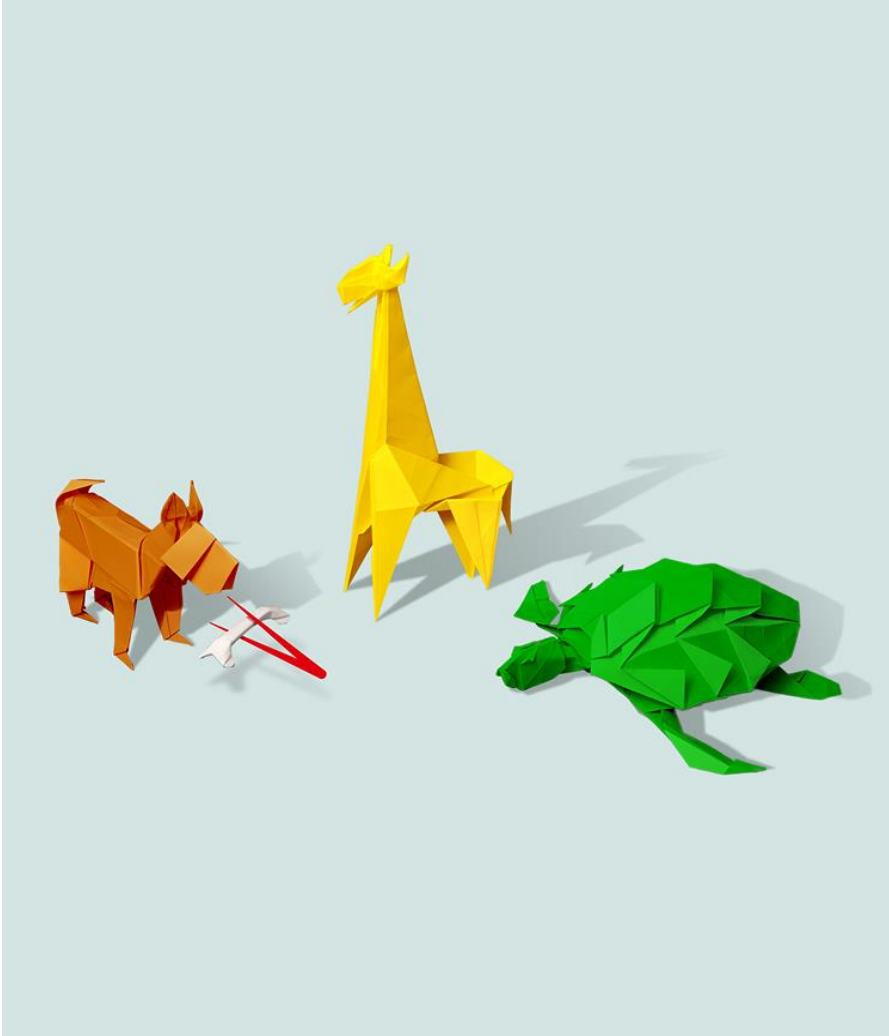# *Ethical use of Big Data in Financial Services*

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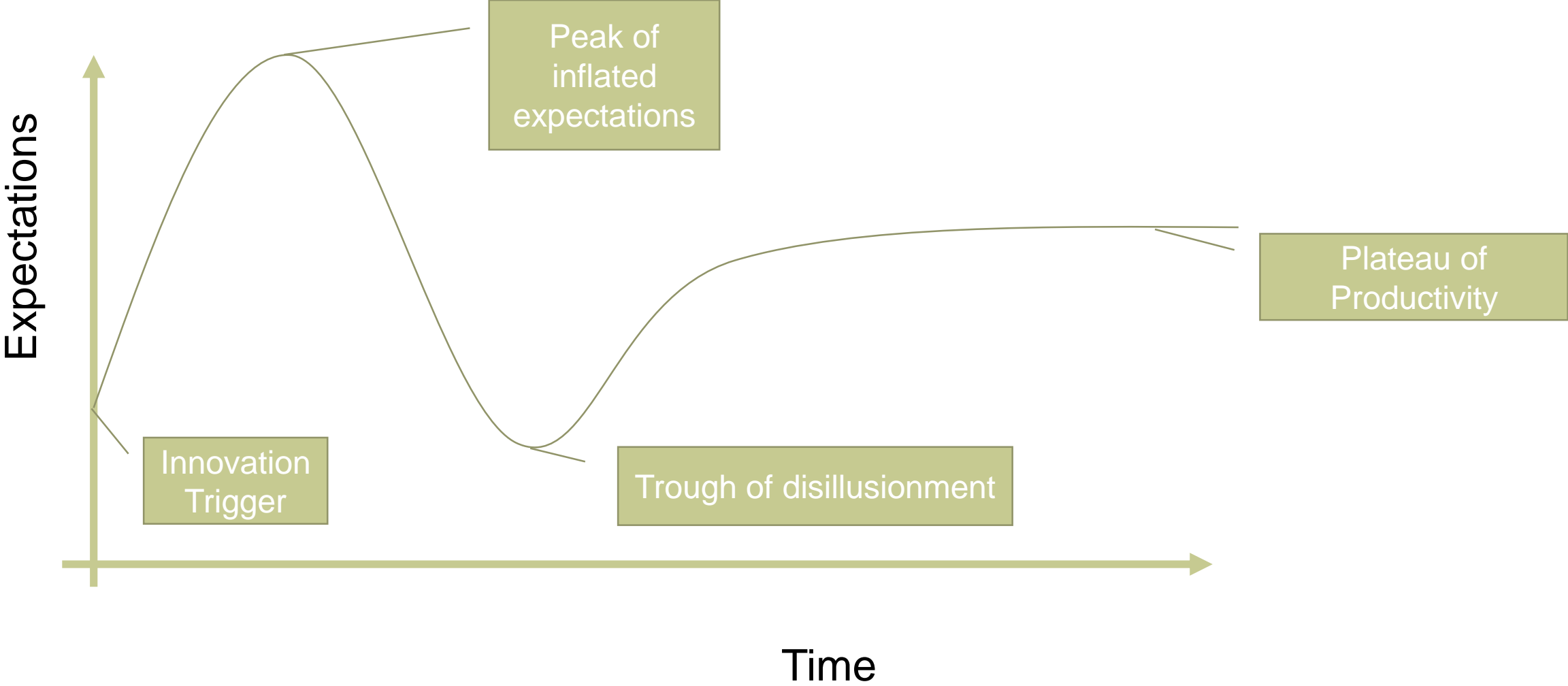*Learn from fellow members' wide ranging experience*

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Speakers

- Philippa Kelly, Head of the Financial Services Faculty

- John Mongelard, Technical Manager – Risk and Regulation

Gartner hype cycle

Expectations

Peak of inflated expectations

Plateau of Productivity

Innovation Trigger

Trough of disillusionment

Time

AI activity

GENERAL	FCA	EU	GOVERNMENT	OTHER GROUPS
Digital Economy Act 2017	"The economics and ethics of firms' use of big data and AI" –FCA research agenda April 2019	EBA report on "Big data and advanced analytics" – January 2020 eba/rep/2020/01	National Data Strategy	Centre for Data Ethics and Innovation
Centre for Data Ethics and Innovation AI Barometer for finance	FCA/ BoE - Financial Services AI Public Private Forum	High-Level Expert Group on Artificial Intelligence	Number 10 Data Science Policy Team (Dominic Cummings's Blog 2 January 2020)	Industry
World Economic Forum - Artificial Intelligence and Robotics	FCA/ BoE report – "Machine learning in UK financial services" – October 2019	Ethics Guidelines for Trustworthy AI– April 2019	Data Ethics Framework (August 2018) – to be updated	Academia
House of Lords "AI in the UK" Select Committee on AI 2017-2019		European Commission's "Digital Finance strategy" – March 2020	Data Analytics - All Party Parliamentary Group	Civil Society
UK Finance "Ethical use of customer data in a digital economy" March 2019		Forthcoming Regulation of AI	Smart Data Initiative – June 2019, BEIS	Google Apple Facebook Amazon

Protected Characteristics

CHARACTERISTICS	UK	SINGAPORE
AGE	X	
DISABILITY	X	
GENDER	X	
MARRIAGE/CIVIL	X	
PREGNANCY/MATERNITY	X	
RACE	X	X
RELIGON	X	X
GENDER	X	
SEXUAL ORIENTATION	X	
DESCENT		X
PLACE OF BIRTH		X

Model Risk Management

Supervisory Statement | SS3/18
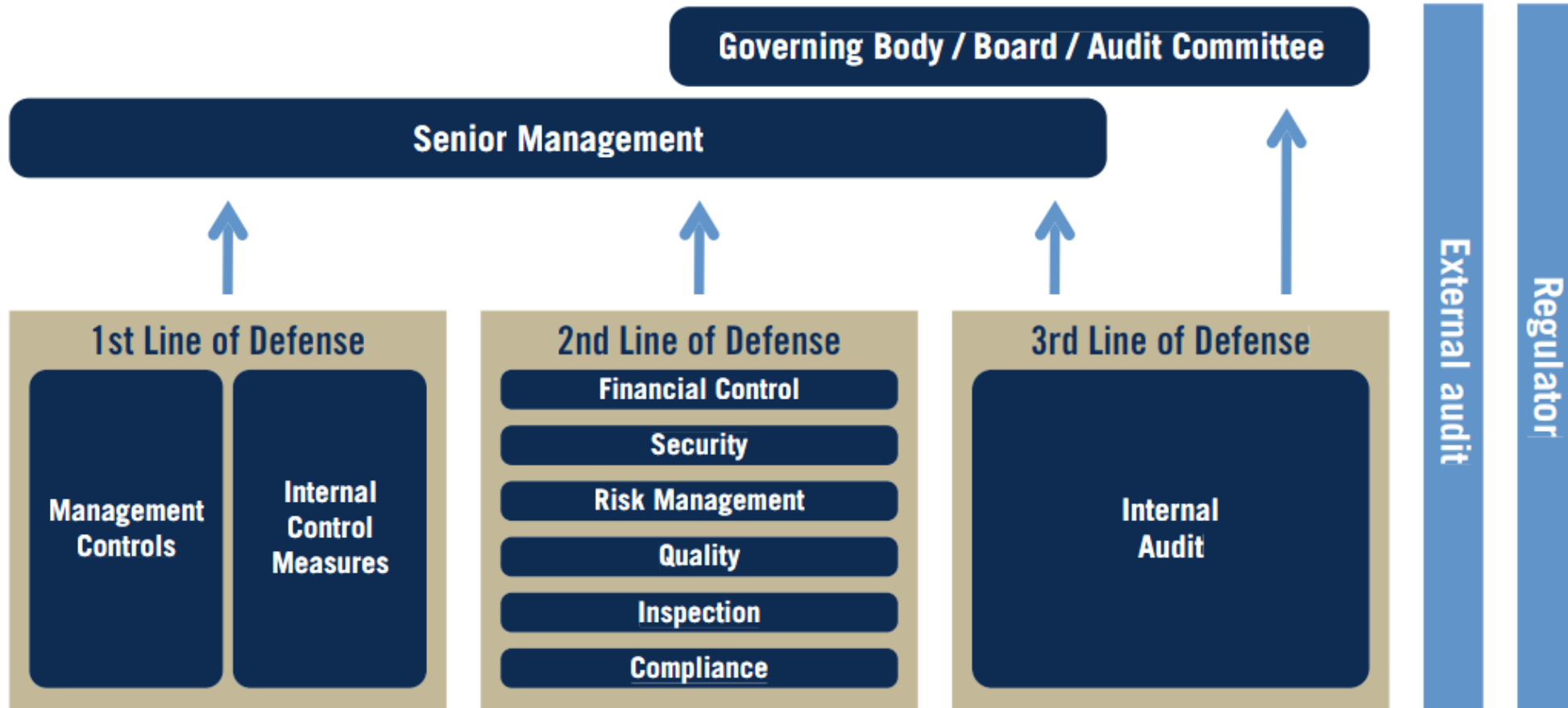Model risk management principles
for stress testing
April 2018

BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY

- Principle 1 – establish definition of a model and maintain a model inventory.

- Principle 2 – implement effective governance framework, policies, procedures and controls to manage their model risk.

- Principle 3 – implement a robust model development and implementation process and ensure appropriate use of models.

- Principle 4 – undertake appropriate model validation and independent review activities to ensure sound model performance and greater understanding of model uncertainties

Three lines of defence

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24 principles

Accountability

Manage

Treat customers fairly

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