



The CRO Brief

Risk as Competitive Advantage

Experience-driven insights for Chief Risk Officers and senior executives seeking to align risk with strategy and performance

★ S2 – Issue Three, Deploy AI Quickly, Safely and with Greater Confidence

Series Two: Improving Decision Quality in Uncertain Environments

Artificial intelligence is advancing faster than most organisations can govern it. New models emerge every few months, capabilities continue to improve and organisations are eager to capture the benefits. The challenge for executives is how to move quickly enough to remain competitive without exposing the organisation to unacceptable risk. While AI capability accelerates, governance capability is struggling to keep pace.

Core Insight

The primary role of the risk function is not to slow AI adoption. It is to help the organisation deploy AI quickly, safely and with greater confidence. This distinction matters.

Across NIST, ISO, OECD, European Union and Australian guidance, there is broad agreement on the principles of responsible AI. The challenge is not a lack of guidance but deciding what matters most as technology and regulation continue to evolve.

In practice, **five priorities stand out**.

The **first** is understanding how AI is being used across the organisation.

Many organisations have inadvertently adopted AI across multiple business areas, often through individual teams experimenting with new tools and capabilities. The critical question is not whether AI is being used, but whether those use cases create customer value or competitive advantage and whether the associated risks can be managed to acceptable levels.

To answer these questions, we must first inventory all AI use cases and deployments across the organisation and classify them according to risk. Generating meeting summaries is fundamentally different from approving credit, diagnosing patients, executing trades or making employment decisions. The potential consequences of failure are not comparable, and governance should not be either.

As adoption accelerates, maintaining a central inventory of AI use cases and their risk classifications becomes essential to effective oversight. Low-risk applications can move quickly through lightweight processes, while higher-risk applications receive greater scrutiny.

The objective is proportionate control.

The **second** priority is establishing clear accountability.

Every AI use case should have a clearly identified business owner. Accountability for AI-enabled decisions must remain with those responsible for the outcome. AI changes how decisions are supported, not who is accountable for them. Accountability cannot be delegated to an algorithm.

Who owns the use case? Who owns the decision? Who owns the outcome?

The **third** priority is building robust evaluation and challenge capability.

As AI capability advances, the ability to independently evaluate performance is becoming increasingly important. Benchmark saturation, declining transparency and inconsistent disclosure make it increasingly difficult to assess performance with confidence.

Risk functions have decades of experience challenging assumptions, validating methodologies and testing performance claims. These capabilities become increasingly valuable as organisations seek to distinguish genuine capability from marketing claims and understand where models may perform unpredictably.

The **fourth** priority is continuous monitoring.

Unlike traditional systems, AI models operate within changing environments. Data evolves; user behaviour shifts and model performance can change over time. Assumptions that were valid six months ago may no longer hold.

This requires governance models that monitor performance, identify drift and provide early warning indicators when outcomes begin to deviate from tolerance ranges. In many respects, this is simply good risk management applied to a new technology.

The **final** priority is trust.

Most AI initiatives will not fail because the technology is incapable. They will fail because employees, customers, regulators or executives lack trust in the overall AI program and/or the outcomes it produces.

Building trust starts long before a model is deployed. We need to acknowledge that AI adoption may represent the most significant workplace transformation many employees experience, making change management a critical success factor.

Having open conversations about both the benefits and consequences of AI adoption, including likely workforce implications, is essential. Employees can usually deal with difficult truths. What they struggle with is uncertainty and perceived deception.

Without trust, organisations will find themselves facing roadblocks that slow adoption and make it significantly harder to iterate and train trusted models to generate the outcomes they seek.

Implications for Executives

For Boards and Executive teams, the implications are significant.

The conversation should move beyond whether AI should be adopted and toward how the organisation develops the capability to adopt it responsibly at scale.

The organisations that master this capability will realise value faster than those that focus solely on the technology itself. Competitive advantage will increasingly come from an organisation's ability to deploy AI quickly, safely and with confidence. This requires governance, accountability, workforce capability and trust in the broader transformation program.

Organisations that engage openly, invest in capability uplift and support employees through change are far more likely to create the conditions necessary for successful AI adoption.

This places the risk function in a unique position. Rather than acting as a gatekeeper, the risk function can become an enabler of AI adoption by helping the organisation

develop the governance, accountability and change capability required to move faster with confidence.

That is ultimately what effective AI governance should achieve.

Practical Takeaways

Executives seeking to accelerate AI adoption should focus on five questions:

1. Do we maintain a complete inventory of AI use cases and classify them according to risk?
2. Are ownership and accountability for AI use cases and AI-enabled decisions explicit?
3. Do we have the capability to independently evaluate and challenge model performance?
4. Do we continuously monitor performance, model drift and emerging risks?
5. Have we established trust in both the AI transformation program and the outcomes it produces?

If the answer to these questions is yes, their organisations will be well positioned to deploy AI quickly, safely and with greater confidence.

In an environment where AI capability is becoming increasingly accessible, trust may become one of the most important competitive advantages of all.