

EU AI Legislative Act in Banking: challenges and opportunities

AI Act

It is a comprehensive framework regulating AI, focusing on transparency, accountability and ethical use, especially in high-risks sectors like finance



1. Transparency and Accountability

- Financial institutions must provide **clear explanations** of AI-driven decisions, **ensuring transparency and building trust with regulators and customers**

2. Rigorous Testing and Validation

- The Act mandates thorough **testing** and **validation** of AI systems, including generative AI, **to minimize risks** and **ensure reliability and fairness**

3. Ethical AI Development

- Prohibits harmful AI practices, ensuring AI systems **do not unfairly influence customer behavior** or **discriminate based on biased algorithms**

4. Innovation and Regulatory Sandboxes

- Encourages innovation through AI regulatory sandboxes, allowing **safe experimentation with AI technologies**, fostering a culture of **responsible innovation**

5. Data Quality and Governance

- Emphasizes **high-quality, unbiased data and stringent data governance**, enhancing the credibility and accuracy of AI-driven financial services

Future Opportunities

- Providing a predictable regulatory framework
- Encouraging investment in AI Research and development
- Enabling financial institutions to build trust, innovate, and lead in responsible AI use

