**Mizuho Asia: AI Discovery Proposal**

**A Governance-First Framework for Compliance and Operational Resilience**

**1.0 Executive Summary**

Mizuho Bank has a unique opportunity to extend its Group AI strategy into the dynamic Southeast Asian market through a carefully governed, low-risk **Discovery Proof of Concept (POC)**. This proposal outlines a practical, two-week engagement designed to validate the potential of AI in the critical areas of **compliance** and **operational resilience**.

Our approach is fundamentally **advisory-led and vendor-neutral**, built upon Thakral One's proven **8-Step AI Adoption Framework**. Crucially, this engagement embeds governance, explainability, MLOps discipline, and regulatory readiness from the very first step.

The Discovery POC provides two strategic sandbox options, both designed to demonstrate measurable outcomes using **synthetic data only**:

1. **AI-Assisted Name Screening (Sanctions Precision):** To dramatically reduce the operational burden of false positives.
2. **IT Operations Reliability AI (Ticketing Insight):** To improve infrastructure resilience and accelerate incident resolution.

Beyond the initial POC, this framework provides a clear and structured journey for governance, testing, scaling, and regional adoption, ensuring sustainable AI impact across Mizuho's key Asian markets.

**2.0 Alignment with Mizuho's 5 Strategic Priorities**

Our approach is directly informed by the five priorities that consistently shape responsible AI adoption in leading Asian financial institutions. This ensures our engagement is aligned with Mizuho's strategic imperatives from day one.

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| Priority # | Strategic Priority | How This Engagement Delivers |
| 1 | **AI Discovery and Proof Points** | Moves beyond strategy to execution with a tangible, two-week POC that delivers measurable outcomes and a replicable model. |
| 2 | **Data Lake Readiness** | Ensures regional pilots are designed with interoperability and governance in mind, feeding into a sustainable enterprise data foundation. |
| 3 | **Regulatory Reporting & Transparency** | Embeds explainability and auditability from the start, a critical requirement for regulators across Southeast Asia (MAS, HKMA, RBI). |
| 4 | **Capability & Delivery Assurance** | Provides a structured review of the people, processes, and vendor ecosystems essential for successful AI adoption. |
| 5 | **Sanctions & Compliance Efficiency** | Targets one of the most resource-intensive processes in banking, offering a clear, high-value opportunity for immediate efficiency gains. |

**3.0 POC Option A: AI-Assisted Name Screening (Sanctions Precision)**

**Objective:** To significantly reduce the high false positive burden in sanctions and Politically Exposed Persons (PEP) screening while improving auditability and transparency for regulators.

**Problem Context**

* Existing screening systems often generate over **95% false positives**, creating a massive operational workload for compliance teams.
* Complexities such as **nicknames** (e.g., Peggy/Margaret), **phonetic variations** (e.g., Smith/Smyth), and regional name localizations strain legacy fuzzy logic engines.
* The manual review of daily watchlist delta updates is a significant resource drain.

**Our Solution Approach**

This is an **AI-triage layer** designed to enhance, not replace, Mizuho's existing screening infrastructure.

* **Intelligent Matching:** Utilizes AI-driven fuzzy matching, alias mapping, and phonetic detection.
* **Cultural Context:** Incorporates an expandable alias library covering multiple cultures and languages.
* **Automated Delta Refresh:** Continuously checks watchlist updates against the "Keep in View" (KIV) list.
* **Complete Transparency:** Provides an explainable score for every match, including clear reason codes for alias or phonetic links.

**Demonstration & Expected Outcomes**

The two-week POC will simulate both new client onboarding and daily delta update processing using synthetic data.

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| Metric | Expected Improvement (Benchmark Range) |
| False Positive Reduction | **↓ 70-85%** |
| Analyst Manual Review Time | **↓ 40-60%** |
| Daily Delta Reprocessing Speed | **↑ 90% Faster** |

**4.0 POC Option B: IT Operations Reliability AI (Ticketing Insight)**

**Objective:** To improve infrastructure and application resilience by proactively detecting anomalies, clustering incidents, and accelerating resolution times.

**Problem Context**

* High Mean Time to Detect (MTTD) and Mean Time to Resolve (MTTR) for critical incidents.
* Large volumes of repetitive or duplicate IT support tickets strain resources.
* Manual triage processes lead to inefficiencies and delays in assigning tickets to the correct teams.

**Our Solution Approach**

This solution complements existing ITSM platforms by adding a layer of intelligent analysis.

* **Incident Clustering:** Uses AI to automatically group related incidents, identifying common root causes that might otherwise be missed.
* **Proactive Anomaly Detection:** Monitors ticket volumes and patterns to predict potential outages or service degradations.
* **Intelligent Guidance:** Provides automated "next best action" suggestions to service desk staff based on historical resolution data.

**Demonstration & Expected Outcomes**

The POC will use synthetic ITSM tickets and system logs to generate an AI-powered dashboard showing anomaly clusters and remediation guidance.

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| Metric | Expected Improvement (Benchmark Range) |
| Mean Time to Detect (MTTD) | **↓ 40-60%** |
| Mean Time to Resolve (MTTR) | **↓ 30-50%** |
| Recurring Incidents | **↓ 25-35%** |

**5.0 Governance, MLOps, and Testing Principles**

Governance is not an afterthought; it is central to this engagement. Our "governance-first" approach reduces risk and builds regulatory trust from the very first prototype.

* **Explainability & Traceability:** Every AI-driven decision is transparent and fully traceable, with each model output linked to its inputs, logic, and any human reviewer.
* **Lifecycle Oversight (MLOps):** We will establish the core principles for model versioning, retraining workflows, drift detection, and bias monitoring from day one.
* **Rigorous Testing & Validation:** The framework includes unit tests for algorithms, SME validation for interpretability, and stress testing for regulatory scenarios.
* **Multi-Jurisdictional Compliance:** The governance model is designed with built-in compliance overlays for key regulators, including **MAS (Singapore), HKMA (Hong Kong), RBI (India), and AUSTRAC (Australia)**.
* **Regulator-Ready Audit Logs:** All processes are designed to produce comprehensive, regulator-ready documentation from the outset.

**6.0 The Journey Across the 8-Step Framework**

The Discovery POC is the practical starting point for our comprehensive, long-term AI adoption journey.

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| Phase | Steps Covered | Key Activities |
| Discovery POC (Weeks 1-4) | **Steps 1-4** | Define problems, assess readiness, prioritize use cases, and deliver a governed sandbox prototype. |
| Full Adoption Journey | **Steps 5-8** | Define enterprise standards, operationalize successful models, scale across the region, and optimize continuously. |

This ensures the POC is the foundation of a long-term capability, not an isolated experiment.

**7.0 Illustrative Roadmap & Implementation Strategy**

* **Phase 1 (Weeks 1-2): Discovery POC.** Sandbox demonstration of the selected use case with initial MLOps and governance scaffolding.
* **Phase 2 (Weeks 3-6): Pilot Refinement.** Deep SME validation, regulatory stress testing, and the drafting of a formal governance charter.
* **Phase 3 (Weeks 7-10): Regional Adaptation Planning.** Designing the compliance overlays and integration points for a multi-country rollout.
* **Phase 4 (Beyond): Enterprise Scaling.** Replicating success with reusable patterns, automated retraining pipelines, and the enablement of an AI Center of Excellence.

Our regional strategy begins with a pilot in **Singapore**, creating a proven template before expanding to **Hong Kong** and scaling to support Mizuho's strategic growth in **India**.

**8.0 The Thakral One Differentiators**

Global firms often emphasize scale and technology. Our differentiation lies in delivering **strategic, sustainable AI adoption** specifically for regulated industries in Asia.

* **Structured, Governance-First Framework:** Our 8-Step methodology embeds governance, explainability, and risk management from the first POC.
* **Deep Banking & FSI Expertise:** We understand core banking, regulatory reporting, and compliance workflows, enabling us to identify practical, regulator-friendly use cases.
* **Neutral, Expert Advisory:** We remain vendor-neutral, helping Mizuho build its own intellectual property and retain control over its AI journey.
* **Regional Specialization:** Our solutions are designed for the unique regulatory expectations, infrastructure maturity, and talent availability of Southeast Asia.

**9.0 Disclaimers and Caveats**

* **Sandbox Environment:** All demonstrations will use synthetic or fully sandboxed data. No live sanctions lists or production ITSM data will be used.
* **Benchmark Ranges:** All KPI ranges are based on peer bank case studies and are indicative, not contractual delivery commitments.
* **Dependencies:** Timelines are illustrative and depend on timely access to Mizuho's subject matter experts and stakeholders.
* **Scope Limitations:** This POC is not a full AML/KYC replacement or a live ServiceNow integration.
* **Optional Tooling:** Visualization tools like OrbusInfinity can accelerate traceability but are not required for a successful outcome.

**10.0 Conclusion**

This Discovery POC represents a practical, low-risk starting point for Mizuho's AI transformation. It is governance-first, risk-managed, and designed for sustainable success across Southeast Asia's demanding regulatory environment. Thakral One is positioned not just to deliver a proof of concept, but to enable a disciplined, regionally adapted, and production-scalable AI adoption journey.