INTEGRATION OF ARTIFICIAL INTELLIGENCE IN THE RISK MANAGEMENT PROCESS: AN ANALYSIS OF OPPORTUNITIES AND CHALLENGES

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Abstract

Enterprise risk management is a critical component in achieving long-term performance in any company seeking to achieve long-term results. Businesses face a variety of internal and external risks over time, some of which are more difficult to manage or eliminate than others. Recent times have shown that technological progress can have a significant influence on all industries. Artificial intelligence is a topic that is relevant today, given the advancements in the field and the increased interest from the public. We already know that many people are worried about artificial intelligence, particularly since this aspect has the potential to affect millions of people's careers in finance and accounting. Nonetheless, if used appropriately, this risk might benefit people and should not always be seen negatively. The article examines how artificial intelligence can be incorporated into risk management procedures, with an emphasis on the accounting and financial domains. The use of artificial intelligence in the analysis of vast volumes of financial data and the successful detection of anomalies, which improves risk assessment and promotes improved decision-making, is one significant topic addressed. The article's primary objective is to analyse how financial institutions can improve their performance by integrating artificial intelligence into risk management strategies. The sample, which consists of financial institutions listed on the Bucharest Stock Exchange, highlights the difficulties and moral issues surrounding the application of AI in the financial industry, such as data security, interpretability of algorithms, and decision-making accountability. Exploring these aspects provides a comprehensive perspective of how AI is changing and improving risk management in the accounting and financial sectors, emphasizing both the advantages and difficulties of this significant transformation. This case study provides a window into how financial risk analysis is changing in the modern era and shows how embracing AI technology can be a transformative force for risk management.

Keywords: Risk Management; artificial Intelligence; Challenges; Opportunities; Accounting

JEL Classification: M40; M16

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