

Targeted consultation on artificial intelligence in the financial sector

Fields marked with * are mandatory.

Introduction

In financial services and beyond, there is a broad technology-driven trend towards greater use of AI. The Commission highlighted the need for a targeted consultation on the use of AI in financial services. The goal is to identify the main use cases and the benefits, barriers and risks related to the development of AI applications in the financial sector.

In general, the development and use of AI in the EU will be regulated by the [AI Act](#), the world's first comprehensive AI law. The AI Act which was voted by the European Parliament on 13 March and expected to enter into force in July, aims to guarantee the safety and fundamental rights of people and businesses, while strengthening AI uptake, investment and innovation across the EU. To support further these objectives, an [AI innovation package](#) has been adopted by the Commission on 24 January 2024. It contains a series of measures to support European startups and SMEs in the development of trustworthy AI that respects EU values and rules. This follows the political agreement reached in December 2023 on the AI Act.

The AI Act is designed to complement the already existing financial services *acquis*, that, while not explicitly targeted at regulating AI, is an important framework to manage the related risks in specific applications and includes several relevant requirements for financial entities when providing financial services. It does so by pursuing objectives to ensure healthy financial markets, such as transparency, market integrity, investor protection and financial stability. For example, when providing investment services, including through reliance on AI such as trading algorithms, investment firms must comply with the [MIFID/R framework](#) and the [market abuse rulebook](#).

The aim of this consultation is not to lead to policy work that would generate new duplicative requirements in relation to the use of AI by the financial sector, or to new requirements that have the potential to stifle AI innovation.

Objective of the consultation

The present targeted consultation will inform the Commission services on the concrete application and impact of AI in financial services, considering the developments in the different financial services use cases.

The views from stakeholders will support the Commission services in their assessment of market developments and risks related to AI and in the implementation of the AI Act and existing financial services legislation in the financial sector. The consultation is focused on the objectives of the financial sector *acquis* and the AI Act and is not intended to focus on other policy objectives such as competition policy. It is intended to improve the effective implementation of these legal frameworks.

This targeted consultation will include questions with multiple choice and open answers. The questionnaire contains three parts:

1. a first part with general questions on the development of AI
2. a second part with questions related to specific use cases in finance
3. and a third part on the AI Act related to the financial sector

For the purpose of this targeted consultation, the concept of AI corresponds to the definition of an AI system established in the AI Act, which covers “*any machine-based system designed to operate with varying levels of autonomy and that may exhibit adaptiveness after deployment and that, for explicit or implicit objectives, infers, from the input it receives, how to generate outputs such as predictions, content, recommendations, or decisions that can influence physical or virtual environments*”.

Target group

The targeted consultation will gather input from all financial services stakeholders including companies and consumer associations. Views are particularly welcome from financial firms that provide or deploy/use AI systems. This consultation is designed for respondents developing or planning to develop or use AI applications in financial services.

Responding to the consultation

Respondents are invited to complete the questionnaire by 13 September 2024. They are invited to elaborate by providing input and additional insights to their answers.

Outcome

Depending on the progress made, the Commission will publish a report on the findings and an analysis of the main trends and issues arising with the use of AI applications in financial services.

Please note that the information collected will not be shared with third parties and if used, it will be anonymised, in such a manner that it does not relate to any identified or identifiable financial institution.

Please note: In order to ensure a fair and transparent consultation process **only responses received through our online questionnaire will be taken into account** and included in the report summarising the responses. Should you have a problem completing this questionnaire or if you require particular assistance, please contact eu-digital-finance-platform@ec.europa.eu.

More information on

- [this consultation](#)
- [the consultation document](#)
- [digital finance](#)
- [the digital finance platform](#)

- [the protection of personal data regime for this consultation](#)

About you

* Language of my contribution

- Bulgarian
- Croatian
- Czech
- Danish
- Dutch
- English
- Estonian
- Finnish
- French
- German
- Greek
- Hungarian
- Irish
- Italian
- Latvian
- Lithuanian
- Maltese
- Polish
- Portuguese
- Romanian
- Slovak
- Slovenian
- Spanish
- Swedish

* I am giving my contribution as

- Academic/research institution
- Business association
- Company/business

- Consumer organisation
- EU citizen
- Environmental organisation
- Non-EU citizen
- Non-governmental organisation (NGO)
- Public authority
- Trade union
- Other

* First name

Silvia

* Surname

Attanasio

* Email (this won't be published)

s.attanasio@abi.it

* Organisation name

255 character(s) maximum

ABI - Italian Banking Association

* Organisation size

- Micro (1 to 9 employees)
- Small (10 to 49 employees)
- Medium (50 to 249 employees)
- Large (250 or more)

Transparency register number

255 character(s) maximum

Check if your organisation is on the [transparency register](#). It's a voluntary database for organisations seeking to influence EU decision-making.

915519211566-03

* Country of origin

Please add your country of origin, or that of your organisation.

- Afghanistan
- Åland Islands
- Albania
- Algeria
- American Samoa
- Andorra
- Angola
- Anguilla
- Antarctica
- Antigua and Barbuda
- Argentina
- Armenia
- Aruba
- Australia
- Austria
- Azerbaijan
- Bahamas
- Bahrain
- Bangladesh
- Barbados
- Belarus
- Belgium
- Belize
- Benin
- Bermuda
- Bhutan
- Djibouti
- Dominica
- Dominican Republic
- Ecuador
- Egypt
- El Salvador
- Equatorial Guinea
- Eritrea
- Estonia
- Eswatini
- Ethiopia
- Falkland Islands
- Faroe Islands
- Fiji
- Finland
- France
- French Guiana
- French Polynesia
- French Southern and Antarctic Lands
- Gabon
- Georgia
- Germany
- Ghana
- Gibraltar
- Greece
- Greenland
- Libya
- Liechtenstein
- Lithuania
- Luxembourg
- Macau
- Madagascar
- Malawi
- Malaysia
- Maldives
- Mali
- Malta
- Marshall Islands
- Martinique
- Mauritania
- Mauritius
- Mayotte
- Mexico
- Micronesia
- Moldova
- Monaco
- Mongolia
- Montenegro
- Montserrat
- Morocco
- Mozambique
- Myanmar/Burma
- Saint Martin
- Saint Pierre and Miquelon
- Saint Vincent and the Grenadines
- Samoa
- San Marino
- São Tomé and Príncipe
- Saudi Arabia
- Senegal
- Serbia
- Seychelles
- Sierra Leone
- Singapore
- Sint Maarten
- Slovakia
- Slovenia
- Solomon Islands
- Somalia
- South Africa
- South Georgia and the South Sandwich Islands
- South Korea
- South Sudan
- Spain
- Sri Lanka
- Sudan
- Suriname
- Svalbard and Jan Mayen

- Bolivia
- Grenada
- Namibia
- Sweden
- Bonaire Saint Eustatius and Saba
- Guadeloupe
- Nauru
- Switzerland
- Bosnia and Herzegovina
- Guam
- Nepal
- Syria
- Botswana
- Guatemala
- Netherlands
- Taiwan
- Bouvet Island
- Guernsey
- New Caledonia
- Tajikistan
- Brazil
- Guinea
- New Zealand
- Tanzania
- British Indian Ocean Territory
- Guinea-Bissau
- Nicaragua
- Thailand
- British Virgin Islands
- Guyana
- Niger
- The Gambia
- Brunei
- Haiti
- Nigeria
- Timor-Leste
- Bulgaria
- Heard Island and McDonald Islands
- Niue
- Togo
- Burkina Faso
- Honduras
- Norfolk Island
- Tokelau
- Burundi
- Hong Kong
- Northern Mariana Islands
- Tonga
- Cambodia
- Hungary
- North Korea
- Trinidad and Tobago
- Cameroon
- Iceland
- North Macedonia
- Tunisia
- Canada
- India
- Norway
- Turkey
- Cape Verde
- Indonesia
- Oman
- Turkmenistan
- Cayman Islands
- Iran
- Pakistan
- Turks and Caicos Islands
- Central African Republic
- Iraq
- Palau
- Tuvalu
- Chad
- Ireland
- Palestine
- Uganda
- Chile
- Isle of Man
- Panama
- Ukraine
- China
- Israel
- Papua New Guinea
- United Arab Emirates
- Christmas Island
- Italy
- Paraguay
- United Kingdom
- Clipperton
- Jamaica
- Peru
- United States

- Cocos (Keeling) Islands
- Colombia
- Comoros
- Congo
- Cook Islands
- Costa Rica
- Côte d'Ivoire
- Croatia
- Cuba
- Curaçao
- Cyprus
- Czechia
- Democratic Republic of the Congo
- Denmark
- Japan
- Jersey
- Jordan
- Kazakhstan
- Kenya
- Kiribati
- Kosovo
- Kuwait
- Kyrgyzstan
- Laos
- Latvia
- Lebanon
- Lesotho
- Liberia
- Philippines
- Pitcairn Islands
- Poland
- Portugal
- Puerto Rico
- Qatar
- Réunion
- Romania
- Russia
- Rwanda
- Saint Barthélemy
- Saint Helena
- Ascension and Tristan da Cunha
- Saint Kitts and Nevis
- Saint Lucia
- United States Minor Outlying Islands
- Uruguay
- US Virgin Islands
- Uzbekistan
- Vanuatu
- Vatican City
- Venezuela
- Vietnam
- Wallis and Futuna
- Western Sahara
- Yemen
- Zambia
- Zimbabwe

* Field of activity or sector (if applicable)

- Accounting
- Auditing
- Banking
- Credit rating agencies
- Insurance
- Pension provision
- Investment management (e.g. hedge funds, private equity funds, venture capital funds, money market funds, securities)
- Market infrastructure operation (e.g. CCPs, CSDs, Stock exchanges)
- Social entrepreneurship
- Other
- Not applicable

The Commission will publish all contributions to this public consultation. You can choose whether you would prefer to have your details published or to remain anonymous when your contribution is published. **For the purpose of transparency, the type of respondent (for example, 'business association', 'consumer association', 'EU citizen') country of origin, organisation name and size, and its transparency register number, are always published. Your e-mail address will never be published.** Opt in to select the privacy option that best suits you. Privacy options default based on the type of respondent selected

* **Contribution publication privacy settings**

The Commission will publish the responses to this public consultation. You can choose whether you would like your details to be made public or to remain anonymous.

Anonymous

Only organisation details are published: The type of respondent that you responded to this consultation as, the name of the organisation on whose behalf you reply as well as its transparency number, its size, its country of origin and your contribution will be published as received. Your name will not be published. Please do not include any personal data in the contribution itself if you want to remain anonymous.

Public

Organisation details and respondent details are published: The type of respondent that you responded to this consultation as, the name of the organisation on whose behalf you reply as well as its transparency number, its size, its country of origin and your contribution will be published. Your name will also be published.

I agree with the [personal data protection provisions](#)

Part 1: General questions on AI applications in financial services

Question 1. Are you using or planning to use AI systems?

- Yes, we are already using AI systems
 - Not yet, but we plan to use AI systems within the next 2 years
 - No, we are not using it and we don't plan to use AI systems within the next 2 years
 - Don't know / no opinion / not applicable
-

Question 2. What are the **positive** things you encounter when using AI?

Please explain and give examples when possible:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We are responding to this survey as an association. Before delving into the responses to the different questions, we would like to express our concerns regarding the eventuality that a sector-specific vertical regulation about AI might be developed. While we acknowledge the European Commission's decision to regulate AI technology through the AI Act, we are concerned that introducing specific regulations for Financial Services could result in regulatory overlaps within an already complex framework. Italian banks are working a lot on Artificial Intelligence. According to ABI Lab (the Research and Innovation Center promoted by the Italian Banking Association) in 2024 Artificial Intelligence represents the primary priority for Research and Innovation for 62% of banks and ranks among the top three investment priorities for 52% of them.

Between the main positive aspects, it is possible to highlight the following: risk management, (cyber) fraud prevention/detection, Anti money laundering and financial crimes prevention improving decision-making processes, reducing costs, improving the efficiency also of existing products and data, enhancing customer relationships, decreasing resource effort, support and facilitation of people's tasks especially in the more operational and repetitive phases such as data entry and verification enhancing the control system, allowing human workers to focus on more creative and strategic activities. It can also bring benefits to society as a whole and contribute to sustainability, by addressing some of the global challenges (e.g.: climate).

Question 3. What are the **negative** things you encounter when using AI?

Please explain and give examples when possible:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Some of the main challenges could be the following: Integration of AI into banking processes (including integration in the internal control system both as a control tool and control objective), difficulties in identifying the most relevant use cases, risks related to cybersecurity and robustness, data-related issues and ethical challenges such fairness and bias (unintentional discrimination). Moreover, the complexity of the compliance framework poses an additional consideration in the journey towards AI adoption.

Question 4. Will you be deploying AI for new or additional processes within your organisation?

Yes

- No
- Don't know / no opinion / not applicable

Question 4.1 Please explain for which new or additional processes you will be deploying AI within your organisation:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

There is a confirmed and increasing push towards widespread and significant adoption of Artificial Intelligence in the banking sector. According to ABI Lab observatories, 62% of banks use Artificial Intelligence for the development of products and services in the Credit area, in experimental environments. Among the areas where AI solutions are most frequently adopted are Security Management (79%) and Assisted Channel Support (74%). In the context of R&D initiatives, further experiments are run both to explore new use cases and to assess technological frontiers.

Question 5. Are you developing or planning to develop in-house AI applications?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 5:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We have evidence that banks are developing or planning to develop AI applications in-house. Specifically, according to ABI Lab observatories, 35% of banks prefer a balanced approach between building and buying AI applications, while another 35% lean more towards in-house development rather than purchasing. Only a small percentage opt exclusively for purchasing AI applications or prefer buying more than building. No bank indicated a preference for entirely in-house development. These findings suggest that a significant portion of banks are engaged in or planning to engage in the internal development of AI applications. It is also true that Artificial intelligence is among the main paradigms characterizing projects and collaborations with fintechs in the next two years. Italian banks indicate Artificial Intelligence as a key enabling technology for projects and collaborations with fintechs, both in B2C and B2B contexts.

Question 6. Which tools are you using to develop your AI applications?

Examples: machine learning, neural networks, natural language processing, large language models, etc.

Please explain and give examples when possible:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Some of the major tools used to develop AI applications in banks are:

- Intelligent Data Processing
- Natural language processing
- Machine Learning
- Neural Networks
- Computer Vision
- Intelligent Automation
- Large Language Models
- Deep learning.

Benefits of using AI applications in financial services

Question 7. Please score the following benefits from most significant (10) to least significant (1):

	1 -	2	3	4	5	6	7	8	9	10 +	Don't know - No opinion - Not applicable
Fraud detection: AI algorithms can analyse large amounts of data to detect patterns and anomalies that may indicate fraudulent activity, helping to reduce financial losses for businesses and customers.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Risk management: AI can analyse and predict market trends, assess credit risks, and identify potential investment opportunities, helping financial institutions make more informed decisions and manage risks more effectively.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Automation of routine tasks: AI can automate repetitive tasks such as data entry, transaction processing, and document verification, freeing up time for employees to focus on more complex and strategic activities.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cost savings: by automating processes and improving efficiency, AI can help financial institutions reduce operational costs.	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Personalised financial advice: AI can analyse customer data to provide personalised financial advice and recommendations, helping customers make better financial decisions and improve their financial well-being.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

<p>Compliance and regulatory support: AI can help financial institutions stay compliant with regulations by analysing and interpreting complex regulatory requirements and monitoring transactions for suspicious activities.</p>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<p>Enhanced decision-making: AI can analyse large amounts of data and provide insights that can help financial institutions make better investment decisions, assess credit risks, and optimise their operations.</p>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<p>Improved security: AI can enhance security measures by identifying potential security threats, detecting unusual patterns of behaviour, and providing real-time alerts to prevent security breaches.</p>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<p>Streamlined processes: AI can streamline various financial processes, such as loan underwriting, account opening, and claims processing, leading to faster and more efficient services for customers.</p>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<p>Improved customer service: AI can be used to provide personalised and efficient customer service, such as chatbots that can answer customer queries and provide assistance 24/7.</p>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 8. What are the main benefits/advantages you see in the development of your AI applications?

Please explain and give examples when possible:

5000 character(s) maximum











including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Between the main benefits, it is possible to highlight the following: Enhancing decision-making processes, reducing costs, improving risk management and fraud detection by providing insights to manage risks more effectively, strengthen customer engagement since AI supports the provisioning of tailored solutions and recommendations to customers, based on their behaviors and needs, , decreasing resource effort enhancing their engagement, support and facilitation of people's tasks especially in the more operational and repetitive time-consuming, or error-prone phases, enhancing the control systems.

Question 9. Please score the following challenges from most significant (10) to least significant (1):

	1	2	3	4	5	6	7	8	9	10	
	-									+	
Lack of access to the required data, in general.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	
Lack of access to the data in an appropriate digital format.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	
Lack of access to appropriate data processing technology, e. g. cloud computing.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	

<p>Data privacy: it is crucial to ensure that sensitive financial information remains confidential.</p>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
<p>Lack of trust in relation to performance levels/ security aspects/ certified solutions/ reliability of the technology.</p>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
<p>Regulatory compliance with financial regulation: financial services are heavily regulated and not all types of AI applications are in line with requirements under these regulations.</p>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
<p>Innovation: the ability to leverage on combining AI with other technologies to enhance its potential and generate new services?</p>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	

<p>Transparency and explainability: AI algorithms can be complex and opaque. It can be difficult for humans to understand how AI arrives at certain conclusions, which can create issues of trust and accountability.</p>											
<p>Bias and discrimination: AI models are trained using data, and if the data is biased, the AI model can also be biased, leading to unfair outcomes.</p>											
<p>Reputational risk from undesirable AI behavior or output.</p>											
<p>Liability risks: legal uncertainty on who bears the liability in case of damages generated by the malfunctioning of the AI applications.</p>											

<p>Skills gap: the development of AI requires specific tech skills, and there is a shortage of such skills.</p>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
<p>Dependability: as financial institutions rely more and more on AI; the dependability of these systems becomes paramount. Any malfunction or error (e.g. in risk management) can lead to significant financial losses.</p>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
<p>Job displacement: the use of AI can potentially automate certain roles in the financial sector leading to job displacement.</p>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	

<p>Cybersecurity: AI systems could be targeted by cybercriminals, leading to potential data breaches or manipulation of AI systems.</p>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<p>Integration challenges: integrating AI technologies with existing systems and processes can be complex and expensive.</p>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	
<p>Additional cost: the deployment and use of AI requires up-front investment and ongoing resources (acquiring or developing applications, keeping them up to date, training/skills).</p>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 10. What are the main difficulties/obstacles you are facing in the development of your AI applications?

Please explain and give examples when possible:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Among the main difficulties/obstacles encountered, the following can be highlighted: Challenging integration of AI into banking processes (including integration in the internal control system both as a control tool and control objective), difficulty in identifying the most relevant use cases, and data-related issues (i.e. data quality, data cleaning, unstructured data), understanding properly the perimeter of the applicable regulation, infrastructure and development costs and difficulty to find relevant and up-to-date skills on the market (i.e. knowledge of AI and Data Science combined with relevant experience in corporate domain).

Question 11. Please rank the potential negative impact that widespread use of AI can have on the following risks, 8 being the highest risk:

	1	2	3	4	5	6	7	8
Operational risks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Market risks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Liquidity risks	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Financial stability risks	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Market integrity risks	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Investor protection risk	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Consumer protection risk	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Reputational risk	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Please explain your answer to question 11 and give examples when possible:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

N.A.

Question 12. AI may affect the type and degree of dependencies in financial markets in certain circumstances, especially where a high number of financial entities rely on a relatively small number of third-party providers of AI systems.

Do you see a risk of market concentration and/or herding behavior in AI used for financial services?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain in which areas of AI you see a risk of concentration:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In the realm of large foundational models, training requires significantly large data resources and only large tech companies (eg Big Tech) could, at the current state of the art, be able to do so. In this space, it could be possible in the near future that few vendors would leap ahead of the competition and provide foundational models that are accurate and secure. Large financial institutions could then rely on these partners to have access to foundational models.

Leveraging those tech companies, banks have the opportunity to access platforms, technologies, and models that they would hardly be able to develop on their own. Even though it may be necessary to manage the risk of concentration on a limited number of suppliers, the usage of such models could provide high value for the customers and the whole ecosystem.

AI and compliance burden

Question 13. Can AI help to reduce the reporting burden?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain in which areas you see AI reducing reporting burden:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

AI-powered systems can automate the collection and processing of large volumes of data from various sources (such as transaction records, market data, and customer information) and support in the drafting of Risk Opinions, Risk Assessment, and Audit reports, as well as in Internal rules assessment and gap analysis between new external regulations vs. existing internal regulations and requirements. Despite this, one must also consider the possibility that as the areas of application for artificial intelligence expand, additional reporting needs may arise.

Question 14. Do you think AI can facilitate compliance with multiple regulatory standards across the EU and thus facilitate market integration or regulatory compliance?

For example, would you consider it feasible to use AI for converting accounting and financial statements developed under one standard (e.g. local GAAP) to another standard (e.g. IFRS)?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain and elaborate on your answer to question 14 and give examples when possible:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Automated systems can generate compliance reports, helping in timely adherence to various regulatory standards and reducing the risk of non-compliance.

NLP algorithms can scan and help interpreting new regulatory texts, guidelines, and updates from various EU regulatory bodies, and more in general AI can support the automation of the analysis and interpretation of complex regulatory requirements

AI can map the compliance requirements of different EU jurisdictions, identifying commonalities and differences. This helps institutions develop unified compliance strategies that address the specific needs of each jurisdiction. Moreover, the use of AI could also help recognize and manage regulatory overlaps.

Data access

Question 15. In order to develop AI applications, do you need access to external datasets that you currently don't have access to?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 15:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Banks generally use internal data primarily. However, in some cases, the usefulness of accessing external data sources cannot be excluded (like data for ESG aspects, see Q17). The choice between internal and external data relies in most cases on the dataset suitability for the specific project and scope.

Question 16. Which datasets would you need to develop meaningful AI applications and for which purpose/use case?

Please explain and give examples when possible:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In order to develop meaningful AI applications there is the need to access to “real data”, meaning data that truly represents the phenomenon that you want to be modelled. Moreover, it is crucial that such data respect the same data quality standards and requirements that banks already had put in place internally. Therefore, the main problem does not concern data availability per se, but it is more properly related to data quality. (note: quality is also related to the complete knowledge of the perimeter of the data set in order to understand the presence of potential bias or unfair collection of data).

Question 17. Do you face hurdles in getting access to the data you need to develop AI applications in financial services?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain which type of data you would need to have access to:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In the field of Sustainable finance in respect to ESG metrics of counterparties that sometimes are collected in public and administrative DB but are not accessible to banks (energy consumption, geo-localisation, insurance and investment in sustainability). In some cases, also the access to unstructured data could represent an obstacle.

Question 18. Are you familiar with the [EU Data Hub](#), a data sharing tool for supervisors and financial companies?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 19. Should public policy measures (e.g. legislative or non-legislative) encourage the exchange of data between market participants, which can be used to train AI systems for use cases in finance?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Business model

Question 20. Has AI changed your business model?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 21. Which parts of the value chain are being improved with AI?

Please explain and give examples when possible:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

N.A.

Question 22. Are there functions that cannot/would not be improved by AI?

- Yes
- No
- Don't know / no opinion / not applicable

General purpose AI

For the purpose of this targeted consultation, respondents should consider general purpose AI as defined in [the AI Act](#) (article 3(63)), i.e. meaning any “AI model, including where such an AI model is trained with a large amount of data using self-supervision at scale, that displays significant generality and is capable of competently performing a wide range of distinct tasks regardless of the way the model is placed on the market and that can be integrated into a variety of downstream systems or applications, except AI models that are used for research, development or prototyping activities before they placed on the market”.

Question 23. Do you use general purpose AI models, including generative AI, and their respective reference architectures?

- Yes
- Not yet, but we plan to use general purpose AI models within the next 2 years
- No
- Don't know / no opinion / not applicable

Please explain why you want to opt for these AI models in your organisation:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

According to ABI Lab observatories, Generative AI appears to be finding a significant role primarily in supporting assisted channels, where 26.3% of banks already have ongoing initiatives. This is followed by the area of enhancing controls (26%) and improving IT processes (21%), where interesting applications are being observed, particularly in support of developers. Generative AI could help write code from natural language or translate code from one programming language to another.

As of today, building in-house general-purpose AI models may have an enormous cost in terms of computation without the guarantee of yielding similar results to solution already available on the market. Acting as a consumer of general-purpose model will leave banks in a position of switching among models depending on the specific need and performances requirements allowing to take advantage of best in the market solution and to choose between those providers.

However, the evaluation of adopting GPAI models should also consider its cost-benefit ratio, and sometimes it may be more efficient to use a simpler, task-specific system if it proves to be the most effective way to achieve the desired results.

Question 24. How do you plan to operationalise and adopt general purpose AI at scale?

Please explain and give examples when possible:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

N.A.

Question 25. How does the increasing availability of general purpose AI models, including generative AI applications, impact the need to access new datasets?

Please explain and give examples when possible:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The increasing availability of general-purpose AI models, including generative AI applications, heightens the need for specialized datasets primarily for evaluation purposes. In the case of large language models (LLMs), benchmark datasets are crucial for assessing and validating their quality. These datasets provide a standard against which the performance of LLMs can be measured.

Therefore, the creation and access to these datasets are essential not only for data utilization but for the evaluation of the AI tools themselves. It should be important in the next future to ensure that benchmark dataset should be high-quality also for domain specific tasks.

For each use case, ad-hoc evaluations could be a good practice, which extends beyond merely checking the correctness of responses. These evaluations need to consider various parameters specific to the context. Moreover, implicit bias in machine-generated responses should be accounted for during evaluation.

Question 26. Compared to traditional AI systems such as supervised machine learning systems, what additional opportunities and risks are brought by general purpose AI models?

Please explain and give examples when possible:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Among the opportunities arising from the implementation of a Generative Artificial Intelligence system compared to current solutions are:

- Improved operational efficiency: It reduces the burden of routine and repetitive work, allowing people to focus on higher-value activities and increasing overall operational efficiency, enabling also the use of natural language in human-machine interaction.
- Personalization of services: It analyzes available data to automatically generate recommendations and personalized services, enhancing the overall experience.
- Increased security: It supports detection and testing activities, enabling immediate actions to mitigate risks.
- AI leverages Big Data to extract weak signals and provide early warnings across various financial and non-financial phenomena. These signals help monitor risks, identify trends, and enhance decision-making.
- Enhanced innovation: It assists in the generation of new ideas.
- Greater efficiency in document processing: It automates document processing, accelerating approval processes and reducing human errors.

However, particular attention must be paid to the risks and threats associated with using this new technological paradigm in banking processes, which need to be understood, addressed, and managed.

Specifically:

- Risk of errors: For example, designing systems to isolate sources of error, while acknowledging new potential sources of error (eg data bias, hallucinations) that need to be managed.
- Complexity in identifying indicators: Especially for measuring qualitative aspects.
- Issues related to data access and usage: This includes data ownership, data sharing, access to privileged information, confidentiality, and privacy issues.”
- Issues related to explainability of AI models.

Question 27. In which areas of the financial services value chain do you think general purpose AI could have a greater potential in the short, medium and long term?

Please explain and give examples when possible:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Since Generative Artificial Intelligence could be applied in many process areas, it will be important to analyze the various opportunities to identify where to start. Below is an overview of some of the most promising areas:

- Support for assisted channels: Next-generation virtual assistants; email management (e.g., drafting response templates); simplification in accessing Q&A; etc.
- Business development: Generation of profiles for customer analysis; production of personalized marketing content; development of offers and products for specific recipients; etc.
- Improvement of IT processes: Generation of code from natural language input; automatic writing of tests and debugging; translation from one programming language to another; automatic documentation of developed code; etc.
- Enhancement of controls: Analysis and synthesis of regulatory sources; flexible and automatic generation of control reports no longer based on sample but on the entire bank's data lake; automatic summarization of contracts or documents; etc.
- Increased efficiency and enhanced productivity: Meeting summaries; content search based on the company's document base; support for process automation; etc.
- Data management: Automatic generation of data quality controls; production of documentation based on data; creation of synthetic data; automatic production of scripts and data models."

AI Governance in relation to non-high risk use cases, and which are not subject to specific requirements under the AI Act

Question 28. Have you developed, or are you planning to develop an AI strategy or other relevant guidelines within your organisation for the use of AI systems?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain which AI strategy or other relevant guidelines you have developed, or are planning to develop:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

According to ABI Lab observatories, 88% of banks are adopting an AI strategy. Italian banks recognize the importance of optimizing AI operations and industrialization, with subsequent plans to establish governance for these systems. Key practices to integrate into the AI strategy include:

- Implementing a Data Strategy to fully leverage AI potential.
- Using MLOps methodologies and tools to optimize the management of AI algorithm lifecycles.
- Adopting an AI Governance Framework and potentially developing tailored corporate policies.
- Developing or acquiring specific AI expertise.

These practices are critical for maximizing the benefits of Artificial Intelligence in banking operations while ensuring effective risk management and regulatory compliance.

Question 29. Have you put in place or are you planning to put in place governance and risk management measures to ensure a responsible and trustworthy use of AI within your organisation?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain which governance and risk management measures you have put in place or you are planning to put in place:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Within the Italian Banking sector, many banks dedicated effort in defining and implementing a corporate Information Governance model (policies, processes, roles, tools) aligned with current cybersecurity and organizational security expectations required by the sector, especially with regulatory requirements. The level of maturity in defining and implementing a corporate AI Governance model (policies, processes, roles, tools) aligns with ethical maturity categories. In fact, banks demonstrating high maturity in AI Ethics are either moving or have already moved towards defining an AI Governance model. In general, we see that all the three level of defence (3LOD) in bank become more and more involved in AI embedded risk identification, valuation, monitoring and mitigation.

Forecasts

Question 30. What are the main evolutions to be expected in AI in finance?

Please explain and give examples when possible:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

General purpose AI is a promising and innovative technology that has the potential to create value for banks' organization and their customers. Banks are exploring various use cases and scenarios to leverage its benefits and mitigate its risks.

Question 31. Which financial services do you expect to be the most impacted by AI?

Please explain and give examples when possible:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

According to ABI Lab surveys, the most impacted areas are: Support for customer relationship management, marketing, sales support, AML and Know Your Customer (KYC) processes, audit, compliance, and risk management."

More in general, a wide range of functions that has processes can be improved, simplified or augmented by AI.

Question 32. Do you have any additional information to share?

Please explain and give examples when possible:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

N.A.

Part 2: Questions related to specific use cases in financial services

Question 34. In which sector(s) are you using AI?

Please select as many answers as you like

Banking and payments

- Market infrastructure
- Securities markets
- Insurance and pensions
- Asset management
- Other

Part 3: AI Act

In December 2023 the European Parliament and the Council reached a provisional political agreement on the [first comprehensive AI framework, put forward by the Commission on 21 April 2021](#). The regulation was adopted by the European Parliament on 13 March 2024 and will enter into force later this spring once it has been published in the Official Journal of the EU. This horizontal *acquis* is applicable across all economic sectors.

The [AI Act](#) defines an AI system as “a machine-based system designed to operate with varying levels of autonomy, that may exhibit adaptiveness after deployment and that, for explicit or implicit objectives, infers, from the input it receives, how to generate outputs such as predictions, content, recommendations, or decisions that can influence physical or virtual environments”. Recital 11 further sets out the reasons for this definition, notably setting out that it is based on key characteristics that distinguish it from simpler traditional software systems of programming approaches.

The AI Act will establish two high risk use cases for the financial sector:

1. AI systems intended to be used to evaluate the creditworthiness of natural persons or establish their credit score, with the exception of those AI systems used for the purpose of detecting financial fraud
2. AI systems intended to be used for risk assessment and pricing in relation to natural persons in the case of life and health insurance.

The aim of this section is to identify which are your specific needs in order for the Commission to be able to adequately assist you with appropriate guidance for the implementation of the upcoming AI framework in your specific market areas, especially in particular to the high-risk use cases identified.

Scope and AI definition

Question 33. Which of the following use cases that could fall into the categorisation of high-risk are potentially relevant to your activity?

- AI systems intended to be used to evaluate the creditworthiness of natural persons or establish their credit score
 - AI systems intended to be used for risk assessment and pricing in relation to natural persons in the case of life and health insurance
 - Both
 - None
 - Don't know / no opinion / not applicable
-

Question 35. Please explain the overall business and/or risk management process in which the high-risk use case would be integrated and what function exactly the AI would carry out:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

N.A.

Question 36. Are there any related functions AI would carry out which you would suggest distinguishing from the intended purpose of the high-risk AI systems in particular to the use cases identified in question 34?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 36 and give examples when possible:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

N.A.

Question 37. Please explain why these functions would/should in your view not be covered by the high-risk use cases set out in the AI act either because they would not be covered by the definition of the use case or by relying on one of the conditions under article 6(3) of the AI Act and explaining your assessment accordingly that the AI system would not pose a significant risk of harm if:

a) the AI system is intended to perform a narrow procedural task:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

N.A.

b) the AI system is intended to improve the result of a previously completed human activity:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

N.A.

c) the AI system is intended to detect decision-making patterns or deviations from prior decision-making patterns and is not meant to replace or influence the previously completed human assessment, without proper human review:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

N.A.

d) the AI system is intended to perform a preparatory task to an assessment relevant for the purpose of the use cases listed in Annex III of the [AI Act](#):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

N.A.

Question 38. At this stage, do you have examples of specific AI applications /use cases you believe may fall under any of the conditions from article 6(3) listed above?

Please describe the use case(s) in cause and the conditions you believe they may fall under:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

N.A.

Question 39. Based on the definition of the AI system, as explained above (and in article 3(1) and accompanying recitals), do you find it clear if your system would fall within the scope of the AI Act?

- Yes
- No, it is not clear/ easy to understand if it falls within the scope of the AI Act
- Don't know / no opinion / not applicable

AI Act requirements

Question 40. Bearing in mind there will be harmonised standards for the requirements for high-risk AI ([Mandates sent to CEN-CENELEC can be monitored here](#)), would you consider helpful further guidance tailored to the financial services sector on specific AI Act requirements, in particular regarding the two high-risk AI use cases?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Financial legislation requirements

Question 41. Future AI high-risk use cases would also need to comply with existing requirements from the financial legislation.

Would you consider helpful further guidance meant to clarify the supervisory expectations for these use cases?

- Yes
 - No, the supervisory expectations are clear
 - Don't know / no opinion / not applicable
-

Question 42. There are other use cases in relation to the use of AI by the financial services sector which are not considered of high-risk by the AI Act, but which need to comply with the existing requirements from the financial legislation.

Would you consider helpful further guidance meant to clarify the supervisory expectations for these use cases?

- Yes
 - No, the supervisory expectations are clear
 - Don't know / no opinion / not applicable
-

Question 43. Are you aware of any provisions from the financial *acquis* that could impede the development of AI applications (e.g. provisions that prohibit the use of risk management models which are not fully explainable or the use of fully automated services for the interaction with consumers)?

- Yes
- No, I am not aware of any provision(s) of this kind
- Don't know / no opinion / not applicable

Additional information

Should you wish to provide additional information (e.g. a position paper, report) or raise specific points not covered by the questionnaire, you can upload your additional document(s) below. **Please make sure you do not include any personal data in the file you upload if you want to remain anonymous.**

The maximum file size is 1 MB.

You can upload several files.

Only files of the type pdf,txt,doc,docx,odt,rtf are allowed

0a0977f4-8301-4587-84c7-d290fd779449/AI_financial_sector_document_ABI_annex.pdf

Useful links

[More on this consultation \(https://finance.ec.europa.eu/regulation-and-supervision/consultations-0/targeted-consultation-artificial-intelligence-financial-sector_en\)](https://finance.ec.europa.eu/regulation-and-supervision/consultations-0/targeted-consultation-artificial-intelligence-financial-sector_en)

[Consultation document \(https://finance.ec.europa.eu/document/download/054d25f5-0065-488a-96fb-2bb628c74e6f_en?filename=2024-ai-financial-sector-consultation-document_en.pdf\)](https://finance.ec.europa.eu/document/download/054d25f5-0065-488a-96fb-2bb628c74e6f_en?filename=2024-ai-financial-sector-consultation-document_en.pdf)

[More on digital finance \(https://finance.ec.europa.eu/digital-finance_en\)](https://finance.ec.europa.eu/digital-finance_en)

[More on the digital finance platform \(https://digital-finance-platform.ec.europa.eu/\)](https://digital-finance-platform.ec.europa.eu/)

[Specific privacy statement \(https://finance.ec.europa.eu/document/download/698ef635-9053-43c2-b3a3-709e18c1f88a_en?filename=2024-ai-financial-sector-specific-privacy-statement_en.pdf\)](https://finance.ec.europa.eu/document/download/698ef635-9053-43c2-b3a3-709e18c1f88a_en?filename=2024-ai-financial-sector-specific-privacy-statement_en.pdf)

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