# US and UK hold back from AI governance declaration amid innovation concerns



The recent Paris AI Summit highlighted significant tensions in the global approach to AI governance, with the United States and United Kingdom notably refraining from endorsing a diplomatic declaration aimed at fostering inclusive and sustainable AI. This decision underscores the complex landscape organisations face in navigating artificial intelligence innovation amid fragmented and evolving regulatory frameworks.

As AI technology advances at a rapid pace, the absence of universal policies creates a challenging environment for businesses. Experts warn that the lack of cohesive governance could impede innovation and complicate compliance, risk management, and governance efforts. Industry leaders from governance, risk management, and compliance (GRC) sectors—including Drata, FloQast, AuditBoard, and others—have been examining how companies can succeed without universally accepted AI governance structures.

One prominent challenge arises from what has been termed the "fear of missing out" (FOMO) on AI innovation. Organisations experience pressure to adopt new AI technologies quickly to stay competitive, yet face operational uncertainties and the burden of compliance with disparate regulations. Matt Blumberg, CEO of Acrolinx, commented on the impact of fragmented regulations, stating, "The lack of a universal AI policy definitely holds organizations back from innovation as they struggle with fragmented AI regulations." Smaller and medium-sized enterprises (SMEs) feel particularly constrained, whereas larger enterprises adopt a more pragmatic stance.

Reputational risks also dominate the conversation. Without clear AI governance, sensitive assets such as customer data and intellectual property become more vulnerable. Businesses increasingly turn to cybersecurity frameworks and GRC platforms as interim solutions. Matt Hillary, Vice President of Security and CISO at Drata, noted, "Emerging regulations add another layer of complexity to maintaining trust." Sectors with stringent regulatory environments, such as finance, remain cautious about AI adoption due to unclear or insufficient guidelines. Mike Whitmire, CEO and Co-founder at FloQast, remarked on this barrier: "The lack of clear policies also increases trust barriers for AI adoption in finance."

The relationship between AI governance and innovation is nuanced, described as a "yin-yang" dynamic by industry insiders. While governance can be perceived as restrictive, it also functions as an enabler that ensures technology is implemented securely and responsibly. Tara Darbyshire, Co-founder and EVP at SmartSuite, explained, "Governance, and the application of controls for any technology, enables organizations to safely and carefully implement technologies that can otherwise be deemed dangerous or not secure." The primary challenge is balancing enough oversight to prevent risks without stifling innovation.

Additionally, unregulated AI usage within organisations, or "shadow AI," presents new concerns. Richard Marcus, Chief Information Security Officer at AuditBoard, highlighted the risks associated with employees employing unsanctioned AI tools outside approved IT frameworks. This phenomenon illustrates the practical governance difficulties companies face and their need to create and manage internal policies often without comprehensive external regulations.

Data from G2, an online platform for software reviews and market insights, provides further context to these challenges by analysing real-user feedback on GRC, AI governance, and security compliance tools. Lauren Worth, Senior Market Research Analyst at G2, observed, "The AI governance tools market is still in its infancy. With little formal AI regulation, any governance standards a company sets today could be overruled tomorrow if they become too costly, complex, or unpopular. Organizations must balance risk with pragmatism."

One clear trend from G2 data is that businesses tend not to frequently switch governance software vendors. This either indicates strong vendor trust or reflects a trend of organisations employing multiple tools concurrently, possibly leading to overlaps or fragmentations in governance efforts.

Regarding time to return on investment (ROI), G2’s data shows that GRC tools generally deliver fast returns across all company sizes, with no users reporting a timeline beyond six months. This suggests these tools are mature and efficiently implemented. AI governance tools and security compliance software exhibit more varied ROI timelines, particularly influenced by company size and complexity. Smaller businesses often see quicker ROI, whereas larger enterprises face longer implementation and integration periods. This disparity highlights the varying challenges organisations of different scales face in deploying governance solutions.

The evolving AI governance landscape presents a complex scenario as businesses and regulators work to strike a balance between fostering innovation and maintaining control. The ongoing discourse among industry leaders and data-backed market insights underscore the multifaceted nature of AI governance as both a challenge and an opportunity for businesses globally. Further analysis on this topic is expected to continue as organisations refine strategies for responsible AI adoption.

Source: [Noah Wire Services](https://www.noahwire.com)

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