

Prospects of Artificial Intelligence Use for Business Monitoring Legal Aspects

The prospects for the use of AI in the field of monitoring the implementation of entrepreneurial activities, analyses the existing control mechanisms and the modern implementation of control tools using AI in the Russian practice. And also, it allows to introduce AI for use by entrepreneurs themselves in order to monitor legal requirements to prevent cases of violation and avoid liability.

The use of AI and machine learning brings advantages and inconvenient on the table, in fact there are number of risks associated with the use of AI, more specifically in the financial services AI and machine learning raise the question of a lack of interpretability, audibility, but also, adherence to relevant protocols on data privacy, conduct risks and cybersecurity which can lead to macro-level risk.

Thus, the systemic analysis is the main method because it permits to take into account many directions of the use of AI in implementation of state control over persons engaged in entrepreneurial activity and gives a possibility to entrepreneurs to use AI in order to carry out business more efficiently and effectively to follow the law in order to minimise its violations and reduce cases of prosecution.

Therefore, authors analysed the foreign Russian scientific literature on the legal aspects of AI in areas such as control activities, considering certain issues regarding legal regulation of state control over entrepreneurs and as well as the question of declination of entrepreneurial activity and related activities.

Following this study, AI can be used by Russian regulatory authorities to identify facts of unregistered entrepreneurial activity and also concealment of income by entrepreneurs. But this use, highlights the questions of trust in the conclusion made by AI and the definition of legal criteria for its work. So, this implementation of legal regulation of AI had to be based on the principles of security, transparency and technological sovereignty: then, the necessary legal regulation of AI is required.

The goal of the Russian government with AI is to ensure the accelerated development of AI in the Russian Federation, to conduct scientific research in the field of AI, to increase the availability of information and computing resources for users and to improve the personnel training system. AI is going to serve the Russian state but a federal budgets need to be allocated for the period of 2020-2030.

In other terms, AI is regarded as a set of technological solutions that allows one to stimulate human cognitive functions and to obtain results when performing specific tasks that are comparable to human intellectual activity. The complex of technological solutions is composed by information and communication infrastructure, software, processes and services for data processing and search for solutions. But, the basic principles of AI technologies have to be in compliance with: protection of human rights and freedoms, the security of the country, the transparency, the technological sovereignty, the integrity of the innovation cycle, the reasonable thrift (implementing and adapting in a priority, so existing measures aimed at implementing state policy in the scientific, technical and other fields) and support the competition.

To sum up, public and private sector use AI for regulatory compliance, surveillance, data quality assessment and fraud detection, also authorities use AI for supervision, such thing can be done thanks to RegTech and SupTech (system allowing the ease of the use of AI) and they enhance the regulatory compliance either the effectiveness and efficiency of supervision and surveillance.

But, some ethics questions arise not only in Russia but in many countries, regarding the limitless boundaries of AI and it creates a climat of fear concerning AI: one day AI will replace human work in some areas or maybe human jobs.

Consequently, the limits of AI are highlighted as well, because inside AI, there is machine learning and this has some boundaries, because it's all about probabilities regarding softwares and that's the human task to make the final decision. Thus, those issue/question have to be addressed in all the sectors willing or already using AI.

So, public authorities exercising control and also entrepreneurs should identify the main areas of digitisation activities and then use information technology in the field of monitoring and control.

For instance, the Digital Transformation Department of the Accounts Chamber of Russian Federation has developed a digitalisation concept which allows them to expend the list of data sources used for auditing and improve their quality, to apply moderns methods of information management, to reduce the complexity of traditional types of audits and ensure the development of strategic audit by creating risk-based and analytical models and using modern methods of predictive analytics. All of this, has led to the creation of a Digital platform (software and hardware providing data analyst with the necessary data) in the Account Chamber.

But this implementation brings a lot of difficulties such as the problem with the quality of the data, the weak relationships between data themselves, an indefinite number of heterogeneous data sources, the difficulty in

finding employees with the necessary knowledge and the unavailability of the majority of employees to work in a new digital format. But, the main one is the choice of the good software which put in perspective the point of technological sovereignty.

Therefore, this lexical applies to legal and economic specialists who directly exercise control and technical specialists that implement information in the work of state authorities.

On another hand, another problem arises and that's the training of future lawyers (law students) regarding the use of AI new technologies. They need to have a combination of humanitarian and technical knowledge and skills for evaluating and using the new technologies, and this can be achieved by if they are working with modern technical means.

To end this summary, in Russia tax authorities are the most experienced in the use of AI, which successfully apply information technologies with in tax administration and tax control. First, that was for Personal Account for individuals and it was a robot chat works, which helped people solve certain issues related to tax administration. And then in tax administration, AI was used to create a global control and analytical system. And for tax control, the AI has contributed to identify entrepreneurial activity without state registration, ti identify income from which taxes haven't been pay and to identify cases of concealment of income and objects of taxation.

AI and data analysis will facilitate decision-making on taxpayer audits and this concept will also help in the tax evasion at the international level and improve the tax systems globally: in this position AI can be qualified as a « game changer ».