OpenAI's Data Residency

***Prelims**: Current events of national and international importance*

Why in News?

Recently, ChatGPT-maker OpenAI has launched data residency in some Asian countries, enabling these regions to store data locally.

- **Local data residency** – It refers to the practice of ***storing and processing data within a specific geographic region*,** often the country or region where the data originated or where the data subjects reside.
- It enhances the data control by the organisations and businesses.
- Data residency builds on OpenAI's existing enterprise-grade data privacy, security, and compliance features.
- **Covered countries** – ***India***, Japan, Singapore and South Korea,
- **Covered products** - ChatGPT Enterprise, ChatGPT Edu, and the API users.

ChatGPT Enterprise	A *customised version of ChatGPT*, for businesses, offering security, privacy, & management features.
ChatGPT Edu	It is *built for universities* to deploy AI to campus operations and assist students, faculty and researchers with artificial intelligence.
OpenAI API	It is a set of tools that *allows developers to access and use OpenAI's models* within their own applications by integrating advanced AI capabilities like text generation and natural language processing in their projects.

- It could allow financial institutions to deploy Al for use cases like payment processing while remaining compliant with existing requirements that require payment data to be stored locally.
- **Significance for India** – It will help Indian users *meet local data sovereignty requirements* while using OpenAI products.
- It allows ***data at rest*'** such as *prompts, Uploaded files, and chat interactions* to be stored within India.
- As Reserve Bank of India does permit transient cross-border processing under certain conditions, if this is implemented thoughtfully, concerns about data in motion could also be addressed.
- **Challenges** – Although it is a step towards compliance, it has *fallen short of complete data sovereign*.
- The architecture stores data 'at rest' locally, but not necessarily 'in transit' or during model inference, thus that *data may still leave the country*, exposing enterprises to regulatory scrutiny.
- OpenAl has not announced local hosting of its GPT models or inference engines in

India.

India has grown to be the 2nd largest market for OpenAI, and the number of users in the country tripled by 2024.

References

1. The Economic Times| Impact of OpenAI's Data Residency on India
2. Business Standard| OpenAI's Local Data Residency

