

Building Trust in AI: Leadership Insights from Malaysian Fintech Boards



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1 Introduction

The adoption of new technology is a key priority for businesses that aspire to remain competitive in the long term. There are numerous examples from the past where companies failed to embrace new technologies, leading to their products becoming obsolete and their market share shrinking. Perhaps, the most well-known one, Kodak's reluctance to adopt digital photography technology caused the company to lose its dominance in the camera market. Similarly, Nokia's slow response to the rise of smartphones led to its decline in the mobile phone industry.

In the past decade, two major trends have taken many industries by storm: the adoption of blockchain technology and the rise of artificial intelligence (AI). Blockchain is revolutionizing sectors such as finance, supply chain management, and healthcare by providing greater transparency, security, and decentralization. Meanwhile, AI is transforming industries by enhancing efficiency, automating processes, and driving innovation. Recent research by Naeem et al. (2025) indicates that the growth of AI generates a strong contagion effect on other innovative sectors, such as cryptocurrency, blockchain, robotics, and the metaverse. This can be interpreted from both return and risk perspectives. The former suggests that investment in AI can positively affect the growth of other innovative sectors, while the latter indicates that during periods of increased uncertainty and crisis, these sectors may be vulnerable to risks transmitted from the AI sector. Therefore, the

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interplay between AI adoption and the Fintech sector is particularly important for corporate managers of Fintech firms to consider, when weighing the potential for growth against the associated risks of exposure to the AI sector.

Several factors influence the pace at which firms adopt new technologies and the success of these endeavours. One factor that has received relatively less attention in research is trust—whether it is trust in the technology itself, trust in the firms implementing it, or trust among stakeholders involved in its use. Trust is a multidimensional characteristic, making it difficult to study and isolate its specific role from other, more quantifiable macro- and microeconomic factors. Additionally, trust has a strong cultural dimension, which further complicates its analysis. This research identifies practical ways leaders can build trust in AI with shareholders, staff, and customers.

Trust in technology evolves over time, and various scandals, fraud cases, and scams can significantly slow down the pace of its adoption. Negative events can create scepticism, causing individuals and businesses to hesitate in embracing new technologies.

In September 2024, an unusual case of alleged financial fraud with Artificial Intelligence (AI), including alleged wire fraud and money laundering, has emerged: A man was accused of using AI to create dozens of fake bands, fake songs, and fake listeners, attracting around 7.6 million pounds (GBP) (Kumar, 2024). This case illustrates the almost limitless scale AI can offer, the almost unlimited speed AI can offer, and how AI, at least for a period of time, can convince humans and safety checks made by information systems that it is human. Probably more importantly however, it illustrates how quickly using AI and automation can land you in court.

While the finance literature on trust is relatively extensive, research on the role of trust in the Fintech field remains limited. A study by Jalan et al. (2023) showed that societal trust and cultural values influence cryptocurrency adoption, and the negative impact of mistrust has also been documented. A similar parallel can be drawn with the adoption of AI; however, the existing literature is still limited and niche. For example, Klingbeil et al. (2024) examine the relationship between trust and overreliance on AI, while Choung et al. (2024) explore the role of trust in public acceptance of AI-powered surveillance technology. Given the breadth of AI applications and its transformative power across industries, understanding the mechanisms for establishing trust in AI is crucial.

There are many challenges a board of a financial services company in Asia faces such as the typical concerns of the economy, staff and allocating resources. Additionally, technology-related issues such as cybersecurity, privacy and AI are high on the agenda (EY, 2024). Globally, most boards struggle to fully understand how they should utilize AI and apply governance to it (van Giffen & Ludwig, 2023). Moving too fast without clarity may increase both traditional risks, and new ones Generative AI introduces, while moving too slowly may render the organization obsolete (Khanna et al., 2024). Leadership is needed during this transition particularly from those that can deeply influence strategic decisions. It is important to get the strategic decisions right, and also to lead the financial organization through a digital transformation.

1.1 Additional Risks from AI and the Need for Trust

There may be additional liabilities for boards, if decisions based on AI go wrong (Herrmann & Masawi, 2022). This adds more complexity to risk management. Shareholders can claim a board knew, or should have known, of the dangers involved in a decision. Board members may have to consider whether their insurance covers potential claims. These changes to the board's role, and the uncertainty it may bring, must not prevent them from instilling trust in the process of digital transformation in finance with AI (Zarifis & Cheng, 2024).

As the role of AI increases, the reliance on human involvement often decreases, leading to heightened dependence on AI systems. This shift can create a feeling of lost control and potentially increase risks, or at least perceived risk. In the past, the risks were typically associated with a process failing, such as a money transfer not being completed successfully. However, with AI, the scope of risks is broader. With AI the risks now extend beyond whether a process is completed to the reasons behind the actions. For example, an insurer may understand why they rejected a customer when using traditional automation, but this rationale is not always clear with AI systems. AI introduces various additional risks, including legal and regulatory challenges, as well as risks to reputation, finances, and ethical behaviour.

There are many tensions in AI adoption that leaders need to contend with. Moving quickly may give a competitive advantage but may reduce trust (Khanna et al., 2024). This is due to not having time to build trust and problems that a rushed implementation may cause. Using AI more broadly may increase the reward but also the risk.

Given the complex and delicate balance an organization must strike when using AI, this is a process where a wise and experienced board can, and must, have an active leadership role. What is gained by AI is important, but what is lost by automating and replacing people may not be reversible. Skills, knowledge, and wisdom may be lost irreversibly. Therefore, this research attempts to answer the following question:

What are the most effective ways for a board to build trust in AI use in Fintech for shareholders, staff, and customers?

1.2 How Leaders Can Build Trust in AI

This research interviewed 21 Malaysian Fintech board members to identify the most effective, practical, ways for a board to build trust for shareholders, staff, and customers. Due to the strong linkages between trust and cultural values in technology adoption (Jalan et al., 2023), this study sheds light on building trust in AI within the unique context of Malaysian Fintech firms. To gain a nuanced

understanding of the trust-building mechanisms, we conducted interviews with 21 Malaysian Fintech board members and analysed this primary data. This qualitative research design enables us to uncover various angles and dimensions of the interplay between trust and leadership in the complex context of the Fintech industry in Malaysia, which operates within relatively unexplored and unique cultural settings.

The findings show significant overlap between the effective overall implementation and governance of AI. However, several issues are identified that relate specifically to how AI innovations should be communicated to build trust. The findings also indicate that certain applications of Generative AI are more conducive to building trust in AI, even if they are more restrained and limited in scope, and some of Generative AI's performance may be sacrificed as a result. Thus, there are trade-offs between unleashing Generative AI in all its capacity and a more constrained, transparent, and predictable application that builds trust in customers, staff, and shareholders. This balancing act, between a fast adoption of Generative AI and a more cautious, controlled approach is at the heart of the challenge the board faces.

Leaders and corporate boards must build trust by providing a suitable strategy and an effective implementation, while maintaining a healthy level of scepticism based on an understanding of AI's limitations. This balance will lead to more stable and sustainable trust.

The next section reviews the literature on the role of board members in building trust in AI and Fintech. This is followed by the methodology section, which explains the qualitative approach taken in detail. Then, we discuss the results where characteristic quotes illustrate the beliefs of the board members. Finally, the practical implications for board members are offered.

2 Theoretical Foundation

The literature on AI adoption and associated opportunities and challenges is rapidly expanding. While precious research indicates that there are these different perspectives on the challenges to trust in AI (Felzmann et al., 2019), it does not provide a clear understanding of what these challenges are. This gap is particularly evident in the context of Fintech in Malaysia. Therefore, an exploratory approach using interviews will help identify the relevant issues for boards of directors in Malaysia.

2.1 *How AI and Fintech Are Disrupting Finance and the Role of Board Members in Fintech*

Out of the five priorities identified by Asian board members, two are technology related: (1) Cybersecurity and data privacy and (2) technology innovation (EY, 2024). In Asia, as in other regions of the world, AI and other innovative technologies such as blockchain and the Internet of Things (IoT) are accelerating the pace of digital transformation making most board members believe that their business model will need to change (EY, 2024). Nevertheless, globally, most boards hesitate to act decisively to transform their business model to fully utilize the emerging technologies (Khanna et al., 2024). Akyildirim et al. (2020) identified and analysed numerous cases of superficial and misleading changes in corporate identity towards blockchain and cryptocurrency that did not go beyond crypto-related name changes. The actual changes to the business model were minimal or non-existent, and this attempt to partake in the hype around crypto and blockchain technology has been referred to as '*crypto exuberance*' (Akyildirim et al., 2020). While similar malicious intentions and motives may be present among firms attempting to associate themselves with AI to boost equity and attract investors, some barriers to implementing actual changes to the business model could be genuine. For example, boards in Asia acknowledge that the challenges ahead require them to receive additional training (Russell Reynolds Associates, 2021), while the correct training maybe lacking either in terms of expertise or resources. Research has identified four dimensions to how a board should implement AI governance: (1) strategy and competitiveness, (2) capital allocation, (3) AI risks and (4) technology competence (van Giffen & Ludwig, 2023). Evaluating the risks from AI can be particularly challenging. There are risks of mistakes caused by AI due to the choice of algorithms, using data that is not representative, and interpretation of the results by humans (Herrmann & Masawi, 2022).

2.2 *Challenges to Trust in AI for Shareholders*

Each of the stakeholders-shareholders, staff, and customers can be unique and differ from one another. Hence, the associated challenges of building trust in AI could differ across each stakeholder group.

Apart from the benefits AI brings to organizations, it also brings several risks that may concern *shareholders*. Evidence shows that the technical knowledge of boards in Asia is important and influences how effectively AI is implemented (Li et al., 2021). As AI is causing transformational changes, reshaping business models in finance (Zarifis & Cheng, 2024), shareholders expect the board to have the knowledge and navigate these changes effectively. Therefore, from the shareholders perspective, there are additional risks due to the transformation AI causes.

As AI can appear to be a black box, it is essential that regulators in highly regulated sectors of the economy, such as finance, are provided with transparency (Weber et al., 2024). The board must assure the shareholders that this is happening and that no unnecessary additional risks are emerging.

Shareholders may feel that the organization has taken on unnecessary additional risks with the way AI is utilized without their knowledge, which may even lead them to take legal action (Irvin et al., 2023). It is therefore important to have regular and clear updates and inform shareholders about the cases of AI adoption. This can be easy if the way AI is implemented is transparent to the board themselves, but much harder if the implementation is indeed a black box.

Finally, boards of directors are increasingly using AI to fulfil their own role of leadership and governance of a Fintech (Hilb, 2020). The board will have to show to shareholders that the quality of the leadership and governance has not been reduced with the use of AI.

2.3 Challenges to Trust in AI for Staff

Unlike most other information systems, AI can cause a sense of losing control among *staff* (Grove et al., 2020). This loss of control can make staff worry about the possible negative outcomes the use of AI can have on themselves and other stakeholders. With AI increasingly taking on roles performed by humans, there is a risk that staff may be blamed for mistakes made by the AI (Ashta & Herrmann, 2021). While there is evidence that in general, people trust information systems too much, assuming they are always right even when there are indications to the contrary (Howard, 2024), particular caution should be exercised in the case of AI. Staff should not accept the information provided by AI without critical assessment by the team and relevant decision-makers. Klingbeil et al. (2024) show that overreliance on AI advice might negatively affect human cooperation and create a conflict with available contextual information against the company's own interest.

An organization's information systems, particularly those at the enterprise level such as enterprise resource planning software (ERP), are a way to impose the organizations plans. If staff increasingly hesitate to utilize the information from AI, or use it incorrectly, there will be problems. As interactions between humans are reduced in the workplace due to increased digitalization and automation, building relationships sufficiently to have trust in each other may be harder (World Economic Forum, 2023).

2.4 Challenges to Trust in AI for Customers

The interaction between an organization and its *customers* is becoming more faceless but also more data intensive. When customers trust AI, they are more likely

to use the service (Chi et al., 2023), but when AI is used in financial services it can cause distrust (Zarifis et al., 2021).

Most implementations of AI create the risk of causing financial harm to customers but in some cases, such as when developing medicines, physical harm can also be caused (Irvin et al., 2023).

A related question, to what are the challenges to trusting AI from the customer's perspective, is how much should the customer trust AI when making significant decisions such as whether to get a mortgage (Norkute et al., 2023). Therefore, this is not a narrow question of building trust in a technology the board know is reliable and predictable. It may be better to not focus on building blind trust with customers, but be transparent and explain how AI makes decisions. While transparency is not only usually effective in building trust, it is also an ethical approach to take. However, transparency is not guaranteed to be helpful in all contexts and can be counterproductive (Felzmann et al., 2019). Someone playing the role of devil's advocate may claim that in some cases if customers know how AI works, they will trust and respect the decisions less. Explainable AI (XAI) is not always easy to achieve and may not always be wanted. This lack of clarity in how to build trust with consumers for AI illustrates how the board of directors need to play a hands-on role and utilize their knowledge and judgement. It could be argued that if it is hard to build trust in the AI used, then maybe the focus should be on building trust in the organization. So, instead of telling customers trust the Fintech because of its AI, trust the Fintech despite of its AI because it is hard to explain how the AI works.

3 Method

3.1 Data Analysis

This research applies a qualitative method involving interviews to explore the leadership role of the board of directors in building trust in AI in Fintech in Malaysia. Qualitative case study analysis is used to analyse the interviews, using the Malaysian Fintech sector as a case of the leadership role of the board of directors (Eisenhardt, 1989; Monteiro, 2022). While AI is impacting most if not all sectors of the economy, the way it is utilized—and the opportunities and threats it brings—varies depending on the contexts. Therefore, it is important to focus on one specific case to draw accurate and representative conclusions. The qualitative data analysis software NVivo 14 (<https://lumivero.com/products/nvivo/>) was used to identify common themes in the interview transcripts.

3.2 Data Collection

The literature suggest that different stakeholders may have different concerns when it comes to the increasing role of AI in finance. The most effective ways for a board to build trust in AI use in Fintech may be different for shareholders, staff, and customers. Therefore, the research question needs to be answered three times, first for shareholders, then for staff and finally for customers. The issues that emerge from the literature review form the basis for the semi-structured interview questions. The semi-structured questions used in the interview are presented in Table 1.

This research interviewed 21 Malaysian Fintech board members, from 9 different boards, to identify the most effective ways for a leader to build trust for shareholders, staff and customers based on their experience. The number of interviews was limited to 21 as the topics became saturated and the same themes were repeatedly emerging (Miles & Huberman, 1994). To be selected for the interview, one of the requirements was that the prospective participants had to work in Fintech companies that were business-to-consumer (B2C) and not business-to-business (B2B), as these are two very different scenarios with different dynamics in the relationship between the Fintech organization and the stakeholders. The interviews were carried out in English and lasted from 36 to 51 min. The demographic information of the participants is presented in Table 2. The transcripts were anonymized, and

Table 1 Semi-structured interview questions

Part A: General questions
QA1: Are you on the board of directors of a Fintech organization?
QA2: What does your organization do?
QA3: What is your role?
QA4: Is your organization in Malaysia?
QA5: What is your age?
QA6: What is your education level?
QA7: What is your income?
Part B: Questions on AI and trust
QB1A: How do you use AI in your organization?
QB1B: How do you use Generative AI in your organization?
QB2A: Have you encountered challenges to trust in AI from the shareholders perspective? If you have, what are they?
QB2B: Have you found effective ways to build trust in AI for stakeholders? If you have, what are they?
QB3A: Have you encountered challenges to trust in AI from the staff's perspective? If you have, what are they?
QB3B: Have you found effective ways to build trust in AI for staff? If you have, what are they?
QB4A: Have you encountered challenges to trust in AI from the customer's perspective? If you have, what are they?
QB4B: Have you found effective ways to build trust in AI for customers? If you have, what are they?
Part C: Final question for unstructured comments
QC1: Do you want to say anything else related to these issues that I have not asked you about?

Table 2 Demographic information of participants

Measure	Variable	Participants	Percentage
Gender	Female	5	24%
	Male	16	76%
Age	25–39	3	14%
	40–59	12	57%
	60 or older	6	29%
Educational level (highest qualification)	University bachelor's degree	12	57%
	University postgraduate degree	9	43%
Yearly income(Malaysian Ringgit)	RM 90,001–120,000	4	14%
	RM 120,001–150,000	6	32%
	RM 150,001–180,000	10	33%
	Over RM 18,0001	1	5%
		19	89%
Malaysian nationality and Malaysian resident			
Without Malaysian nationality but a Malaysian resident		2	11%

the participants' privacy was protected in line with GDPR guidelines (European Parliament, 2016).

4 Analysis and Results

The literature on AI adoption and trust suggest that different stakeholders may have different concerns when it comes to the increasing role of AI in finance. The participants interviewed were asked about how they build trust in each of the three main stakeholders separately. The empirical data collected suggests that the main ways to build trust in AI can be separated into two steps: First, by building trust with an effective and trustworthy implementation of AI, and second, building trust by communicating how AI is used in a way that addresses the stakeholders' concerns. Their responses, and the lessons extracted from them, are presented in the following sections.

4.1 *How Leaders Can Build Trust in AI with Shareholders*

4.1.1 **Implementation: Building Trust in the AI Implementation Process with Stakeholders**

Most of the board members interviewed (15/21) spoke about the trade-off between the benefits of AI and the risks. Those who made this point see this as an area where they must have input in the process and show leadership. One board member interviewed commented:

We talk about this (AI adoption) a-lot we react to competitors we react to what suppliers tell us we react to what our people tell us. It should be controlled it should be managed it should be managed how we managed risk before. We are accountable for it (AI adoption) we are regulated we will not take on more risk.

There were many comments from most interviewees (20/21) on how they are adapting their operations to implement AI in a trustworthy way. Most comments were about how the people involved are adapting, but some also discussed the technology more specifically. Some comments focused the people involved are:

We learn how AI can help us . . . we brought one new board member from IT..

We were advised to have a dedicated committee on AI that will help us stay on-top of things we will have good chats to make good decisions at the right time.

HR are aware of us wanting to attract AI experts in various roles seniorities divisions...if we have the right talent that gives us and shareholders confidence and trust in what we are trying to do.

It needs to be a smooth process to make trust with everyone we need to have a smooth fast onboarding so the APIs and partners deliver that for us. They do it better and it is not our core process.

Most shareholders will not get involved in day to day running of the business. If we make the right adjustments to keep up or even take a step a leap ahead of our competitors with AI they will continue to trust us or trust us more.

A comment more focused on how the technology will be implemented is:

We want it to work for us but we don't want to go down the route of having many customizations because those will be our responsibility forever whenever there is a problem we will have to fix it ourselves.

Therefore, based on the comments of the interviewees, the ways to build trust in the AI implementation process for stakeholders are:

1. Use AI in a way that does not increase financial or other risks.
2. Build in-house expertise, don't rely on one consultant or technology provider.
3. Make a new committee focused on the governance of AI and data. Accurately evaluate new risks (compliance, etc.).
4. Develop a framework of AI risk that the board will use to evaluate and communicate risks from AI implementations. Management should regularly update the framework.
5. Renew board and bring in more technical knowledge, and have sufficient competence in AI. Keep up with developments in technology. Ensure all board members understand how Generative AI and traditional AI work.
6. Make the right strategic decisions and collaboration for the necessary technology and data (e.g. through APIs, etc.).

4.1.2 Communication: Building Trust in AI by Communicating Its Role More Clearly to Shareholders

Most of the interviewees (13/21) spoke about the importance of having a clear and consistent message to build trust with shareholders:

Our reports and the website need to mention AI so people including the shareholders know we are using it drawing the benefits.

We use many partners (to implement AI ourselves and for services using AI) but when it comes to our core business we have not handed it over to AI we use AI but we have not handed over our core business shareholders should know this . . .

The regulation with data needs to be considered...following the regulation creates trust with the government shareholders everyone.

Some people want to use AI for almost everything they don't understand the problems things can unravel. We don't want people (to believe that) the shareholders to think that...

Therefore, based on the comments of the interviewees, the ways to build trust in AI with shareholders by communicating the role of AI can be done in the following ways:

1. Clear vision on AI use. Illustrate sound business judgement. Showcase the organization's AI talent.

2. Clear boundaries on what AI does and does not do. Show willingness to enforce these.
3. Illustrate an ability to follow developments: Show similar cases of AI use from competitors, or companies in other areas.
4. If trust is concentrated on specific leaders that will have a smaller influence with the increased use of AI, the trust lost must be re-built.
5. Be transparent about AI risks, so shareholders can also evaluate them as accurately as possible.

4.2 How Leaders Can Build Trust in AI with Staff

4.2.1 Implementation: Building Trust in the AI Implementation Process for Staff

All the board members interviewed are aware of several concerns staff have about the use of AI, and how it affects them:

There's an element of experimentation with all this but we are committed to moving forward, our staff know that they can't stop it change is a part of life.

Most of our staff are finance professionals they're experts on the tools they use but not all tech . . .

They (staff) get promotions and bonuses from their performance. Through all the change from AI but also crypto the economy the evaluation needs to be attractive . . .

They (staff) have similar concerns to us so we need to talk about how it affects them and us.

I have been asked if we are training AI on their behaviour and if AI will replace them once it is trained and if this is ethical. We don't want to do something not ethical.

Therefore, based on the comments of the interviewees, the ways to build trust in the AI implementation process for staff are:

1. Show long-term financial commitment to AI initiatives.
2. Encourage mindset of experimentation but with an awareness of the risks such as privacy, data protection laws and ethical behaviour.
3. Involve staff in process of digital transformation. Share new progress and new insights gained to illuminate the way forward.
4. Make AI ethics committee with staff from a variety of seniorities.
5. Give existing staff the necessary skills to effectively utilize Generative AI, rather than hiring new people with technological knowledge that do not know the business. Educate staff on when to not follow, and when to challenge the findings of AI.
6. Key performance indicators (KPIs) need to be adjusted. Some tasks become easier with AI, but the process of digital transformation is time consuming.

4.2.2 Communication: Building Trust in AI with Staff by Communicating the Role of AI

While there are real challenges for staff with the increasing use of AI, and staff want effective solutions, most of the board members interviewed (16/21) believe that how the change is articulated to staff is also critical:

We are looking at alternative solutions with AI and we will continue to be open to looking at alternative solutions but we need to be clear on the strategy so we optimize the resources we have and staff understand that.

With changes like this there are always many problems and we try to have a friendly culture where people are not scared of talking about the problems so we fix them.

I want us (the board and other staff) to not be scared of how we use AI in the future but vigilance is also necessary we don't want to be asleep while the plane is on autopilot (we must not trust AI blindly).

Therefore, based on the comments of the interviewees, building trust in AI with staff by communicating the role of AI, can be done in the following ways:

1. Communicate a clear coherent, long-term vision, with a clear role for staff. The steps towards that vision should reflect the technological changes, business model changes, and the changes in their roles.
2. Be open and supportive to staff reporting problems, so whistleblowing is avoided.

4.3 How Leaders Can Build Trust in AI with Customers

4.3.1 Implementation: Building Trust in the AI Implementation Process for Customers

Most of the board members interviewed (18/21) spoke about transparency extensively as a way to build trust for customers in AI. A related point was also made about setting boundaries for what AI can and cannot do. Having these boundaries also helps in making AI decisions more explainable:

We are comfortable with AI in financial advice and most of our customers are we need to be at the same point with Generative AI.

They (customers) can't trust us if they don't know what we do (to make financial decisions) they ask us especially when there is a dip.

Therefore, based on the comments of the interviewees, the ways to build trust in the AI implementation process for consumers are:

1. Avoid using unsupervised Generative AI to complete tasks on its own.
2. Only use AI with clear transparent processes, and predictable outcomes, to complete tasks on its own.
3. Have clear guidelines on how staff can utilize Generative AI, covering what manual checks they should make.
4. Monitor competition and don't fall behind in how trust in AI is built.

4.3.2 Communication: Building Trust in AI by Communicating Its Role More Clearly to Customers

Several of the interviewees (12/21) stated that the use of AI and Generative AI needs to be explained, and customers must be reassured that this is done ethically and respectfully:

People hate that moment when they realize they are not talking to a real person they feel misled you need to tell them from the start what is what.

They need to know we use AI but all the things that made them trust us before and put their money with us still apply.

Therefore, based on the comments of the interviewees, building trust in AI with customers by communicating the role of AI can be done in the following ways:

1. Explain where Generative AI and other AI are used and how.
2. Emphasize the values and ethics of the organization and how they still apply when Generative AI or other AI is used.

5 Discussion and Conclusion

The magnitude of the digital transformation and the risks involved requires leadership from the board of directors. Globally, most boards struggle to fully understand how they should show leadership in how they utilize AI and apply governance to it.

Tables 3, 4, and 5 illustrate how a board should build trust in AI for shareholders, staff, and consumers. Leaders should build trust in two ways: First, by building trust with an effective and trustworthy implementation of AI, and second, building trust by communicating how AI is used in a way that addresses the stakeholder's concerns. The findings show that there is a significant overlap with good overall implementation and governance of AI. There are, however, several issues identified that are specific ways to communicate how AI is used and to build trust. The findings also show that some ways of applying Generative AI are more conducive to trust in AI, even if they may be a more restrained and limited application, and some of Generative AI's performance is sacrificed. There are, therefore, some trade-offs between unleashing Generative AI in all its capacity and a more constrained, transparent, and predictable application that builds trust with customers, staff, and shareholders. This balancing act, between a fast adoption of Generative AI and a more cautious adoption of a more controlled AI, is at the heart of the challenge the board faces.

Based on the directors interviewed, more technical knowledge of the technology is needed on boards. This finding supports previous research on boards in China (Li et al., 2021) and suggests this also applies to Malaysia. The message that comes out strongly is that board members with their experience in making strategic decisions with long-term implications are critical, but new knowledge needs to be gained.

Table 3 How leaders can build trust in AI with shareholders

<i>Implementation</i>
1. Use AI in a way that does not increase financial or other risks
2. Build in-house expertise, don't rely on one consultant or technology provider
3. Make a new committee focused on the governance of AI and data. Accurately evaluate new risks (compliance, etc.)
4. Develop a framework of AI risk that the board will use to evaluate and communicate risks from AI implementations. Management should regularly update the framework
5. Renew board and bring in more technical knowledge, and have sufficient competence in AI. Keep up with developments in technology. Ensure all board members understand how Generative AI and traditional AI work
6. Make the right strategic decisions, and collaboration, for the necessary technology and data (e.g. through APIs, etc.)
<i>Communication</i>
1. Clear vision on AI use. Illustrate sound business judgement. Showcase the organization's AI talent
2. Clear boundaries on what AI does and does not do. Show willingness to enforce these
3. Illustrate an ability to follow developments: Show similar cases of AI use from competitors, or companies in other areas
4. If trust is concentrated on specific leaders that will have a smaller influence with the increased use of AI, the trust lost must be re-built
5. Be transparent about AI risks so shareholders can also evaluate them as accurately as possible

Table 4 How leaders can build trust in AI with staff

<i>Implementation</i>
1. Show long-term financial commitment to AI initiatives
2. Encourage mindset of experimentation but with an awareness of the risks such as privacy, data protection laws and ethical behaviour
3. Involve staff in process of digital transformation. Share new progress and new insights gained to illuminate the way forward
4. Make AI ethics committee with staff from a variety of seniorities
5. Give existing staff the necessary skills to effectively utilize Generative AI, rather than hiring new people with technological knowledge that do not know the business. Educate staff on when to not follow, and when to challenge the findings of AI
6. Key performance indicators (KPIs) need to be adjusted. Some tasks become easier with AI, but the process of digital transformation is time consuming
<i>Communication</i>
1. Communicate a clear coherent, long-term vision, with a clear role for staff. The steps towards that vision should reflect the technological changes, business model changes, and the changes in their roles
2. Be open and supportive to staff reporting problems, so whistleblowing is avoided

Building evidence-based trust, and supporting healthy distrust in AI, is important. Blind trust in AI and the assumption that it works like another technology that operates in a predictable way, such as statistical analysis of investments provided by a financial investment app, are also unhealthy. Therefore, leaders and boards, in particular, must build trust by providing a suitable strategy and an effective implementation, while at the same time, avoid crushing a healthy level of distrust based on an understanding of AI's limitations. A blind distrust must not be replaced

Table 5 How leaders can build trust in AI with customers

<i>Implementation</i>
1. Avoid using unsupervised Generative AI to complete tasks on its own
2. Only use AI with clear transparent processes, and predictable outcomes, to complete tasks on its own
3. Have clear guidelines on how staff can utilize Generative AI, covering what manual checks they should make
4. Monitor competition and don't fall behind in how trust in AI is built
<i>Communication</i>
1. Explain where Generative AI and other AI are used and how
2. Emphasize the values and ethics of the organization and how they still apply when Generative AI, or other AI, is used

by a blind trust. Therefore, a level of trust as close to the abilities and limitations of the AI used is ideal. This will be a more stable and sustainable trust. This delicate balance is based on good judgement, which is where a board with their experience often excel. This is one more time when they must raise to the challenge and show leadership.

Limitations and future research: The findings support how leaders, particularly board members, build trust in AI for finance and Fintech in Malaysia. The findings may apply to other regions, but future research should confirm this. While many of the findings may apply to other sectors of the economy and other countries, they will be more relevant to sectors with similar characteristics such as the high level of risk and the high level of trust necessary.

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