Comprehensive Summary of the AI Work Group Meeting – 3 February 2025

Date: 3 February 2025
Time: 13:00 GMT
Duration: 48 minutes
Location: Virtual

Attendees:

- **Ascanio Salvidio (Italy)**

- Hafiz Imtiaz Ahmed (UAE)

- Omar Zaman (Saudi Arabia)

- Drew Dorweiler (Canada)

- Graham Antrobus (UK)

Key Discussion Points

1. Organisation and Productivity of the Work Group

The participants acknowledged their demanding schedules and the fact that none of them are AI specialists, though they each have varying degrees of exposure to its applications in valuation. The focus of their work will be on the **practical application of AI in valuation** rather than its technical development.

Discussions centred around balancing this initiative with their existing responsibilities. One participant likened learning about AI to adapting to a new law or regulation, requiring ongoing education and effort. It was noted that, as experienced professionals, they do not have the flexibility to dedicate entire days to AI research in the same way

that younger professionals might. Additionally, the limited internal resources of their organisations make self-learning a necessity.

2. AI's Impact on Valuation Practices

Participants shared insights on how they have engaged with AI tools from a practical perspective, particularly in areas such as:

- **Financial statement analysis**

- **Discount rate determination**

- **Refinement of valuation models**

It was noted that some valuation professional organisations (VPOs) have started issuing broad guidelines on AI but have yet to fully explore its implications on valuation methodologies. There was discussion about whether AI could enhance valuation models such as the **Capital Asset Pricing Model (CAPM)**.

A concern was raised about AI's potential to reduce cognitive engagement among professionals. Comparisons were made to how people once memorised phone numbers before the advent of smartphones, suggesting that excessive reliance on AI could similarly diminish critical thinking skills in valuation.

3. Ethical Considerations and Guidelines for AI Use

The group agreed on the importance of **ethical and transparent** AI usage in valuation. Key points discussed included:

- AI should serve as a tool to **support professional judgment**, not replace it.

- Some other VPOs have already published guidance on AI, but more comprehensive frameworks are needed.

- Disclosure requirements: It was agreed that valuation reports should indicate when AI has been used in the valuation process to maintain transparency with clients and stakeholders.

A reference was made to **Europe's AI Directive**, which could provide some guidance, though concerns were raised that it may impose barriers to AI development within Europe. The group agreed to review existing regulatory frameworks and professional standards to **develop guidelines tailored to valuation professionals**.

4. Proposal for a Survey on AI in Valuation

A survey was proposed to assess the current use of AI in valuation among professionals. The intended target audience includes members of various professional organisations.

The discussion covered whether the survey should be fully anonymous or whether participants should have the option to provide contact details for follow-up discussions. A **hybrid approach** was suggested, where participants could voluntarily share their details if they were interested in contributing further insights.

A draft version of the survey will be circulated before its launch. It was also suggested that this survey could become an **annual initiative** to track AI adoption trends over time.

5. Repository for AI Research and Knowledge Sharing

A proposal was made to establish a **centralised repository** for AI-related research and valuation applications. The repository would:

- Store relevant articles, reports, and AI tool evaluations.

- Serve as a **knowledge-sharing platform** for valuation professionals.

- Be linked to existing industry publications where AI-related developments could be featured in a dedicated section.

There was discussion about how AI tools could be used to **enhance financial data extraction**—particularly from financial statements and footnotes.

6. Next Steps and Action Items

Several tasks were outlined to move the initiative forward:

- **Survey Development:** A draft will be prepared and circulated for feedback.

- **AI Guidelines:** Members will compile and review existing professional standards to draft appropriate guidelines.

- **Research Repository:** The group will explore suitable platforms for document sharing.

- **Newsletter Contributions:** Plans were made to include periodic AI updates in relevant industry publications.

- **Future Meetings:** Follow-up meetings will be scheduled to track progress.

7. Scheduling the Next Meeting

The next virtual meeting was scheduled for **Monday, 3 March 2025, at 09:00 GMT**. Consideration was given to various time zones to accommodate participants from multiple countries. One participant will send out calendar invitations.

8. Potential In-Person Meeting

The possibility of an **in-person meeting** was discussed, with London and Dubai identified as potential locations. One participant mentioned that an upcoming industry meeting in London (April 7-11) could present an opportunity to meet in person. The group will monitor travel schedules and explore the feasibility of arranging a meeting.

Conclusion

The meeting successfully outlined the **work group's objectives**, with a focus on AI's role in valuation, ethical considerations, and the survey initiative. The next meeting will review progress on these initiatives, and participants were encouraged to contribute actively.

Action Items Summary:

- **Survey Draft:** To be prepared and shared for feedback.

- **AI Guidelines:** Compilation of existing professional standards.

- **Research Repository:** Investigation into platform options.

- **Meeting Invite:** Calendar invitations to be sent for the next virtual meeting.

- **In-Person Meeting Planning:** Monitoring travel schedules for a possible London or Dubai meeting.

End of Summary.