



# ALL INDIA BANK OFFICERS' CONFEDERATION



(Registered under the Trade Unions Act 1926, Registration No.3427/Delhi)

C/o State Bank of India Officers' Association (North-Eastern Circle)

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Circular No. 2025/35

Date: 18.08.2025

## To All Affiliates (Please Circulate)

Dear Comrades,

### **AIBOC WRITES TO THE GOVERNOR OF RBI AND ISSUED A PRESS RELEASE ON THE RBI'S PROPOSAL OF IMPLEMENTATION OF "FRAMEWORK FOR RESPONSIBLE AND ETHICAL ENABLEMENT OF ARTIFICIAL INTELLIGENCE" (FREE-AI)**

AIBOC expressed its serious concern over the proposed implementation of FREE-AI by the Reserve Bank of India (RBI) and issued a press release on 17.08.2025, which has been widely circulated in the leading print and portal medias of the country. AIBOC has also written a letter to the Hon'ble Governor of RBI denouncing the proposal and demanding dialogue with the trade unions before taking any such unilateral decision. We reproduce the text of the letter no. 2025/17 dated 18.08.2025 for your information and onward sharing to the members.

With revolutionary greetings,

Comradely Yours,

**Rupam Roy**  
**General Secretary**

### **Text of Letter no. AIBOC/2025/17 dated 18.08.2025**

To  
Shri Sanjay Malhotra  
Hon'ble Governor  
Reserve Bank of India

Respected Sir,

### **AIBOC CAUTIONS AGAINST UNILATERAL ROLL-OUT OF AI FRAMEWORK IN BANKING; CALLS FOR SOCIAL DIALOGUE, BINDING SAFEGUARDS, AND A WORKER AND CONSUMER FIRST ROADMAP**

Greetings from AIBOC! We are the India's largest trade union of bank officers, representing more than 325000 officers across PSBs, RRBs and Private banks.

AIBOC advances the interests of officers, the bank customers, and the broader economy through constructive engagement and evidence-based advocacy.

We express through this letter our serious concern over the proposed implementation of the Reserve Bank of India's "Framework for Responsible and Ethical Enablement of Artificial Intelligence" (FREE-AI) without structured consultations with trade unions, civil society groups, and consumer organisations. While AIBOC acknowledges the framework's aspiration to make AI trustworthy, fair and accountable, the Confederation warns that **a top down, time-bound imposition, absent social dialogue, risks legal uncertainty, consumer harm, exclusion of vulnerable segments, and fresh stresses on already stretched Public Sector Banks (PSBs).**

**Technology cannot be a substitute for public trust.** The RBI's 'Seven Sutras': Trust, People-First, Fairness, Accountability, Understandability, Safety and Innovation are laudable. But unless these are translated into enforceable rights for customers and enforceable protections for workers, we fear an AI roll out that amplifies risk instead of reducing it.

AIBOC's analysis of the framework highlights the following concerns that require immediate, consultative resolution before sector wide adoption:

**1) AI does not dilute compliance obligations under existing banking, outsourcing, digital lending, IT/cybersecurity and data-protection norms. In practice, however, non-deterministic models blur lines of responsibility across banks and vendors. Without explicit liability allocation and AI specific contract clauses, banks face heightened exposure in disputes over adverse decisions, data misuse, bias, and explainability gaps. AIBOC demands clear "adverse action" protocols, documented lawful bases for data use, and audit ready model lineages.**

**2) The framework pushes accountability to the deploying entity, yet day-to-day decisions will be executed by bank staff. Officers must not be scapegoated for policy compliant model failures.** AIBOC seeks **RACI based accountability, a model incident register with root-cause analysis, and HR policy addenda** that protect employees who follow approved AI SOPs. Disciplinary action must distinguish negligence from systemic or vendor induced errors.

**3) Model drift, bias, hallucinations, and adversarial attacks (poisoning, prompt-injection, inversion) can amplify small faults at massive scale.** AIBOC calls for **continuous red teaming, tiered approvals by risk class, SOC integrated AI threat playbooks, and AI specific business continuity** with fallbacks and human validation.

**4) Early adoption is capital, compute, and talent intensive. Without shared public infrastructure (datasets, compute, multilingual models) and a regulatory sandbox accessible to PSBs/RRBs, private banks could gain a structural edge, accelerating market-share erosion from public to private.**

AIBOC urges a **level-playing-field investment plan** backed by the Centre and RBI.

**5)** AI can widen reach, but it can also **encode exclusion**. AIBOC insists on a **Right to Human Review** for retail/MSME/farm decisions; **no purely algorithmic denials; bias testing for protected and proxy attributes** (region, language, socio economic markers); and **simple contest channels** with time-bound resolutions. Explanations must be **clear, local-language, and outcome-specific**.

**6)** Automation without guarantees on **redeployment, upskilling, and non-coercive transitions** will fracture morale and service quality. AIBOC demands a **no-forced-redundancy covenant**, a funded **national upskilling mission** for bank employees, and **joint monitoring committees** to track impacts on workloads, health, and service delivery.

**7)** AI may sharpen early warnings and monitoring, but **mis-classified risk in stressed conditions** can inflate NPAs and write-offs. Banks must implement **champion challenger models, rare event stress testing, override tracking,** and **post outcome monitoring** with findings reported to Boards and regulators.

**8)** If AI disproportionately benefits data-rich corporates while shrinking credit lines for small borrowers, **inequality will deepen**. Translating the Sutras into practice means **proportionate compliance for low-risk inclusion use cases, multilingual and low resource models,** and **explicit targets for rural/priority segments** backed by **public funding for safe experimentation**.

Globally, trade unions are increasingly demanding that workers be engaged before Artificial Intelligence (AI) is introduced in any industry. The Australian Council of Trade Unions (ACTU) has called for mandatory AI Implementation Agreements, ensuring consultation with employees on job security, retraining, transparency, and privacy safeguards. In the United States, powerful unions like the AFL-CIO and Teamsters are working with lawmakers to mandate human oversight in AI-driven decisions and prevent AI from misusing professional titles. Similarly, the Australian Services Union has proposed large-scale AI training programs, fairer compensation, and reduced work hours to recognize human judgment and collaboration. Together, these global initiatives reinforce a common principle: AI can only deliver sustainable productivity gains when workers' voices, rights, and protections are placed at the center of technological change.

AIBOC is not anti-technology we are pro-people, pro prudence, and pro inclusion. **No deployment should precede dialogue**. We call for a structured, time bound consultation with unions, consumer bodies, technologists and civil society before any mandates are finalised.

**AIBOC demands that:**

1. **Constitute a National Council for AI in Banking** with representation of Banking trade unions, civil society, and consumer advocates; publish a **White Paper** and hold open consultations before codification.
2. **Phase in approach** with **moratorium on high-risk AI use cases** until guardrails (human in the loop, recourse, fairness audits, AI BCP, incident reporting) are operational and independently validated.
3. **No forced redundancies**; funded upskilling; RACI based accountability; HR safeguards against scapegoating for policy compliant errors.
4. Mandatory **AI disclosures, adverse action notices, right to human review**, local-language explanations, and **compensation protocols** for harm.
5. **Level playing field for PSBs/RRBs**: shared compute/data infrastructure, India-context multilingual models, accessible sandboxing, and budgetary support to prevent market-share displacement.
6. **Vendor accountability**: AI specific outsourcing clauses (bias, data rights, sub-vendor transparency, liability), with **regulatory attestation** for critical providers.

AIBOC reiterates that responsible AI can strengthen public trust **only if** it is built **with** the people who deliver and depend on banking services. **“Dialogue first, deployment next”** that is the path to innovation with accountability.

On behalf of AIBOC, we earnestly urge your esteemed office to take appropriate measures in the larger interest of our nation and its citizens.

With best regards,

Yours sincerely,

**Sd/-**  
**Rupam Roy**  
**General Secretary**