The number of fintech firms has grown from about 400 in 2015 to around 1,400 in 2021. Dr Shadab Taibah, president of Singapore Fintech Association, said at the NBS-AI.R Joint Symposium: Empower Financial Services with AI in March. AI is being tapped in growing rapidly: 31 per cent), regtech (10 per cent), and insurtech (8 per cent). Additionally, AI has been used to assist insurers in expediting vehicle insurance claims following an accident. It could also open up new possibilities for personalised life insurance premiums.

**GROWING RAPIDLY**

Another factor driving this growth is the central bank’s commitment to fostering a regulatory and compliance-friendly environment for fintech players. In 2016, the Monetary Authority of Singapore (MAS) introduced the ‘Feat’ (fairness, ethics, accountability, transparency) principles to guide financial institutions in adopting AI responsibly. These principles aim to ensure that AI systems are fair, unbiased, and transparent, and that they do not lead to unfair outcomes or harm consumers.

**SKILLS GAPS**

However, despite the potential benefits of AI in fintech, there are significant skills gaps that need to be addressed. According to a recent report by the World Economic Forum, 65 per cent of the workforce will require new skills by 2025 to stay relevant in the AI age. This means that companies will need to invest heavily in training and development to ensure that their employees can keep up with the latest technologies and practices.

**Risks and Limitations**

While the potential benefits of AI in fintech are numerous, there are also several risks and limitations to consider. One of the most pressing issues is the need for ethical and responsible AI design and implementation. As AI systems become more prevalent in the financial sector, it is crucial that they are designed with the needs of consumers and society as a whole in mind. This means that companies should be transparent about how they use AI, and that they should be held accountable for any adverse outcomes.

Another significant challenge is the need for regulatory oversight. As AI systems become more sophisticated, they will require more robust regulatory frameworks to ensure that they are used in an ethical and responsible manner. This means that regulators will need to be proactive in setting standards and guidelines for AI in fintech.

Finally, there is the issue of job displacement. As AI systems become more prevalent in the financial sector, they will likely displace many jobs that are currently performed by humans. While this may be beneficial from a productivity standpoint, it will also have significant social and economic implications. Companies will need to develop strategies to mitigate these effects, such as retraining programs for affected workers.

In conclusion, while AI in fintech holds immense potential, there are also several risks and limitations that need to be considered. Companies will need to approach AI implementation with caution, ensuring that they are designed and deployed in an ethical, responsible, and regulated manner. Only then can the full potential of AI in fintech be realised.