"CHALLENGES IN IMPLEMENTING ARTIFICIAL INTELLIGENCE USING GHRM PRACTICES IN PRIVATE BANKING SECTOR"

Nuzhath Fathima

Research Scholar, Department of Management Studies, St. Peter's Institute of Higher Education and Research Chennai-54

Dr.Uma Raman.M

Professor , Head, Department of Management Studies, Rajalakshmi Engineering College and Research Supervisor St.Peter's Institute of Higher Education and Research

ABSTRACT

Main Objectives: The main objective is to study the challenges in implementing artificial intelligence using GHRM practices in private sector banks. **Novelty:** In private sector banks most of the GHRM related research conducted by focusing existing HR practices, this paper, therefore focus on the challenges faced in implementing artificial intelligence using GHRM. **Research Methods:** The relevant information was collected from primary sources by circulating questionnaires among employees of different private banks and secondary sources, such as journals, articles and websites. Based on data collected, the challenges faced in implementing artificial intelligence using GHRM are explained. **Contributions:** This study will assist the persons working in private banks to pay attention to the benefits and importance of adopting AI in GHRM. **Conclusion:** Artificial intelligence applied to green HRM practices has the potential to significantly enrich data quality and availability, bias in recruitment, transparency in data, ethical and legal considerations and technical expertise. As private banks are progressing and increasing in number this is a high time to implement AI using GHRM.

INTRODUCTION:

Artificial intelligence (AI) refers to the simulation or approximation of human intelligence in machines. AI is being used in every aspect of the business now-a-days, but it plays a major role in banks as they have been upgraded to online banking. It is the technology of making intelligent machines, especially intelligent computer programs. It is related to the similar task of using computers to understand human intelligence, but AI does not have to restrict itself to methods that are biologically observable **(John McCarthy, 2004).** Artificial Intelligence (AI) is a very new trend in the human resource (HR) field that has made its mark in the HR field in recent years. Nonetheless, it has had a huge effect on the management of people, making it felt to be essential for the recruitment, training, growth and retention of workers at the workplace **(Ivanov & Webster, 2017).** AI is a modern invention that helps individuals without special data processing capabilities to quickly view data **(Sousa & Rocha, 2019).** There are also a wide range of improvements in the way of implementing GHRM practices that take place throughout the banking

sector. ICICI was the first bank to adopt AI in India. AI is transforming the calibre of goods and services provided by the banking sector. It has not only made data handling easier and enhanced client satisfaction, but it has also streamlined, expedited, and redesigned conventional procedures to increase their efficiency. Thus, it's no surprise that maximum banks are highly aware of the potential benefits of AI and thus they are implementing it in a rapid method and the private banks are more rapidly doing it. A brief introduction regarding the challenges in implementing AI in GHRM practices Private Banking Sector is discussed below.

CHALLENGES IN IMPLEMENTING AI IN PRIVATE BANKING SECTOR

DATA QUALITY AND AVAILABILITY:

Data quality and availability are the two key challenges faced in implementing AI in private banks. Data quality refers to how accurate, complete, consistent and relevant data is predetermined. It plays a major role in decision-making. Banks rely on data to assess the creditworthiness of individuals and corporations. Poor data quality can lead to inaccurate credit scores, causing loans to be given to high-risk parties. When these loans default, the bank incurs a financial loss, and its loan portfolio's integrity is compromised. Data availability refers to how accessible, timely, and secure the data is. Data availability is when an organization ensures that all of its business-related data is available in a proper way, whenever and wherever required. Businesses can run without interruptions.

BIAS IN RECRUITMENT:

In the recruitment process, unconscious bias happens when you form an opinion about candidates based on the first impression. Alternatively, you can choose a particular candidate over another only because the former appears like someone you might easily hang out with outside of work. Even in the early hiring stages, a candidate's resume could influence more than you think. In short, unconscious bias influences your decision – whether positively or negatively – using criteria irrelevant to the job. Biased hiring decisions result in less diverse teams.

TRANSPARENCY IN DATA:

Data Transparency is the characteristic of data being used with integrity, lawfully, fairly and traceably, for valid purposes. Organizations should know what data is being collected, who can access it, how it's being used. Transparency helps reduce uncertainty and organizations can base decisions of value on the same data.

ETHICAL & LEGAL CONSIDERATIONS:

The legal and ethical issues that harm society due to Artificial Intelligence (AI) include privacy, bias or discrimination. In the banking sector the privacy of a customer should always be safeguarded. The other side is transparency of data. There is a lack of transparency of data using AI tools. AI-based decisions are liable to inaccuracies and bias. Procedures for monitoring customer's privacy and data collection are laid by the law.

TECHNICAL EXPERTISE:

Organizations are searching for Artificial Intelligence experts who have a broad knowledge of it. AI job seekers must not only manage large amounts of data, but also use machine learning

techniques to use it faster and more efficiently. The AI employees help the banks in safeguarding the data collected.

OBJECTIVE OF THE STUDY:

1. To examine the demographic factors of the employees in the Private Banking Sector.
2. To examine the challenges in implementing artificial intelligence in GHRM practices in the private banking sector.

CONCEPTUAL FRAMEWORK

LITERATURE REVIEW:

Pawan Budhwar et. al, (2022), the authors in the current study have revealed about the challenges and opportunities faced through artificial intelligence for international HRM. The authors have done empirical study from the various literature reviews collected by them. The study has been segregated into themes. In the first theme the AI and intelligent technologies in HRM functions are studied. In the second theme the impact of AI enabled HRM applications on business and employee outcomes are studied. The third theme is regarding the configurations of Human AI enabled technologies interplay at workforce and the fourth is regarding the ethical and legal challenges in using AI and intelligent technologies in an international HRM context. From the study the authors found that AI and other related automated technology offer numerous opportunities for HRM functions to be carried in the organizations. The review highlights that AI enabled HRM activities can impact both employers and employees and have a high positive impact on it. The authors have found some major threats like the robots may take the job of the humans in future. The study is concluded by expressing the testable propositions that serve as directions for further research.

Richa Verma et. al, (2020), the main objective of the study is to find the challenges of artificial intelligence in HRM in the Indian IT sector, to measure the role of each function and its challenges and the ways to overcome the AI challenges. Since the study is empirical the authors have used only the secondary data collected from various websites, journals, articles, newspapers, books etc. It is found from the study that AI should be used as a problem solver and it should be used as a

tool to add value to our knowledge. The study concludes by saying that human intervention is needed to evaluate unique features and decisions taken by AI.

METHODOLOGY

The primary data was collected from a structured questionnaire distributed among 160 respondents of various private banks, but only 135 entirely completed questionnaires were taken for analysis of data. The secondary data was collected from various journals and websites.

DATA ANALYSIS

Table: 1 The Table Showing the Demographic Variables of Employees in Private Banks.
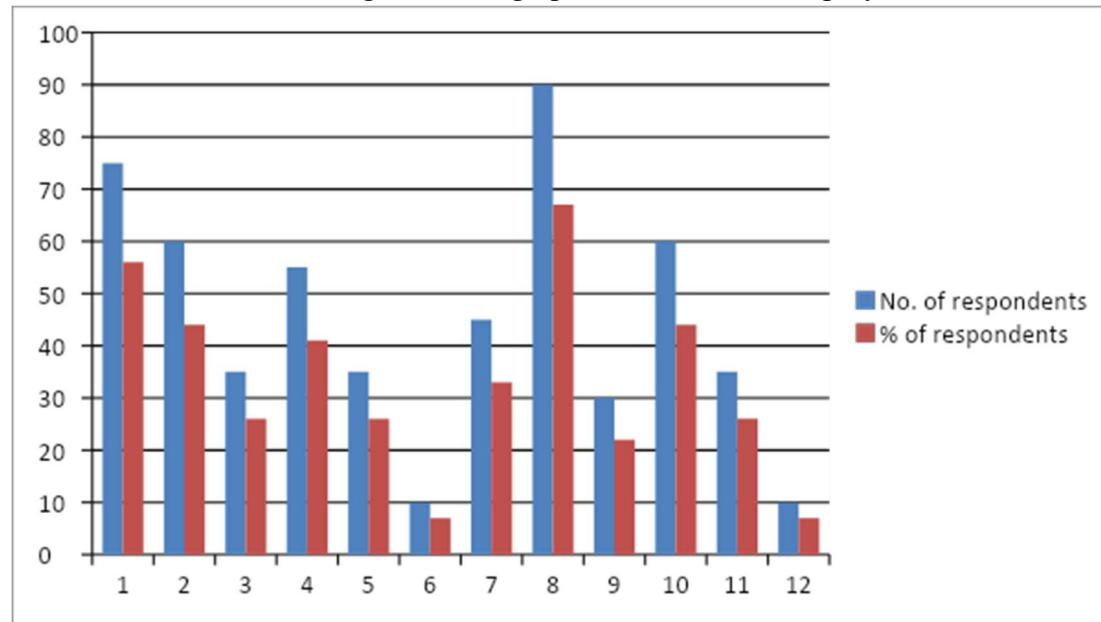
The above table is the demographic representation of the respondents of the study. From the above table it is concluded that out of 135 respondents 56% of them are male and 44% of them are female. The age group of the employees are at a higher percentage between 35-45 and the least is above 55. Most of the respondents have their post-graduation. Regarding the monthly salary 60% of the respondents are under 30,000 to 40,000 rupees of salary.

Table: 2 The below table is the representation of Chi-Square Test

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	89.438[a]	3	.000
Likelihood Ratio	117.999	3	.000
Linear-by-Linear Association	77.149	1	.000
N of Valid Cases	135		

From the above chi-square table it is clearly shown that there is a significant relationship between gender and the monthly salary of the respondents since the p-value is less than 0.05. So the null hypothesis is rejected and the alternate hypothesis is accepted.

Table: 3 The below table showing the Pearson's Correlation among the challenges in implementing AI in GHRM in Private Banking Sector

Correlations

		Has_your_bank_implemented_AI_with_GHRM	Is_the_data_collected_secured_properly	Is_the_data_collected_accurate_and_Complete	Does_your_bank_follow_ehical_and_legal_laws	Does_your_bank_provide_technical_expertise	Is_their_any_bias_in_recruitment
Has_your_bank_implemented_AI_with_GHRM	Pearson Correlation	1	.858**	.887**	.956**	.868**	.914**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	135	135	135	135	135	135
Is_the_data_collected_secured_properly	Pearson Correlation	.858**	1	.895**	.861**	.917**	.767**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	N	135	135	135	135	135	135
Is_the_data_collected_accurate_and_Complete	Pearson Correlation	.887**	.895**	1	.890**	.961**	.863**
	Sig. (2-tailed)	.000	.000		.000	.000	.000
	N	135	135	135	135	135	135
Does_your_bank_follow_ehical_and_legal_laws	Pearson Correlation	.956**	.861**	.890**	1	.873**	.915**
	Sig. (2-tailed)	.000	.000	.000		.000	.000

	N	135	135	135	135	135	135
Does_your_bank_provide_technical_expertise	Pearson Correlation	.868**	.917**	.961**	.873**	1	.861**
	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	135	135	135	135	135	135
Is_their_any_bias_in_recruitment	Pearson Correlation	.914**	.767**	.863**	.915**	.861**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	135	135	135	135	135	135

The above table shows the correlation between the challenges in implementing AI in GHRM in the Private Banking Sector. Data Security is the major challenge of AI in GHRM in banks. The information collected by the bank regarding the employees, employers and customers should be safeguarded in a proper way. It is positively correlated with the other challenges of implementing AI in GHRM in banks.

Accuracy of data is considered the second most important challenge. The data collected should not only be secured but also accurate for future processes. Accuracy of data correctly reflects the real situation of the employees, employers and the customers of the bank. They are positively correlated and hence proved the significance with other challenges in implementing AI in GHRM in banks.

The private banks should have their own ethics and should also follow the legal rules at the same time. Banks that follow ethical and legal consideration will face less challenges in their workplace and have less bias and discrimination. The above table result shows that there is significance with the other challenges in AI with GHRM.

The next major challenge is the technical experts available in the banks. The banks should provide a permanent team of technical experts to solve the day to day problems within the organization. This will help in solving the technical issues on the spot and it saves time and cost. The result has shown that there is a positive correlation among the other challenges in AI with GHRM in banks.

Last but not the least challenge is the bias in recruitment. In recruiting and hiring the banks should not have bias. If so then the organizations will be missing the actual talented people. So it is suggested to the private banks to have an unbiased recruitment process. It is also emphatically correlated with the other challenges in AI with GHRM in banks.

FINDINGS

- The major finding of the study is that the banks face a lot of challenges in implementing AI with GHRM. Apart from the above, the banks face many more challenges in

implementing AI with GHRM such as bias in decision making, job displacement, strict regulations, etc.

- The customers who are unaware or have less knowledge regarding the AI will face a lot of problems in using AI with GHRM in their banks.
- Implementation of AI along with GHRM involves high cost and it has to be updated as and when required.
- The banks face difficulties in educating the updated version of AI with GHRM to their employers, employees and customers also and it also involves a high and unexpected expenditure.

SUGGESTIONS

The private banks are suggested to implement the common AI tools along with the other AI tools that are needed. It helps in cost control. The update of the AI tools should be occasionally and it has to be informed to all the people who are linked to the banking process. This will help the banks to work effectively and efficiently and they will face less challenges. It is also suggested to carry out the research work in other sectors.

CONCLUSION

Human Resource Management is changing as a result of implementation of Artificial Intelligence along with GHRM and facing a lot of challenges in implementing it on a daily basis. The challenges faced while implementing AI with GHRM in banks is exciting and challenging to all the humans related to the banking sector.

REFERENCES

- Pawan Budhwar, Ashish Malik, M.T.. Thedushika De Silva & Praveena Thevisuthan (2022), Artificial intelligence - challenges and opportunities for international HRM: a review and research agenda, The International Journal of Human Resource Management, Volume 33, No. 6, 1065 - 1097.
- Richa Verma, Dr.Srinivas Bandi (2020), challenges of artificial intelligence in Human Resource Management in Indian IT sector, XXI Annual International Conference Proceedings, ISBN No. 978-81-936606-2-1.

- Arumugam, T., Arun, R., Anitha, R., Swerna, P. L., Aruna, R., & Kadiresan, V. (2024). Advancing and Methodizing Artificial Intelligence (AI) and Socially Responsible Efforts in Real Estate Marketing. In S. Singh, S. Rajest, S. Hadoussa, A. Obaid, & R. Regin (Eds.), Data-Driven Intelligent Business Sustainability (pp. 48-59). IGI Global. https://doi.org/10.4018/979-8-3693-0049-7.ch004
- Arun, Bernard Edward Swamidoss, Venkatesan (2023), Impact of Hospitality Services on Tourism Industry in Coimbatore District, Journal of Namibian Studies - History Politics Culture, Volume 33, Special Issue 3, Pp. 2381-2393.
- Vijai, C., Bhuvaneswari, L., Sathyakala, S., Dhinakaran, D. P., Arun, R., & Lakshmi, M. R. (2023). The Effect of Fintech on Customer Satisfaction Level. Journal of Survey in Fisheries Sciences, 10(3S),6628-6634.

- R. Arun, M. Umamaheswari, A. Monica, K. Sivaperumal, Sundarapandiyan Natarajan and R. Mythily, "Effectiveness Performance of Bank Credit on the Event Management Firms in Tamilnadu State", In: Satyasai Jagannath Nanda and Rajendra Prasad Yadav (eds), Data Science and Intelligent Computing Techniques, SCRS, India, 2023, pp. 463-470. https://doi.org/10.56155/978-81-955020-2-8-42
- Singh, B., Dhinakaran, D. P., Vijai, C., Shajahan, U. S., Arun, R., & Lakshmi, M. R. (2023). Artificial Intelligence in Agriculture. Journal of Survey in Fisheries Sciences, 10(3S), 6601-6611.
- Mythili, Udhayakumar, Umamaheswari, Arun (2023) Factors Determining Mutual Fund Investments in Coimbatore City, European Chemical Bulleting, 12(special issue 6), 4719–4727.
- Arun, R. "A Study on the Performance of Major Spices in India." Recent Trends in Arts, Science, Engineering and Technology (2018): 149.
- K. Rani, Dr. J.Udhayakumar, Dr. M.Umamaheswari, Dr.R.Arun,(2023) "Factors Determining The Purchases of Clothing Products Through Social Media Advertisements in Coimbatore City", European Chemical Bulleting,12(special issue 6), 4728– 4737.
- Edson Nirmal Christopher, Sivakumar, Arun ,Umamaheswari (2023) Iiimmunoinformatic Study for a Peptide Based Vaccine Against Rabies Lyssavirus Rabv Strain Pv, European Chemical Bulleting, 12(special issue 9), 631– 640.
- Arun (2019), "Sustainable Green Hotels -Awareness for Travelers", International Journal of Emerging Technologies and Innovative Research ISSN:2349-5162, Vol.6, Issue 4, page no. pp343-347,http://doi.one/10.1729/Journal.20408
- Arun R, and Bhuvaneswari R (2019). Buying behavior of meet's consumption relates to food safety from north and south part of the Coimbatore City. International Journal of Recent Technology and Engineering, 7, 429-433. https://www.ijrte.org/wp-content/uploads/papers/v7i5s/ES2177017519.pdf

- Chandramouli Shivaratri, Prakash, Arun, Krishna Mayi, Kavitha, Sivaperumal (2023), Clothing Products Purchases through Social Media Advertisements and the Problems Involved, Remittances Review, Vol. 8, Issue 4, Pp. 3260-3268.
- Akkur, S. A., R, R., S, S., P, D. K., Miryala, R. K., & Arun, R. (2023). Leadership Qualities Among Women Leaders in Educational Institutions at Bangalore City. International Journal of Professional Business Review, 8(9), e03772. https://doi.org/10.26668/businessreview/2023.v8i9.3772
- P, S., Prakash, K. C., Arun, R., C, N., Kousalya, M., & Sivaperumal, K. (2023). Green HRM Practices and the Factors Forcing it: A Study on Health Care Entities in Chennai. International Journal of Professional Business Review, 8(9), e03773.
- K. C. Prakash, R. Arun, Ram Chandra Kalluri, Souvik Banerjee, M R Vanithamani, Biswo Ranjan Mishra(2023), Consumer Confidence Index and Economic Growth- Indian Context after the Covid-19, European Economic Letters, **Pp 746-754, DOI:** https://doi.org/10.52783/eel.v13i5.824

- Arumugam, T., Arun, R., Natarajan, S., Thoti, K. K., Shanthi, P., & Kommuri, U. K. (2024). Unlocking the Power of Artificial Intelligence and Machine Learning in Transforming Marketing as We Know It. In S. Singh, S. Rajest, S. Hadoussa, A. Obaid, & R. Regin (Eds.), Data-Driven Intelligent Business Sustainability (pp. 60-74). IGI Global. https://doi.org/10.4018/979-8-3693-0049-7.ch005