GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

RAJYA SABHA
UNSTARRED QUESTION NO. 1825

ANSWERED ON THE TUESDAY, 4 AUGUST, 2026/ 13 SHRAVANA, 1948 (SAKA)

REGULATION OF ARTIFICIAL INTELLIGENCE IN FINANCIAL SECTOR

1825 SHRI AKHILESH PRASAD SINGH:

Will the Minister of Finance be pleased to state:

(a) whether Government has examined the increasing use of Artificial Intelligence in banking, insurance and financial markets for lending, fraud detection and investment decisions;
(b) whether adequate regulatory safeguards exist to address algorithmic bias, data privacy and systemic financial risks arising from AI-based financial services;
(c) the measures taken to strengthen supervisory mechanisms for emerging financial technologies; and
(d) whether a comprehensive regulatory framework is under consideration for responsible adoption of Artificial Intelligence in the financial sector?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

(a) to (d): India's financial sector has witnessed significant digital transformation driven by emerging technologies such as Artificial Intelligence/Machine Learning (AI/ML). Banks and financial institutions have deployed AI based solutions for various purposes such as credit underwriting, fraud detection, investment decisions, etc.

Various initiatives have been taken to strengthen regulatory/supervisory safeguards in adoption of AI technology, which, inter alia, include:

i) The Reserve Bank of India (RBI) has advised Scheduled Commercial Banks (SCBs) to adopt appropriate risk mitigation measures for AI-accelerated cyber threats and risks arising from AI adoption.

ii) RBI has also set up an inter-disciplinary Standing Committee on Cyber Security which, inter alia, reviews the threats inherent in the existing/emerging technology and suggests appropriate policy interventions to strengthen cyber security and resilience.

iii) RBI and the Indian Banks' Association (IBA) continues to engage with banks and relevant stakeholders through periodic interactions to assess awareness, preparedness, sharing of relevant information and emerging AI risks.

iv) Indian Computer Emergency Response Team (CERT-In) issued an advisory on 26.04.2026 on "Defending Against Frontier AI Driven Cyber Risks".

v) CERT-In has also issued a Blueprint document titled “Reducing Exposure and Defending against AI-Assisted Vulnerabilities Exploitation in Digital Infrastructure”.

vi) Ministry of Electronics and Information Technology (MeitY) has released the ‘India AI Governance Guidelines’ to guide the overall approach and application of AI across sectors.

vii) Further, RBI had issued a Framework for Responsible and Ethical Enablement of AI (FREE-AI) report on 13.08.2025. The report mentioned about seven guiding principles/"sutras" in AI approach—Trust is the Foundation; People First; Innovation over Restraint; Fairness and Equity; Accountability; Understandable by Design; and Safety, Resilience and Sustainability.

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