

2ND ILA CONFERENCE, GOA – PRESENTATION OUTLINE

EMERGING SCHOLAR'S SESSION

COMPUTATIONAL INSOLVENCY

Rethinking Insolvency and Restructuring in the Digital Age

By Aditya Sushant Jain

GOAL OF THIS PRESENTATION

- To argue for a new school of insolvency called ‘Computational Insolvency’ inspired by the Stanford’s Codex Project on ‘Computational Anti-trust’.
- The school shall aim to specifically study and conduct research on technological integration within Insolvency and Bankruptcy framework in India and abroad.
- The presentation highlights all the future concerns for research in computational insolvency and presents the author’s views on current discourses in this niche.

But what is ‘computational Insolvency’?

TAXONOMY AND CLASSIFICATION OF TECHNOLOGIES IN INSOLVENCY

- Susskind and Susskind's 'innovation' vs 'automation' driven models
- Guiseppe and Edorado's four stage 'ReStech' Model.

TECHNOLOGICAL DISRUPTION INEVITABLE BUT ARE WE PREPARED?

- Why Inevitable? Three reasons: Market Demand due to Efficiency gains, Competition, Cost Cutting.
- Then why do Insolvency Practitioners still suffer from the 'AI Fallacy' ? - a Paper by Griffith University (2017-18)

We must remember: Intelligent automation does not replace strategic human thinking. Automation bias is a chimera.

UNDERSTANDING INNOVATION DRIVEN TECHNOLOGIES

HOW THEY CAN FORCE US TO RE-IMAGINE INSOLVENCY

- **Bankruptcy prediction models:** From stastical models to soft computing models. Extremely accurate but limitations of bias, variance and expired data. Will it open doors to a preventative bankruptcy framework?
- **Blockchain:** Upgrading Information Utility through data privacy, automatic verification. Additional benefits to cyber security, voting, and smart contracts
- **Asset sale tokenization** through blockchain: Can it inject liquidity in the distressed debt market?
- **Cloud Computing** for data storage. Further integration with big data and AI to remove data 'noise'.
- **Digitization, systematization** and **automation** of documents, NCLT procedures, filings etc.
- **AI in Data Processing, RegTech and Large Language Models.**

REGULATORY CHALLENGES

THE PAPER PROVIDES INGENIOUS SOLUTIONS TO ALL THE BELOW MENTIONED PROBLEMS

- Cloud Computing storage of data: Needs Cross border data flow. Is Global CBPR a solution? Should India become a member?
- Crypto and Cloud based firm's Insolvencies— what happens to 'crypto assets' & who owns the data in the cloud?
- DPDP and IBC - still not harmonized? Privacy concerns? Future of data in I&B?
- Are sectoral laws the only answer?
- Automation Bias & Ethical Concerns – Ensuring fairness, preventing algorithmic discrimination especially in case of black boxes. Should we regulate complexity?

GENERAL CHALLENGES TO IMPLEMENTATION

- Lack of Government Infrastructure.
- Personal Constraints such as mistrust of technologies and information exclusion
- Fears of job replacements and general lack of technological adeptness amongst professionals
- Cybersecurity and sectoral inertia
- Lack of Indigenous Research, and skills and training to Insolvency Professionals
- Lack of interdisciplinary education in technology and law in law schools



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Thank You

This is a preliminary presentation outline, actual presentation may be modified and/or varied