

## #10: Using Bots for due diligence – Are we there yet?

The complexity of tasks involved in forensic due diligence would require bot-human collaboration

As fraud, misconduct and noncompliance continue to plague businesses and regulators increase their scrutiny, bots can help reduce the cost of compliance. However, despite the obvious benefits, the adoption of bots in the due diligence space has not been widespread. This is because we are still far away from a world where bots can provide a 360 degree end to end solution without human intervention for contextualising information and correcting false positives. Further, in case of disparate data sets, the efficiency of bots can slow down significantly and in India where digitisation of records is far from adequate, this can pose a challenge in bot adoption for due diligence work.

Most organisations in India are working with first generation bots that have limited capability to learn on their own and are relatively easy to program. This presents an opportunity for understanding the potential risks of deploying bots in due diligence work over time. Should the bots get smarter going forth, they would become potential targets for fraudsters given the wealth of information they would have access to. In such cases a control mechanism would need to be devised specific to certain sensitive due diligence searches.

Further, bots in the future can be less objective, depending on who is programming them and reflect the biases of their programmer. For instance, if the programmer personally feels that certain adverse incidents are not important enough for reporting as part of the target's due diligence documentation, he/she is likely to program the bot to emulate similar sentiments. In such a case, the organisation would at best get a fast response to a due diligence query, but not an accurate one.

Lastly, from a regulatory perspective, access for bots to certain databases remains a sensitive issue and in the case of misuse, the liability could potentially fall upon the organisation to explain its actions and face potential legal recourse.

