



The following provides a collection of relevant publications regarding Artificial Intelligence (AI) in capital markets and financial services at both the global and jurisdictional level. Previous versions are posted to the [newsletter's page](#) on the GFMA website.

## November – December 2024

### GFMA, AFME, ASIFMA, and SIFMA

#### [AFME Submits Response to EU AI Act Consultation on the Definition of AI Systems and Prohibited Practices \(December 11, 2024\)](#)

**AFME** submitted a response to the EU AI Act Consultation on the Definition of AI Systems and Prohibited Practices. Details on the consultation are available [here](#) and the **AFME** response can be found [here](#).

#### [ASIFMA Submits Response to SEBI AI Consultation \(November 28, 2024\)](#)

**ASIFMA** submitted response to the Securities and Exchange Board of India (SEBI) consultation paper on “Proposed amendments with respect to assigning responsibility for the use of artificial intelligence tools by Market Infrastructure Institutions, Registered Intermediaries and other persons regulated by SEBI.” Additional details on the consultation can be found in the India section of this newsletter.

## GLOBAL

#### [BIS FSI Publishes Report on Regulating AI in the Financial Sector \(December 12, 2024\)](#)

As part of their FSI Insight series, the Bank for International Settlements (BIS) Financial Stability Institute (FSI) published a report on “Regulating AI in the financial sector: recent developments and main challenges.” The report highlights potential benefits and risks of AI and notes that “the presence of various AI definitions across jurisdictions needs to be addressed by international coordination.”

#### [BIS Quarterly Review Includes Chapter on LLMs \(December 10, 2024\)](#)

As part of the BIS Quarterly Review, the Bank for International Settlements (BIS) included a special chapter on (Large language models: a primer for economists.” The chapter includes best practices for deploying large language models (LLMs) and highlights potential limitations and pitfalls from their use.

#### [FSB RCG SSA Discusses Role of AI in Fraud Detection and Prevention \(December 6, 2024\)](#)

The Financial Stability Board (FSB) Regional Consultative Group for Sub-Saharan Africa (RCG SSA) held a meeting in Cape Town hosted by the South African Reserve Bank. During the meeting, members “discussed the role that artificial intelligence (AI) can play in fraud detection and prevention.”

### **[FSB Plenary Discusses AI Efforts During Meeting \(December 4, 2024\)](#)**

The Financial Stability Board (FSB) Plenary met in Hong Kong. As part of the meeting, members discussed the upcoming FSB work programme for 2025 including efforts to advance work on artificial intelligence. The finalized work programme is expected to be published in early 2025.

### **[BIS IFC Publishes Working Paper on Machine Learning for Anomaly Detection \(November 29, 2024\)](#)**

As part of their IFC Working Papers series, the Bank for International Settlements (BIS) Irving Fisher Committee on Central Bank Statistics (IFC) published a paper on “Machine learning for anomaly detection in money services business outlets using data by geolocation.” The paper’s related “test results highlight the benefits of machine learning techniques in facilitating supervisors to focus their resources on MSB outlets with abnormal behaviours in a targeted location.”

### **[BIS IH Launches GenAI Project \(November 19, 2024\)](#)**

The BIS Innovation Hub (BIS IH) announced the launch of Project Spectrum which will “explore how generative artificial intelligence (AI) can be used to automatically categorise billions of individual project descriptions and price observations to improve inflation nowcasting.” The project will be managed by the BIS IH Eurosystem Centre with the European Central Bank (ECB) and Deutsche Bundesbank.

### **[FSB Chair Letter and Annual Report Highlight Efforts on AI \(November 18, 2024\)](#)**

Klaas Knot, Chair of the Financial Stability Board (FSB), submitted a [letter](#) to the G20 with the FSB’s [Annual Report](#). The letter and report both highlighted the FSB’s efforts on AI including their Report on the Financial Stability Implications of AI (see below update).

### **[FSB Publishes Report on the Financial Stability Implications of AI \(November 14, 2024\)](#)**

The Financial Stability Board (FSB) published a report on “The Financial Stability Implications of Artificial Intelligence.” The “report notes that the rapid adoption of artificial intelligence (AI) offers several benefits but may also amplify certain financial sector vulnerabilities.” It also notes that “while existing financial policy frameworks address many of the vulnerabilities associated with use of AI by financial institutions, more work may be needed to ensure that these frameworks are sufficiently comprehensive.” For this reason, the “report calls for financial authorities to enhance monitoring of AI developments, assess whether financial policy frameworks are adequate, and enhance their regulatory and supervisory capabilities including by using AI-powered tools.”

### **[FSB MENA Group Discusses AI at Meeting \(November 6, 2024\)](#)**

The Financial Stability Board (FSB) Regional Consultative Group for the Middle East and North Africa (RCG MENA) meeting had “technological innovation featured prominently on the agenda.” Discussion included “advances relating to artificial intelligence (AI) in the financial sector” and “how AI is being applied by both supervisors and financial institutions.” Participants also noted they “look forward to the FSB’s forthcoming report on the financial stability implications of AI.”

## **NORTH AMERICA**

### **United States**

#### **[CFTC Staff Issues AI Advisory \(December 5, 2024\)](#)**

The Commodity Futures Trading Commission's (CFTC) Divisions of Clearing and Risk, Data, Market Oversight, and Market Participants issued a staff advisory on the use of artificial intelligence in CFTC-regulated markets by registered entities and registrants. The advisory reminds CFTC-regulated entities of their obligations under the Commodity Exchange Act and the CFTC's regulations as these entities begin to implement AI. A [statement](#) from Chairman Rostin Behnam and [statement](#) from Commissioner Kristin N. Johnson also were published following the release.

#### **[HFSC Holds Hearing on Technology and the Future of Finance \(December 4, 2024\)](#)**

The House Financial Services Committee (HFSC) held a hearing entitled "Innovation Revolution: How Technology is Shaping the Future of Finance." The hearing included discussion on the potential impacts and use of AI and blockchain technology in financial services and markets. Full details including the [Committee Memorandum](#) and livestream are available on the hearing [webpage](#).

#### **[FRB Governor Delivers Remarks on AI in the Financial System \(November 22, 2024\)](#)**

Michelle Bowman, Member of the Board of Governors of the Federal Reserve System (FRB), delivered remarks on "Artificial Intelligence in the Financial System" at "The 27<sup>th</sup> Annual Symposium of Building the Financial System of the 21<sup>st</sup> Century: An Agenda for Japan and the United States." In the remarks she notes that "we must understand AI before we consider whether and how to change our regulatory approach" and that "we must have an openness to the adoption of AI."

#### **[President Biden Publishes Memo on Advancing US Leadership on AI \(October 24, 2024\)](#)**

President Biden published a "Memorandum on Advancing the United States' Leadership in Artificial Intelligence; Harnessing Artificial Intelligence to Fulfill National Security Objectives; and Fostering the Safety, Security, and Trustworthiness of Artificial Intelligence." This follows the [2023 Executive Order on AI](#) and outlines how the federal government intends to approach AI in regards to national security.

## **EUROPE**

### **Czechia**

#### **[Czech National Bank Governor Highlights Potential Productivity Growth from AI \(November 14, 2024\)](#)**

Aleš Michl, Governor of the Czech National Bank, delivered remarks at the Central Banking Autumn Meetings in Mexico City. As part of his remarks, he noted that third-generation AI "has the potential to deliver a one-off productivity boost by acting as an assistant – it enhances efficiency, saves costs and simplifies tasks." However, he also noted that "its role in long-term growth will depend on how well it is integrated into ongoing innovation cycles, business models, products and services" and that "for AI to drive long-term productivity growth, it must help the Czech Republic in exporting services and fostering innovation."

## European Union

### [Philip R Lane Includes AI as a Major Structural Factor to Shape the EU \(November 28, 2024\)](#)

Philip R Lane, Member of the Executive Board of the European Central Bank (ECB), delivered remarks on “The 25th anniversary of the Euro50 Group - looking ahead to the 50th anniversary.” In the remarks, he included AI in a list of “four major structural factors that look set to shape the next 25 years.”

### [Elizabeth McCaul Speech Notes How the ECB is Adjusting to AI \(November 26, 2024\)](#)

Elizabeth McCaul, Member of the Supervisory Board of the European Central Bank (ECB) delivered a speech titled “Objects in the rearview mirror are closer than they appear” at the “European Banking Federation Executive Committee meeting.” In the remarks, she noted that “we are adjusting our supervision to harness the potential of technologies such as artificial intelligence.”

### [Commission Launches Consult on AI Act Prohibitions and AI System Definition \(November 13, 2024\)](#)

The European Commission’s AI Office announced the launch of “a targeted stakeholders consultation process on the future guidelines on the AI system definition and the implementation of AI practices that pose unacceptable risks under the AI Act.” Responses were requested by 11 December.

## Finland

### [Marja Nykänen Provides Remarks on Opportunities and Challenges of AI \(November 13, 2024\)](#)

Marja Nykänen, Deputy Governor of the Bank of Finland, delivered remarks on “Opportunities and challenges of AI in the economy, finance and supervision.” In the remarks, she noted that “the AI and data revolution must be harnessed to improve Europe’s competitiveness and stability, as well as to enhance the resilience of the economy and financial system.”

## France

### [Denis Beau Calls for Collective Efforts to Master AI in the Financial Sector \(December 11, 2024\)](#)

Denis Beau, First Deputy Governor of the Banque of France, provided remarks on “Mastering AI in the financial sector - let us collectively rise the challenge!” The speech highlighted the potential benefits and risks of AI in the financial sector and extended a “call for cooperation to the whole financial sector.”

### [François Villeroy de Galhau Urges that AI Alone Cannot Simplify European Banking Regulations \(November 29, 2024\)](#)

François Villeroy de Galhau, Governor of the Banque de France and Chairman of the Autorité de contrôle prudentiel et de résolution (ACPR), delivered a speech titled “Towards a realistic simplification - untying some of the knots in European banking regulations.” In his remarks, he noted that “technological innovation and artificial intelligence will help us to manage big data” but warned that “we should not simply use innovation as a crutch” since “technology cannot do everything” and because “adding technological complexity to offset regulatory complexity is

merely lowering the chances that humans will retain control and this would result in us losing sight of our goal of achieving real security.”

#### [Denis Beau Delivers Speech on Impact of AI on the Financial Sector \(November 8, 2024\)](#)

Denis Beau, First Deputy Governor of the Banque of France, delivered a speech at an annual event of the Banque de France Office in Singapore titled “Artificial intelligence - a blessing or a curse in the financial sector transformation?” In the remarks he provided an update on regulatory efforts, highlighted potential opportunities and risks, and noted that “this technology is now the main driver of the digital transformation of the financial sector.”

### **Ireland**

#### [Sharon Donnery Speech Provides Details on AI Research Partnership \(November 28, 2024\)](#)

Sharon Donnery, Deputy Governor of the Central Bank of Ireland, delivered remarks on “Foundations for the future - technology as a source of good in the financial system.” As part of the remarks, she highlighted the recently announced “partnership programme between the Central Bank and Insight Research Ireland Centre for Data Analytics” which “represents for both organisations a landmark collaboration to push the boundaries of artificial intelligence (AI) and data science.”

#### [Bank of Ireland Governor Highlights Importance of AI Efforts \(November 18, 2024\)](#)

Gabriel Makhoul, Governor of the Central Bank of Ireland, delivered remarks on “Meeting challenges of a changing financial system.” In the remarks, he highlighted efforts regarding AI and noted the Bank needs “to strengthen our capabilities around Tokenisation and AI.”

#### [Gabriel Makhoul Speech Includes Efforts on AI in 2025 Priorities \(November 8, 2024\)](#)

Gabriel Makhoul, Governor of the Central Bank of Ireland, delivered a speech on “Navigating a shifting landscape” at the Singapore Fintech Festival. In his remarks, he noted that in 2025 the Central Bank will “continue to strengthen our capabilities, in particular around AI and tokenisation, given their likelihood to be the next significant widespread technological development in the financial system.”

### **Italy**

#### [Chiara Scotti Highlights Potential of AI to Enhance Central Bank Surveys \(October 30, 2024\)](#)

Chiara Scotti, Deputy Governor of the Bank of Italy, delivered a speech on “Central Bank Business Surveys – Version 2.0.” In the speech he highlighted the potential for “the rise of artificial intelligence (AI)” to “bring potential opportunities for the development of surveys that must be carefully assessed.”

### **United Kingdom**

#### [BoE Financial Stability Report Includes Reference to Potential Financial Stability Implications from AI \(November 29, 2024\)](#)

The Bank of England (BoE) published their Financial Stability Report for November 2024. The report noted that the Financial Policy Committee (FPC) is “discussing the main channels through which artificial intelligence (AI) could have financial stability implications” and that the FPC “agreed to develop further its understanding of those channels and to publish an

assessment of them, as well as its approach to monitoring financial stability risks from AI, in a report in the first half of 2025.”

#### **[FCA Research Finds Crypto Ownership Continues to Rise \(November 26, 2024\)](#)**

The Financial Conduct Authority (FCA) published a press release stating that they find crypto ownership continues to rise as they plan to regulate crypto. The release notes that “according to the FCA’s latest research on consumer attitudes and behaviours towards crypto, 12% of UK adults now own crypto, up from 10% in previous findings.”

#### **[Clare Lombardelli Highlights BoE Exploration of AI \(November 25, 2024\)](#)**

Clare Lombardelli, Deputy Governor for Monetary Policy at the Bank of England (BoE), delivered remarks on “Managing the present, shaping the future.” In her remarks, she highlighted that “the digitisation of transactions means high-frequency and granular data are increasingly available, and the data technology to process such data is also evolving rapidly.”

#### **[BoE Governor Notes the Potential for AI to Support Growth \(November 14, 2024\)](#)**

Andrew Bailey, Governor of the Bank of England (BoE), delivered a speech focused on growth at the Mansion House Financial and Professional Services Dinner in London. In the remarks, he noted that “AI has the clear potential to become general purpose technology” which means that “it can enable widespread innovation across many parts of the economy.” He also notes that “there are strong grounds for optimism and of course risks to deal with, but AI isn’t an immediate magic solution.”

#### **[BoE Quarterly Monetary Policy Report Finds Many Respondents are Awaiting Experience of Early AI Adopters \(November 7, 2024\)](#)**

The Bank of England (BoE) published its quarterly Monetary Policy Report. The report found that “IT investment which has been elevated in recent years, is reverting to more regular spending patterns on software upgrades and development” and that “while some contacts mention artificial intelligence, many are cautious and are awaiting the experience of early adopters.”

#### **[Sarah Breeden Delivers Speech on AI and Financial Stability \(October 31, 2024\)](#)**

Sarah Breeden, Deputy Governor for Financial Stability at the Bank of England (BoE), delivered a speech titled “Engaging with the machine: AI and financial stability.” The speech focused on how AI “is being used for a wide and increasing range of applications in financial services,” “explores the novel features of Generative AI,” and looks into how the BoE “can uphold financial stability whilst harnessing its potential benefits for economic growth.”

## **APAC**

### **Hong Kong**

#### **[HK SFC Publishes Circular on Use of GenAI Language Models \(November 12, 2024\)](#)**

The Hong Kong Securities and Futures Commission (HK SFC) published a “Circular to licensed corporations - Use of generative AI language models.” The full text of the Circular is available [here](#) and an “Appendix – Non-exhaustive list of risk factors in relation to the use of generative AI language models” is also available [here](#).



### [HKMA Chief Executive Highlights Opportunities and Challenges of Emerging Technologies Such as AI in Finance \(October 31, 2024\)](#)

Eddie Yue, Chief Executive of the Hong Kong Monetary Authority (HKMA), delivered remarks on “Opportunities and challenges of emerging technologies in the financial ecosystem” at a joint HKMA and Bank for International Settlements (BIS) conference. In the remarks he highlighted that AI “has drawn immense attention from the industry given its great potential to transform the financial system.”

## **India**

### [RBI Publishes Statement on Various Developmental and Regulatory Policy Measures Including AI \(December 6, 2024\)](#)

The Reserve Bank of India (RBI) published a “Statement on Developmental and Regulatory Policies.” The statement includes a section on AI noting highlighting the formation of a committee to develop a Framework for Responsible and Ethical Enablement of AI (FREE-AI).

### [SEBI Issues Consultation on Assigning Responsibility for AI Tools \(November 13, 2024\)](#)

The Securities & Exchange Board of India (SEBI) issued a consultation paper on “Proposed Amendments with respect to assigning responsibility for the use of artificial intelligence tools by Market Infrastructure Institutions, Registered Intermediaries and other persons regulated by SEBI.” Responses were requested by 28 November.

### [Debabrata Patra Highlights AI Impacts in Remarks on Unlocking Growth in the Digital Age \(November 13, 2024\)](#)

Debabrata Patra, Deputy Governor of the Reserve Bank of India (RBI), delivered a speech on “Unlocking new growth frontiers in the digital age.” In the remarks, he noted that “it is estimated that generative AI itself could increase global GDP by \$7-10 trillion over the next three years” and that “large language models are estimated to increase the productivity levels of workers by 8 to 36 per cent.”

## **Japan**

### [Kazuo Ueda Speech Notes that the BoJ is Closely Following AI Regulation Across Jurisdiction \(November 21, 2024\)](#)

Kazuo Ueda, Governor of the Bank of Japan, delivered remarks titled “Opportunities and challenges for financial intermediation functions brought about by technological advancements.” In his remarks, he noted that “as AI continues to spread globally, the Bank of Japan closely follows regulatory responses across jurisdictions.”

## **Malaysia**

### [Marzunisham Omar Delivers Speech Highlighting Potential Impacts of AI \(November 11, 2024\)](#)

Marzunisham Omar, Deputy Governor of the Central Bank of Malaysia (Bank Negara Malaysia), delivered a speech titled “Future of work in East Asia - jobs and technology.” In the speech, he highlighted potential opportunities and risks from AI, as well as efforts from the Bank.

## Singapore

### [MAS Publishes Information Paper on AI Model Risk Management \(December 5, 2024\)](#)

The Monetary Authority of Singapore (MAS) published an information paper on AI risk management. The paper outlines key principles and practices for managing risks associated with the use of AI in financial institutions. MAS conducted a thematic review of banks' AI model risk management practices in mid-2024 which was used to inform the paper.

### [Singapore FinTech Festival Includes Focus on AI and Quantum Technology \(November 3, 2024\)](#)

The Singapore FinTech Festival took place 6-8 November. This year's festival included an additional focus on AI and quantum technology, underscoring their transformative potential for the financial sector. Full details are included in the [press release](#) for the event. Additional details are also available from the [transcript of a related fireside chat](#) with Chia Der Jiun, Managing Director of MAS.

### [MAS Announces Global Finance & Technology Network \(October 30, 2024\)](#)

The Monetary Authority of Singapore (MAS) announced the establishment of a Global Finance & Technology Network (GFTN) "to further strengthen Singapore as a global FinTech hub and enhance global connectivity for impactful innovation in financial services." The "GFTN will work with MAS to advance industry and policy dialogues in payments, asset tokenisation, and AI/quantum."

## South Korea

### **Korea FSC Announces Initiatives to Support the Use of Open-Source AI in the Financial Sector (December 12, 2024)**

The Korea Financial Services Commission (FSC) announced plans to build a "Financial AI Platform" starting in the first half of 2025. This platform aims to support the development and use of open-source AI services in the financial sector by providing models and data that meet performance and safety standards. The key initiatives include a two-track utilization system, functional test environment, specialized financial data, regulatory exemptions, and guidance and principles. The related press release can be found [here](#) (only available in Korean at the moment).

## AFRICA

### COMESA

### [Phil Mnisi Highlights Updates on Big Data and Machine Learning at COMESA Symposium \(November 7, 2024\)](#)

Phil Mnisi, Governor of the Central Bank of Eswatini and Chairman of the COMESA (Common Market for Eastern and Southern Africa) Committee of Governors of Central Banks delivered remarks at the opening ceremony of the COMESA symposium. In his remarks he highlighted the impacts of big data and machine learning, and also noted that "as we embrace digital banking and the integration of big data and machine learning into our financial systems, central banks and financial institutions must also remain vigilant about the risks these innovations entail."

\*All information collected and provided for this report is publicly available.