

FSC INTRODUCES GUIDELINE ON THE USE OF ARTIFICIAL INTELLIGENCE IN FINANCIAL SERVICES

The FSC held a consultative body meeting on digital finance via teleconference on July 8, chaired by Vice Chairman Doh Kyu-sang, and introduced a guideline on the use of artificial intelligence in financial services to bolster public trust in AI-based financial services and continue to promote innovation in financial industry.

All financial and finance-related institutions offering financial transactions and other customer oriented services using AI technologies should follow the guideline which sets forth the least necessary level of standards for AI. Key details of the guideline are as follows.

- a) **(RESPONSIBILITY)** Establishment of three internal control mechanisms, such as adopting ethical principles for AI, designating an internal organization overseeing the entire process of AI-related services and maintaining a risk monitoring and management system for potential risks of privacy breach
- b) **(ACCURACY AND SAFETY)** Management of the origin and quality of data used for machine learning and establishing a privacy protection system to prevent abuse or misuse of personal financial data
- c) **(TRANSPARENCY AND FAIRNESS)** Maintaining a bias control mechanism to prevent discriminatory services against certain consumer groups and pursuing fairness in service provision by establishing and evaluating impartiality standards
- d) **(CONSUMER RIGHTS)** Adequate provision of explanations to financial consumers on AI-based financial services to help consumers better understand and practice their rights
- e) Equivalent level of safety and security measures applied to AI-based financial services developed and operated by third-party contractors.

The authorities plan to begin applying the guideline within this year after a sufficient time for preparatory work. Based on this guideline, financial industry groups will draw up more detailed guidelines tailored to the needs of specific sectors. In the third quarter, the authorities also plan to announce plans for a data library and an AI testbed to continue to promote the use of AI in financial services.

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