing Test - 1950

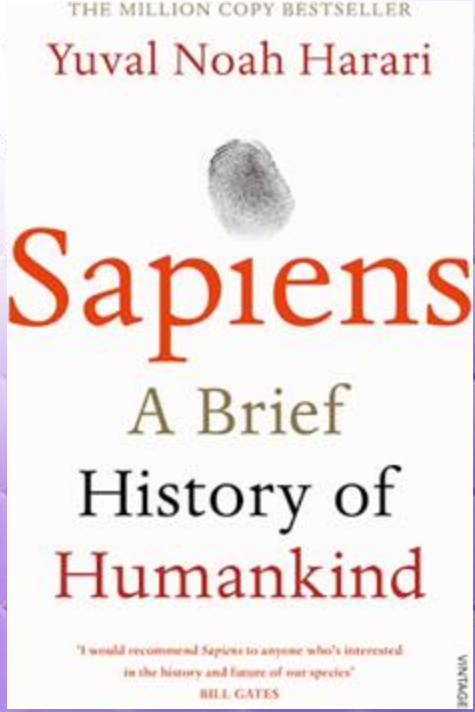


“Robot or a real person?”

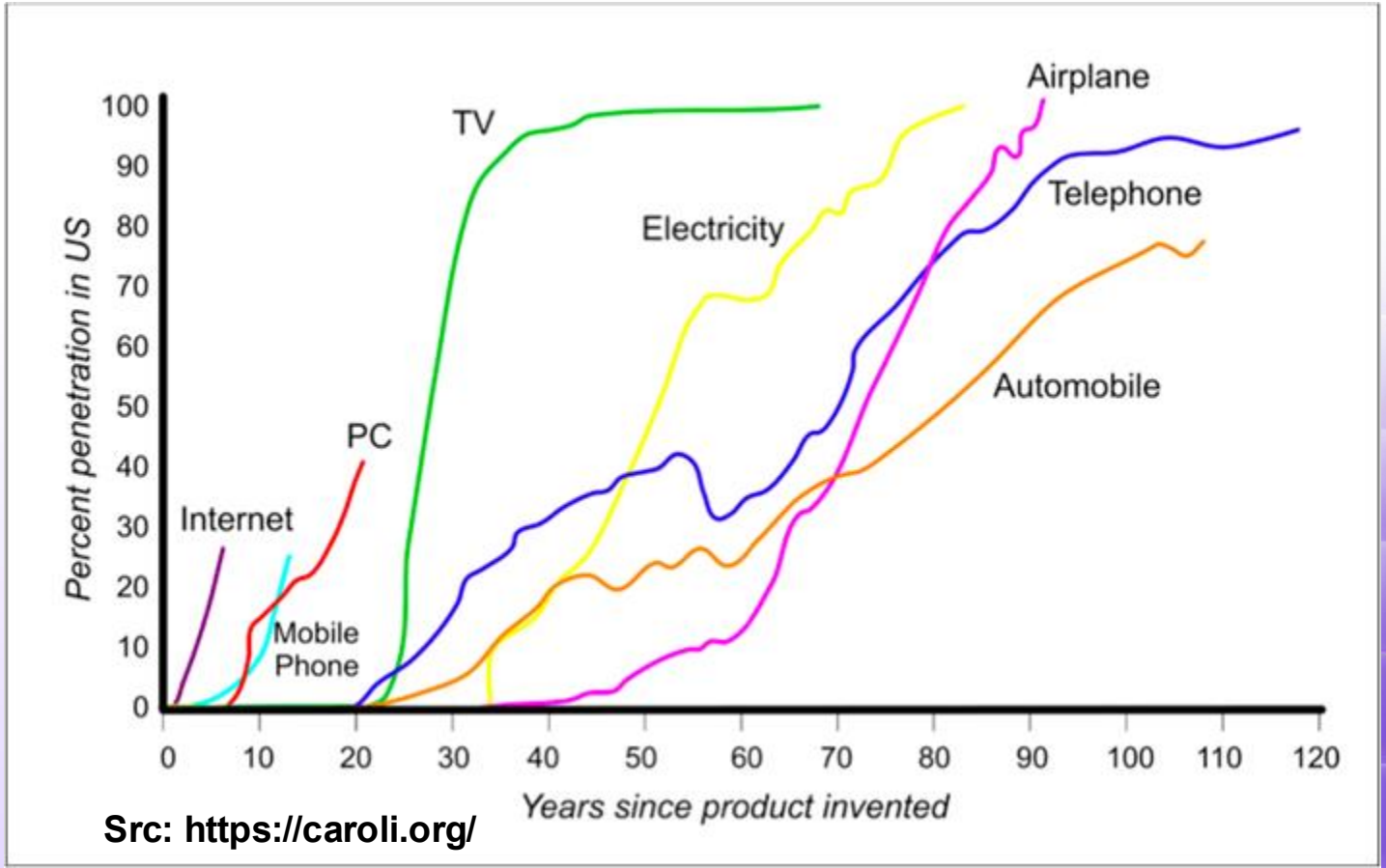
What is AI ?



- AI is like Fire to the caveman
- AI is the new Electricity
- AI can give you Wings

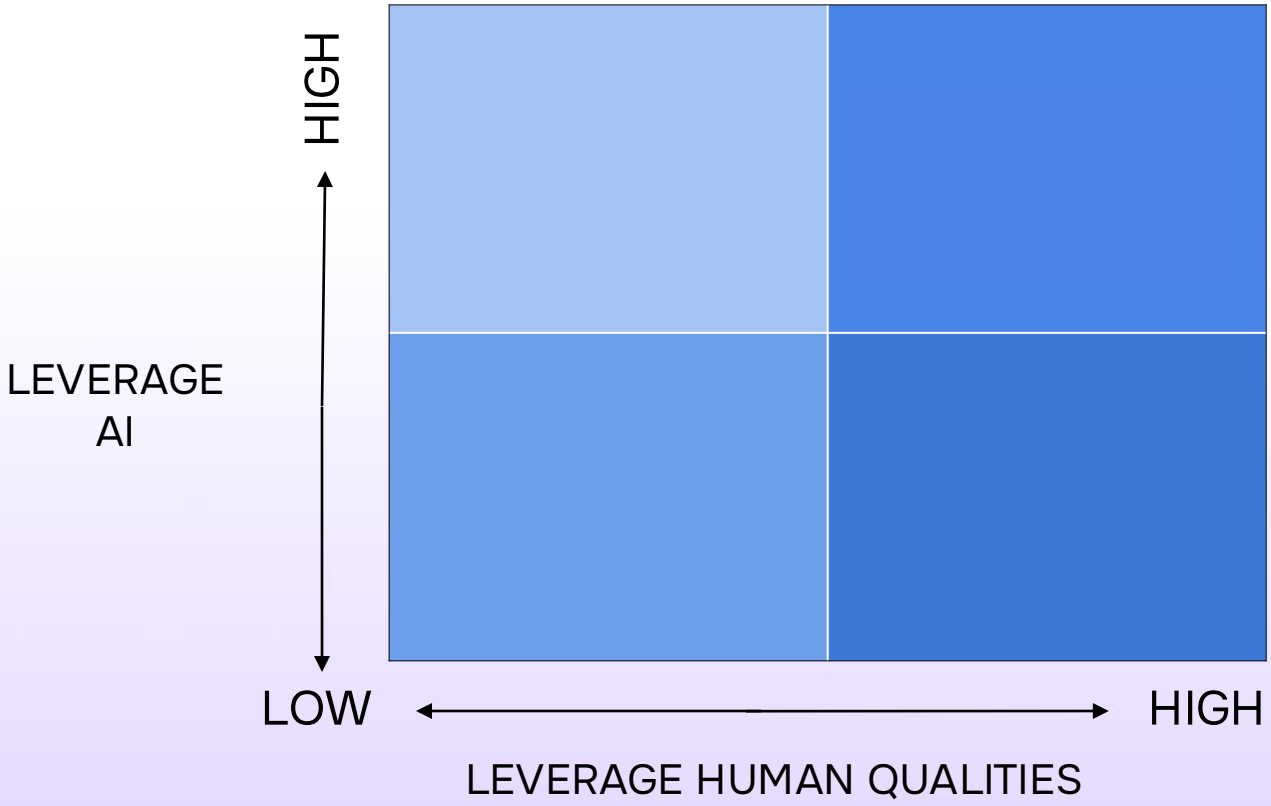


Adoption Curves



Src: https://caroli.org/

The AI Matrix



What Are Tokens?

Natural language processing (NLP) and generative AI

These units aren't always equivalent to word

A model breaks down data into meaningful parts – tokens

Smallest units → AI model can processes

1	2	3	4	5	6	7	8	9	10
the	quickest	brown	fox	is	jumping	over	the	laziest	dog

13 tokens Quickest --> quick and est

What Are Tokens?

Tokens can be words, subwords, characters, or punctuation marks

Word Tokens → ["Hello", ",", "world", "!"]

Subword Tokens → ["un", "happiness"]

Character Tokens →Chinese , Japanese , Tamil , Programming ...

- 1 token ~= 4 chars in English
- 1 token ~= ¾ words
- 100 tokens ~= 75 words
- 1-2 sentence ~= 30 tokens
- 1 paragraph ~= 100 tokens
- 1,500 words ~= 2048 tokens

1,000 tokens is about 750 words

US$5.00 / 1M input tokens

GUVI | HCL
Skill Up. Level Up

WebVectors: word embeddings online

'You shall know a word by the company it keeps.' (Firth 1957)

Enter a word to produce a list of its 10 nearest semantic associates.
English Wikipedia model will be used; for other models, visit Similar Words tab.

car_NOUN

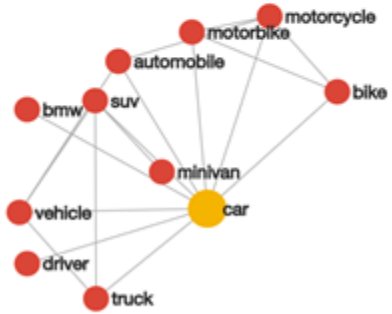
Find similar words!

Semantic associates for *car* (computed on English Wikipedia)

Word frequency

☑ High ☑ Medium ☐ Low

1. vehicle 0.669 
2. truck 0.661 
3. automobile 0.660
4. suv 0.655
5. motorcycle 0.627 
6. driver 0.625
7. bike 0.619
8. motorbike 0.616
9. bmw 0.600
10. minivan 0.598 



0.6 Similarity threshold ☐ Show tags

Demystifying AI: A Familiar Analogy

Financial Modeling Evolution:

20 years ago: Every formula manually constructed
10 years ago: Tools automated calculations
Today: Dashboards, automated reporting

Pattern: Tools evolved. Judgment didn't disappear.

Same trajectory with AI.
Validation becomes the professional responsibility.



The Auditor's Role Evolves

GUVI | HCL
Skill Up. Level Up

Transaction Executor - AI takes over repetitive testing

Exception Investigator - Deepens to strategic assessment

Risk Architect - Validates frameworks, governance, controls

This is elevation, not displacement.
The profession you trained for.

What AI Does Well

- ✓ Processes large volumes consistently
- ✓ Detects patterns and anomalies
- ✓ Performs repetitive, rule-based tasks
- ✓ Assists with drafting and summarisation
- ✓ 24/7 monitoring without fatigue

Core insight:

AI excels where humans struggle.
Humans excel where AI is blind.



What AI Cannot Do Reliably

- ✗ Exercise ethical or professional judgment
- ✗ Understand untrained context
- ✗ Assume accountability
- ✗ Defend decisions before regulators independently
- ✗ Make sense of novel, unprecedented situations



Key principle:

AI replaces effort.
Accountability remains human.

How Audit Is Evolving

Traditional Audit	AI-Augmented Audit
Sampling-based reviews	Continuous monitoring
Periodic checks	Near real-time detection
Manual evidence gathering	Automated evidence trails
Reactive identification	Predictive indicators
90-day lag to findings	24-hour lag or prevention
Limited by volume	Comprehensive coverage
Gaps in coverage	Complete audit trail

Shift 2: From Reactive to Predictive

Old: Discover → Investigate → Fix

New: Predict → Alert → Intervene



Example:

Risk indicator: high customer concentration
System flags: elevated default probability (Day 1)
Team intervenes: restructure exposure (Day 3)
Crisis prevented: default never occurs

That's audit evolution in action.

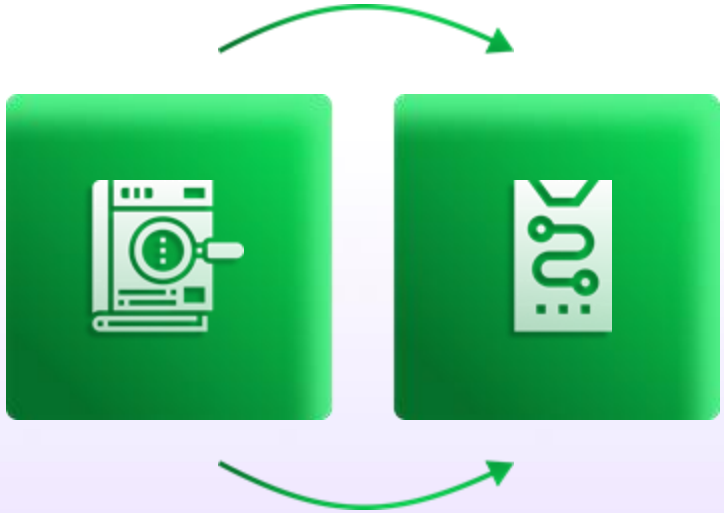
Shift 3: From Manual Evidence to Automated Trails

Every transaction now carries:

- Complete documentation
- Timestamp of review
- Approval hierarchy
- Exception flags if any
- Remediation steps if taken

Impact:

- Audit confidence: Highest
- Regulatory defence: Strongest
- Compliance trail: Complete



Use Case 1: Anomaly Detection in Transactions

The Challenge:

Large transaction volumes conceal fraud, error, policy deviation

The AI Solution:

- Learns normal transaction patterns
- Monitors 100% of transactions
- Flags deviations with risk scoring
- Routes to human review

Industry Results:

- Detection cycles: months → hours
- Audit effort: reduced 25-40%
- Financial loss: prevented

Use Case 1: Audit Perspective

Your question shifts:

Old Question:

"Did we catch the issue?"

New Question:

- "Is our detection framework reliable?"
- "Is it governed?"
- "Is it monitored?"



This shift moves you from tester to control validator. Much higher value.

Use Case 2: Invoice & Document Processing

The Challenge:

Manual invoice handling: slow, error-prone, costly

The AI Solution:

- Extracts data across formats (PDF, image, etc.)
- Validates against POs and policy
- Flags non-compliance automatically
- Creates searchable, auditable trails

Typical Outcomes:

- Processing time: 60-80% reduction
- Error rates: below 1%
- Audit confidence: significantly stronger

Use Case 3: Compliance Monitoring & Policy Adherence

The Challenge:

Compliance gaps discovered during external audits
Late discovery means late remediation

The AI Solution:

- Encodes regulatory and internal rules
- Continuously monitors transactions
- Flags deviations in near real-time
- Generates audit-ready documentation

Impact:

- Faster remediation | Fewer regulatory observations

Five-Point AI Governance Checklist

Transparency

Can we explain why the AI made this decision?

Accountability

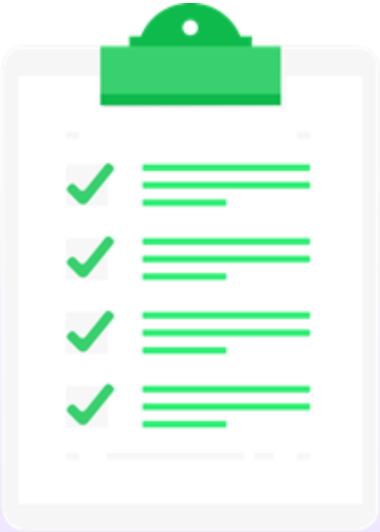
Is there a clear decision trail? Who approved?

Fairness

Could this inadvertently discriminate? Tested for bias?

Safety

What's our plan if it makes a mistake?



GUVI | HCL
Skill Up. Level Up



If You Answer 'No' to Any Point

Do not deploy.

Some decisions aren't ready for AI. That's a mature, responsible stance.
Better to wait and govern well than rush and govern poorly.

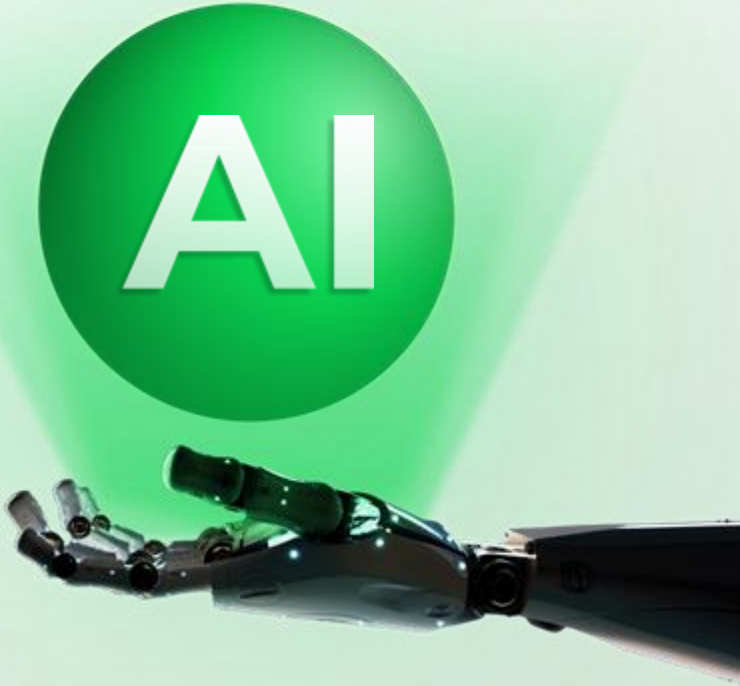
REAL WORLD AI: WHAT'S ACTUALLY HAPPENING

AI in Practice: Wins and Warnings

- These are real organisations
- Real deployments
- Real consequences — positive and negative

Message:

AI is already shaping finance, audit, and governance — responsibly or recklessly.



EXAMPLE 1 (POSITIVE)

JPMorgan Chase – COIN Platform - Contract Intelligence - 2017

How AI was used

- AI reviewed commercial loan contracts
- Extracted key clauses automatically

Impact

- Manual legal review eliminated
- Faster, more consistent analysis

Effort saved

~360,000 human hours per year

Key lesson

AI removed mechanical effort - judgment stayed human.

EXAMPLE 2 (POSITIVE)

GUVI | HCL
Skill Up. Level Up

JPMorgan Chase – AI for Developer Productivity

How AI was used

- Internal AI coding assistant - **LLM Suite**
- Supported engineers in software development

Impact

- 10–20% productivity improvement
- Faster delivery of internal systems

Effort saved

Thousands of engineering hours annually

Key lesson

AI scales internal capability — when guardrails are clear.

EXAMPLE 3 (POSITIVE)

GUVI | HCL
Skill Up. Level Up

Deloitte Omnia – AI in Audit Practice

How AI was used

- Internal AI assistant for auditors - **90,000 auditors globally**
- Summarisation, contract analysis, research

Impact

- Adoption scaled to ~75% of audit staff
- Over 1 million AI interactions in a year

Effort saved

Significant reduction in low-value audit prep work

Key lesson

AI elevates auditors — it doesn't replace them.

EXAMPLE 4 (POSITIVE)

GUVI | HCL
Skill Up. Level Up

HSBC – AI for Financial Crime Detection

How AI was used

- Transaction monitoring using ML
- Prioritised high-risk alerts

Impact

- False positives reduced **- 60%**
- Investigation cycles shortened **- 4X faster**

Effort saved

Weeks of analysis → days

Key lesson

Continuous monitoring beats periodic checks.

EXAMPLE 5 (POSITIVE)

GUVI | HCL
Skill Up. Level Up

Klarna – AI Customer Support

How AI was used

- GenAI assistant handled customer queries

Impact

- Handled ~66% of customer chats
- Faster response times

Effort saved

Equivalent to ~700 full-time agents

Key lesson

AI absorbs volume — humans handle exceptions.

EXAMPLE 6 (POSITIVE)

GUVI | HCL
Skill Up. Level Up

Klarna – AI in Marketing & Content Creation

How AI was used

- GenAI for campaign assets and content

Impact

- Faster creative output
- Reduced external agency dependence

Money saved

$10M annual marketing cost reduction
~$6M image production cost savings

Key lesson

AI drives efficiency when scoped tightly

EXAMPLE 7 (NEGATIVE)

GUVI | HCL
Skill Up. Level Up

Air Canada – Chatbot Failure

How AI was used

- Customer-facing chatbot for policy guidance

What went wrong

- Gave incorrect refund information
- Airline denied responsibility

Impact

Court ruled company liable for AI output
Reputational damage

Key lesson

You cannot outsource accountability to AI

EXAMPLE 8 (NEGATIVE)

New York City – AI Legal Advice Bot

How AI was used

- AI chatbot advised small businesses

What went wrong

- Provided incorrect legal guidance
- Risked citizens breaking the law

Impact

Public backlash
Pilot paused and reviewed

Key lesson

AI without human validation creates systemic risk.

EXAMPLE 9 (NEGATIVE)

GUVI | HCL
Skill Up. Level Up

Delphia & Global Predictions – “AI Washing”

How AI was used

- Firms marketed AI capabilities misleadingly

What went wrong

- Claims not supported by evidence

Impact

SEC penalties: $400,000
Regulatory scrutiny intensified

Key lesson

Regulators now audit AI claims — not just numbers.

EXAMPLE 10 (NEGATIVE / WARNING)

GUVI | HCL
Skill Up. Level Up

Big Audit Firms – Governance Gap Flagged

How AI was used

- Growing use of AI tools in audit workflows

What went wrong

- Regulator found no formal measurement of AI's impact on audit quality

Impact

Regulatory warning issued
Expect stricter oversight ahead

Key lesson

Using AI without measuring impact is a control failure.

PATTERN ACROSS ALL CASES

GUVI | HCL
Skill Up. Level Up

What Separates Success from Failure	
Successful AI	**Failed AI**
Narrow scope	Black-box decisions
Human oversight	No override
Audit trails	Poor explainability
Clear accountability	Responsibility gaps

Key Takeaways for ICAI Members

GUVI | HCL
Skill Up. Level Up

1. AI is a support tool, not a decision-maker

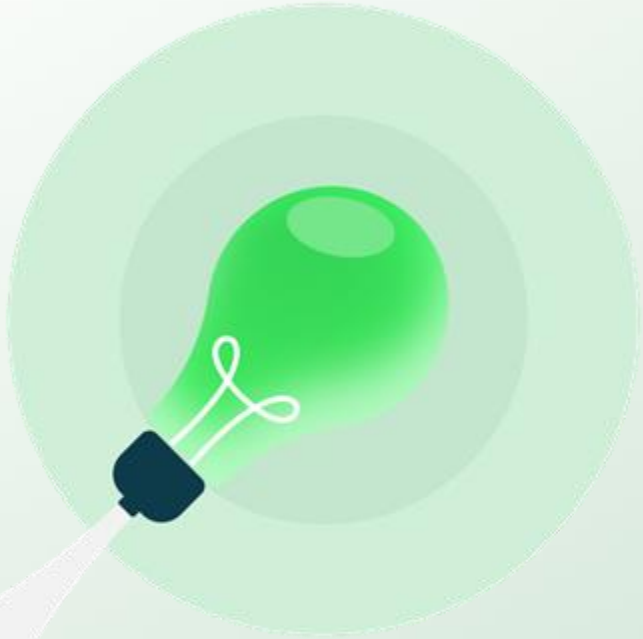
Judgment and accountability remain human

2. Audit roles are evolving, not diminishing

Your value shifts from testing to validating systems.

3. Governance is non-negotiable

Explainability, documentation, auditability are mandatory.



More Key Takeaways

GUVI | HCL
Skill Up. Level Up

4. Start small, but start now

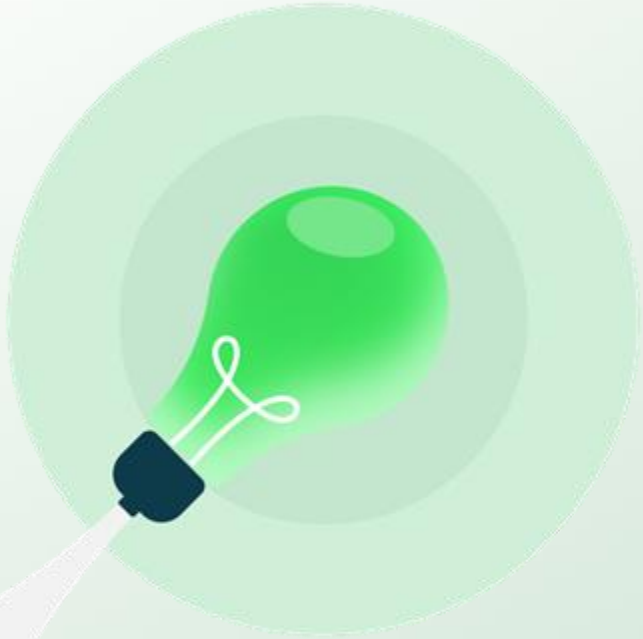
Begin with low-risk, high-volume processes.

5. AI literacy is now a professional requirement

Critical questioning and validation are your tools.

6. ICAI Members: Guardians of Public Trust

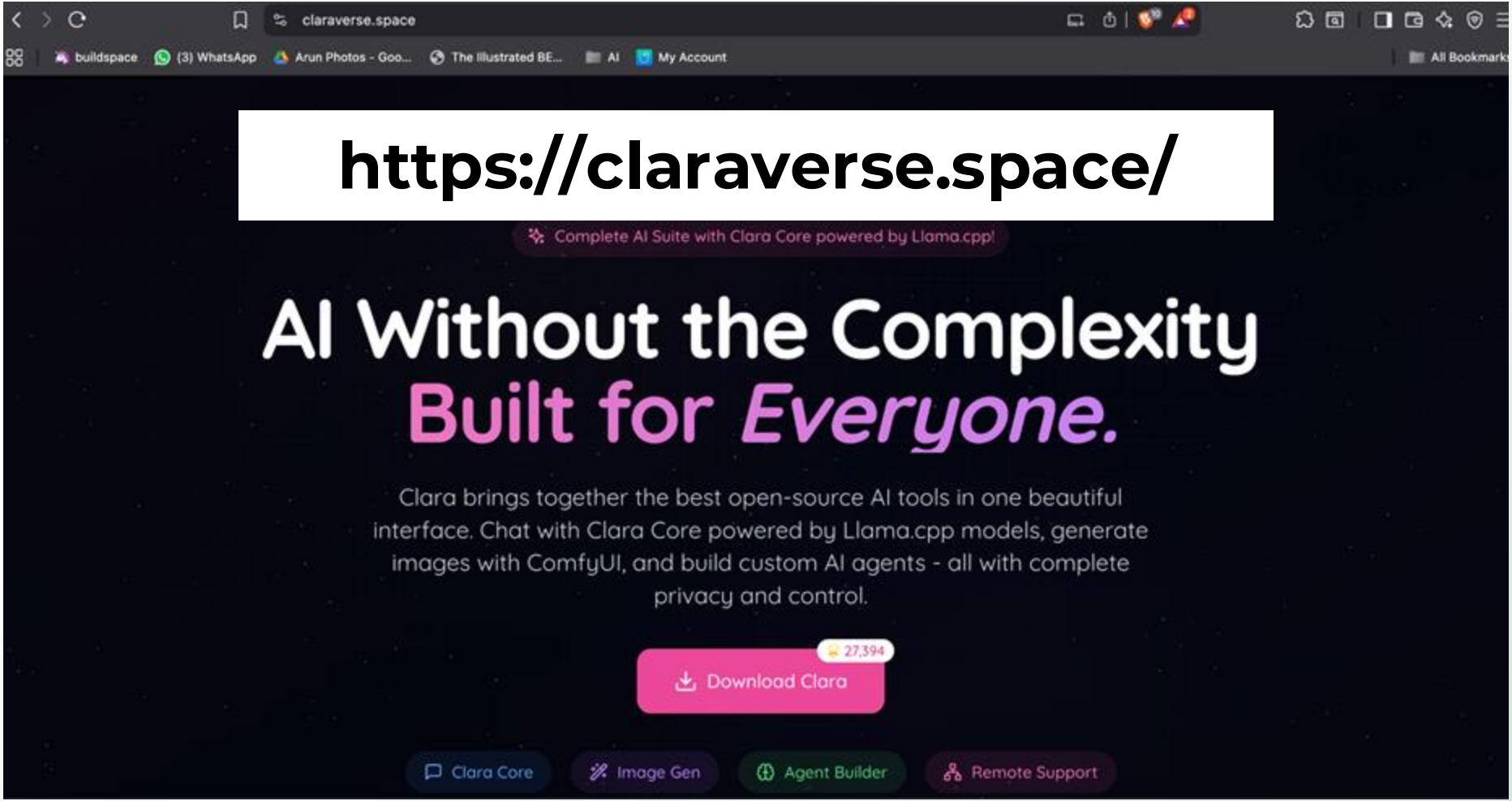
Responsible AI adoption strengthens confidence in markets and institutions.



Vibestud.io - VibeCoding



CT
A


claraverse.space
buildspace
(3) WhatsApp
Arun Photos - Goo...
The Illustrated BE...
AI
My Account
All Bookmarks
https://claraverse.space/
Complete AI Suite with Clara Core powered by Llama.cpp!
AI Without the Complexity
Built for Everyone.
Clara brings together the best open-source AI tools in one beautiful interface. Chat with Clara Core powered by Llama.cpp models, generate images with ComfyUI, and build custom AI agents - all with complete privacy and control.
27,394
Download Clara
Clara Core
Image Gen
Agent Builder
Remote Support

GUVI | HCL
Skill Up. Level Up



Trust: The Profession's Currency

Technology may evolve, but trust remains the profession's currency.

That trust is yours to protect.

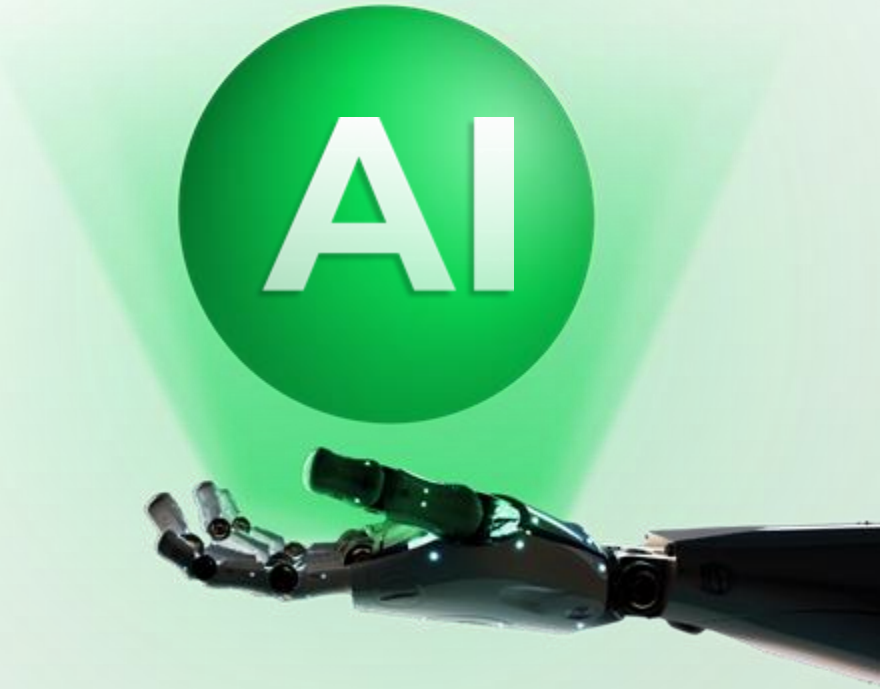
Closing

Artificial Intelligence is not magic.

It is a powerful tool - one that professionals already know how to govern.

You are not being replaced.
You are being elevated.

Those who start responsibly today
will define the standards of tomorrow.





GUVI | HCL
Skill Up. Level Up

Let's Discuss

Questions? Challenges? Concerns?

Let's explore them together.