



Governance must move as fast as innovation

Artificial Intelligence (AI) has become a defining feature of organisations, more than ever before. Across Uganda and the wider region, we are seeing AI increasingly integrated into how we work, learn and make decisions. Businesses are exploring its potential to drive efficiency and innovation, financial institutions are using advanced analytics to strengthen risk management, improve customer experience and combat financial crime, among other functions.

From a financial crime and compliance perspective, AI presents both opportunity and responsibility. At the same time, poorly governed AI systems can introduce unintended bias, reduce transparency, serious errors due to data poisoning and expose institutions to regulatory, reputational and operational challenges.

Globally, this balance is already under close scrutiny. The World Economic Forum Global Risks Report 2025 highlights AI governance failures among the leading emerging risks for both businesses and governments. The International Monetary Fund reports that over 60 percent of financial institutions worldwide now use AI in areas such as transaction monitoring, fraud detection and credit assessment. Yet almost half of these institutions cite model risk, explainability and regulatory uncertainty as key concerns. The signal is clear: adoption is accelerating, and governance must evolve alongside it.

Uganda is very much part of this global conversation. Therefore, as organisations, we must operate within the clear obligations set out in the Data Protection and Privacy Act, which governs how personal data is collected, processed and safeguarded responsibly. AI systems, by their nature, rely heavily on data, making compliance with these requirements fundamental rather than optional.

This is why, as organisations, we must place strong AI governance at the centre

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of our adoption strategies. Effective governance provides clarity on accountability across the AI lifecycle, from design and training to deployment and ongoing monitoring. It helps answer important questions around ownership, oversight and responsibility. It also supports transparency, enabling organisations to explain how AI driven decisions are made to customers, regulators and other stakeholders.

Understanding the broader regulatory environment is equally important, even where AI specific laws are still emerging. While Uganda does not yet have dedicated AI legislation, global developments offer valuable reference points. The European Union Artificial Intelligence Act, finalised in 2024, introduced a risk-based framework with heightened obligations for high-risk use cases. The United Kingdom Financial Conduct Authority has issued supervisory guidance on AI governance and model risk. International standard setters such as the Basel Committee continue to emphasise explainability, controls and human oversight. For organisations operating in interconnected global markets, these standards increasingly shape expectations.

As organisations, we also recognise the important role regulators play in enabling responsible innovation. Constructive engagement between industry and supervisors can help ensure that regulation keeps pace with technological change. Regula-

ry sandboxes, pilot initiatives and open dialogue allow new solutions to be tested safely while protecting consumers and the financial system. The African Development Bank Digital Economy Report 2025 notes that economies that align innovation with regulatory clarity tend to experience more resilient and inclusive digital growth.

Also of importance is that data governance remains central to this journey. AI systems are only as effective as the data that underpins them. Inaccurate, incomplete or biased data leads to flawed outcomes, particularly in areas such as credit assessment, fraud detection and customer risk profiling. As organisations, we must invest in strong data governance frameworks that promote data quality, traceability and lawful use, reinforcing trust at every stage.

Human oversight also remains critical. AI is most effective when it augments human judgement rather than replaces it. Automated insights, alerts and recommendations should support informed decision making by skilled professionals who understand both the technology and the regulatory context. According to the Financial Stability Board 2025 assessment, institutions with strong human oversight experience fewer AI related compliance incidents and greater confidence in outcomes.

The broader lesson for all of us is not about any single organisation, but about the collective approach. As organisations, we must view governance, compliance and innovation as mutually reinforcing. As regulators, there is an opportunity to support responsible adoption through clear, proportionate regulatory frameworks. And as compliance and risk professionals, we have a role to play in shaping how AI is integrated into organisational processes in a way that delivers lasting value to all stakeholders.

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