
Press release

AFME responds to European Commission's Consultation on Artificial Intelligence (AI) in the Financial Sector

17 September 2024

The Association for Financial Markets in Europe (AFME) welcomes the opportunity to respond to the European Commission's targeted consultation on Artificial Intelligence (AI) in the financial sector.

James Kemp, Managing Director and Head of Technology and Operations at AFME, said:

"While traditional AI techniques remain relevant, recent advancements in Generative AI present new opportunities for value creation, particularly in service delivery, software development, and operational efficiencies.

Many of the risks associated with AI applications are not new and are commonly encountered with the use of technology. In response, our members have developed mature risk management frameworks, often utilising existing 'Three Lines of Defence' models. These frameworks are designed to align with existing regulatory requirements, standards, and guidance, ensuring compliance with sectoral regulations and supervision. Their goal is to safeguard investor protection, promote financial stability, and support well-functioning markets. Consequently, AFME members do not see that there would be additional benefit gained towards achieving these goals from additional financial services regulation for AI.

Among the key points from AFME's consultation response are:

- **Transformative Potential:** AFME members widely recognise AI as transformative for the wholesale banking sector, with significant benefits across multiple areas. Advances in Generative AI are seen as promising for unlocking new value opportunities.
- **Regulatory Perspective:** AFME does not advocate for additional AI-specific regulations, as existing regulatory frameworks already encompass AI applications. Members have implemented comprehensive governance and controls driven by existing regulations, and are adapting these frameworks to cover new use cases enabled by Generative AI.
- **EU AI Act:** Regarding the EU AI Act, AFME members express a preference for industry-agnostic principles rather than sector-specific guidance. They seek clarity on implementation details applicable across sectors, believing that this approach will facilitate effective regulation without unnecessary sectoral distinctions.

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Notes:

1. AFME (Association for Financial Markets in Europe) promotes fair, orderly, and efficient European wholesale capital markets and provides leadership in advancing the interests of all market participants. AFME represents a broad array of European and global participants in the wholesale financial markets. Its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants. AFME participates in a global alliance with the Securities Industry and Financial Markets Association (SIFMA) in the US, and the Asia Securities Industry and Financial Markets Association (ASIFMA) through the GFMA (Global Financial Markets Association). For more information please visit the AFME website: www.afme.eu
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