Singapore: Global Institute to Advance AI Governance in Finance

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Finance, Technology and Society (GIFTS) to strengthen research and collaboration on AI in financial services.

Speaking at its launch, Minister for Digital Development and Information Josephine Teo said the initiative will support Singapore's national AI ambitions while addressing governance, risk and workforce challenges as AI adoption accelerates across the financial sector.

The institute will examine how emerging technologies intersect with finance and society, while encouraging collaboration between academia, industry and government. The initiative comes as Singapore continues to refine its National AI Strategy and accelerate sector-wide adoption of AI across key parts of the economy.

AI as a Driver of Transformation in Financial Services

Singapore has identified finance as one of four priority sectors for its national AI missions, alongside connectivity, advanced manufacturing and healthcare. Together, these sectors account for more than 40% of the country's gross domestic product. The financial services industry alone contributes around 14% of GDP and employs more than 200,000 people.

As an international financial centre, Singapore hosts many of the world's major financial institutions, many of which are exploring how to apply AI to improve operations, decision-making and risk management. AI tools are already being used in areas such as credit assessment, insurance underwriting and fraud detection.

Emerging applications include AI agents capable of automating complex compliance workflows, assembling credit memoranda and identifying suspicious transactions. Such developments may significantly change how financial institutions operate, with potential benefits for efficiency, resilience and crime detection.

Partnerships Needed to Address Emerging Risks

Minister Teo emphasised that the scale and complexity of AI adoption mean individual institutions cannot manage these challenges alone. Instead, partnerships between regulators, technology providers and financial institutions will be essential.

One example is the collaboration between the Monetary Authority of Singapore, GovTech and the Singapore Police Force with several banks to combat scams. By securely pooling data and applying AI models, investigators can detect suspicious transactions earlier and intervene more quickly.

Such initiatives demonstrate how public–private collaboration can strengthen trust in financial systems while improving protection for individuals and businesses. They also reflect broader efforts to build integrated AI ecosystems across the public sector, similar to initiatives explored in end-to-end AI ecosystems for public sector innovation.

Balancing Innovation With Governance

The rapid expansion of AI also presents governance challenges. Automated systems can process vast numbers of financial transactions and behavioural signals in real time, increasing the importance of transparency, accountability and fairness in decision-making.

Rather than relying solely on prescriptive regulations, Singapore is pursuing a principles-based governance approach grounded in ethics, accountability and transparency. This is intended to provide flexibility while maintaining trust in financial systems.

To support this effort, regulators and industry partners have developed Project MindForge, a toolkit designed to help financial institutions understand and manage risks associated with AI deployment. The framework draws on real-world case studies and aims to support consistent AI risk management practices across jurisdictions.

These governance considerations increasingly overlap with broader public sector discussions about trustworthy AI deployment and responsible system design, themes also explored in research on building trustworthy and scalable AI systems for critical sectors.

GIFTS to Support Interdisciplinary Research

The new institute aims to address the interdisciplinary nature of these challenges. AI in finance increasingly intersects with law, ethics, behavioural science and public policy, requiring collaboration across multiple fields.

GIFTS will focus on research at the intersection of AI, finance, technology and society, while helping policymakers and industry leaders develop informed approaches to emerging issues. By building deeper expertise across these domains, the institute aims to strengthen Singapore's thought leadership and support national AI initiatives in financial services.

Minister Teo noted that institutions such as GIFTS can play a role not only in studying technological change but also in shaping the intellectual foundations needed to understand how digital technologies are integrated into economic and social systems.

The initiative is also expected to support the development of future talent capable of navigating complex technology transitions—an important consideration as governments and financial institutions continue to modernise systems and financial governance, a topic also discussed in policy conversations on transforming government finance for a smarter Singapore.

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