

ONLINE INSIGHTS

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Artificial intelligence and the issues it raises in organisations

Alex Barr discusses his experience of the online Oxford Artificial Intelligence Programme

The City of London, covering just over a square mile roughly within the old Roman walls of Londinium, is a mass of extraordinary contradictions.

Despite being the oldest part of London, it is the least visited by tourists; instead it is the heart of the UK's financial services industry and legal sector. It is home to a minute population of just over 11,000, but employs over 500,000. It has its own local government organisation, perhaps confusingly called the City of London Corporation, its own police force, and its own elected Lord Mayor, who leads the Corporation in representing and marketing UK financial services and the capabilities of the Square Mile. The annual ceremony in which the Lord Mayor takes office is accompanied by pageantry that has its roots in the twelfth century. It is perhaps not the sort of place in which you would expect to find the cutting edge of thinking about artificial intelligence (AI).

But in fact, according to veteran investment manager and City of London Common Councilman Alex Barr, leading-edge thinking about AI is just what ought

to be happening in the City, and that is one of the reasons he enrolled on Oxford University's Saïd Business School online AI programme.

'A golden opportunity to upskill'

"My whole career has been spent in the investment management industry, mostly managing portfolios for a wide range of clients – initially specialising in US equities, then moving to 'alternatives' and private equity. A switch of jobs in 2019, to join Janus Henderson, gave me three months' "gardening leave", which I viewed as a golden opportunity to improve my education and "upskill", he said. 'I had one or two ideas in mind and came across a pop-up ad on Instagram for Saïd Business School's inaugural Oxford Artificial Intelligence Programme'. 'Everything about it – from the scope and depth of the syllabus, the fact that it was online, its academic lead (Prof. Matthias Holweg), its six-week duration and perhaps most importantly, the reassurance of the 'Oxford Saïd' brand meant that it was an easy decision to apply.'

Barr explained that he was interested in the application of AI in finance, where algorithmic trading has been in

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use for years, although the use of AI within mainstream institutional asset management has been less prevalent to date. Barr felt that this would have to change, both in respect of being able to run asset management businesses more efficiently and also in delivering better investment outcomes in client portfolios. However, it was in his role as a City of London Common Councilman that he thought increasing his knowledge of AI would have meaningful social and commercial impact.

'As a Councilman I'm elected by a range of businesses and financial services institutions in the City, and our small pool of residents. We get involved in an extraordinarily wide range of activities, including the City's port health and environmental functions, the judiciary, education, policing and indeed promoting UK financial and professional services overseas through the mayoralty programme. I'm Deputy Chairman of the City's Audit and Risk committee, for example, and felt I needed to understand the impact of AI, both now and in the future, and its implications for model governance.'

Understanding unintended bias in algorithms

The course itself Barr described as 'an incredibly powerful enabler', providing you put in the work and, particularly, take advantage of the discussions in the 'chatroom'. 'You get marked on written assignments, online tests, and the contributions you make to professionally moderated discussions, so even though it is online it is impossible to shirk,' he said. 'I actually put in many more hours than I had expected to do, and indeed many of our conversations ran on long after the points had been earned, such was the level of engagement and idea-flow from classmates. It all enabled me to get the maximum out of the programme and the top grades that I wanted.'

Barr's particular interest was in 'unintended inherent bias in algorithms', and the resultant social impact consequences. He said that AI in finance was often used to drive



smarter decisions, thanks to its ability to process large amounts of data, and to manage rules-based processes so that investors do not get carried away by their emotions. But there are also much wider applications being considered in areas that generally rely on human judgement. 'In my day job I am not doing the sort of investing that takes advantage of small market movements that are best recognised by an algorithm,' he said. 'But I am investing in funds and businesses run by other people, and I need to be wary of unconscious biases inherent in their business models, and to hold those businesses to account on potentially societally negative consequences of AI'. When it comes to the City of London Corporation and indeed other local authorities, AI has the potential to be used across a wide range of applications and there are implications for compliance, risk, and governance and the oversight of those functions'.

The need to develop an ethical framework

A major assignment in the programme was to draft a set of ethical standards for an organisation of the student's choice. Barr took the plunge and wrote a set of AI ethics with a certain large public body in mind, and which he would now like to

use to prompt debate and discussions within the historic 'Court of Common Council', the City of London Corporation's primary decision-making body.

'As AI applications become increasingly mainstream in a wide range of sectors, it will become even more important for managers and leaders to understand how AI works, what its limitations are, and what risks are involved,' he said. 'The Oxford Artificial Intelligence Programme was, for me, an excellent way in which to develop a broad understanding of the issues involved in a relatively short space of time. I can use that knowledge to start conversations that will ultimately benefit a huge number of organisations, particularly across the asset management sector and within the UK local authority space.'

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www.sbs.oxford.edu/ai

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