FSB FINANCIAL STABILITY BOARD

Sound Practices for Responsible Adoption of Artificial Intelligence (AI): Consultation report

Response to Consultation

Alliance for Financial Inclusion (AFI)

1. Do you agree with the benefits and risks of AI adoption by financial institutions described in this report? Are there any substantive benefits or risks not covered?

AFI broadly agrees with the benefits and risks described in the report. We note at the same time the report's focus is naturally on financial stability and we see come opportunities to strengthen consideration of financial inclusion outcomes, which evidence suggests also contributes to stronger and more resilient financial systems overall.

The report could be strengthened by recognizing financial inclusion as an additional system-level benefit of responsible AI adoption. The report notes for example that AI-based credit scoring paired with alternative data can broaden consumer access to financial services, but there is scope to strengthen the coverage of financial inclusion considerations in the report overall. In AFI member jurisdictions, AI adoption is already contributing measurable inclusion outcomes such a non-bank digital lender utilizing AI based credit scoring to extend approximately USD 180 million in uncollateralized digital credit to close to 400,000 micro, small and medium enterprises.

In AFI's DFSWG member survey, 64 percent of respondents identified opportunities for AI to expand tailored financial services to underserved populations, whilst 36 percent saw more opportunities than risks for financial inclusion, with only 3 percent seeing more risks than opportunities, leaving a significant majority withholding judgement on this question whilst more empirical evidence emerges. Members associate inclusion gains most strongly with the AI applications already most widely adopted by financial service providers, such as credit decision making, customer engagement tools, and fraud, scam, and anti-money laundering detection, use cases which directly lower access barriers for low-income, informal, and first-time users.

Several financial inclusion-related risks are not yet specifically covered in the FSB report. For example, 61 percent of surveyed AFI members identified the risk that automated AI-driven decisions may exclude vulnerable or thin-file customers, while the same proportion flagged concerns with bias from historical or unbalanced datasets. 52 percent of respondents furthermore flagged the absence of sex-disaggregated and vulnerable-group data, which makes such bias harder to detect and correct. An additional concern expressed by members is with language performance gaps. General-purpose models frequently underperform in low-resource languages, creating consumer protection risks in customer-facing applications in many developing countries.

Overall, surveyed members rank cyber and operational risks (79 percent) and data protection and privacy (76 percent) as their top supervisory concerns and explicitly link AI-enabled fraud and cyberattacks to consumer harm, loss of trust, and the exclusion of less digitally resilient users. We note that the FSB report addresses cyber risk thoroughly in Sound Practice 11. We would encourage the final report to also link this to issues of maintaining trust in the financial system and efforts to reduce financial exclusion, high levels of which can in turn constitute a financial stability risk.

2. Are the sound practices sufficiently comprehensive and clear to enable financial institutions' responsible AI adoption?

The 12 sound practices are comprehensive, well organized, and clearly drafted. Our principal observation is that, as currently formulated, several practices may presuppose institutional functions and ecosystem capacity that may still be nascent in many developing country financial institutions, including capacity for independent model validation, red-teaming, challenger models, and continuous automated monitoring.

AFI's member survey indicates that 76 percent of responding authorities identified skills and talent gaps as the main constraint on AI adoption, whilst 64 percent identified data quality or availability, and 48 percent identified infrastructure and compute costs. We therefore recommend that the final report could give greater acknowledgement to capacity building, peer learning and Public-Private collaboration as key mechanisms for responsible adoption and additionally illustrate minimum viable guardrails appropriate for smaller institutions and lower materiality use cases.

A further observation concerns Sound Practice 12 on third-party AI risk management. AFI members concur that vendor dependency and model concentration also constitute inclusion risks, and these challenges can be heightened in developing country contexts where small institutions may hold less leverage vis-à-vis the major providers of such services. We would therefore encourage the final report to strengthen consideration of practical actioning of Sound Practice 12 in contexts where individual bargaining power is limited. We also recommend that the final report encourage cooperation between home and host supervisors with respect to common third-party AI providers.

3. Do the sound practices strike an appropriate balance between managing risks relating to all forms of AI, and addressing some of the risks relating to emerging and new complex forms of AI, such as GenAI and agentic AI?

The balance struck in the report is broadly appropriate, and AFI welcomes the forward-looking treatment of generative AI and agentic AI. At the same time, noting that at present for most developing country financial institutions traditional machine learning remains the predominant form of deployed AI use, most commonly in credit scoring, fraud detection, and anti-money laundering monitoring, the report can helpfully highlight that supervisors should calibrate supervisory practices as appropriate for the deployed use cases in their markets.

4. **Are the sound practices sufficiently flexible to accommodate and address newer types of AI and responsible adoption over time?**

   We find the report to strike a good balance in setting out a principles-oriented and technology-neutral approach whilst providing room to refine specific practices as AI adoption further evolves. At the same time, we would draw attention to the observed experience in other areas of global financial standard setting where non-binding SSB guidance can be applied prescriptively over time by national level supervisors and assessors. We would therefore recommend the report include explicit language to make clear that the sound practices should not be treated as a de facto global standard, and encourage monitoring of its use post-publication, for example through the FSB Regional Consultative Groups.

5. **Do the case studies in this report sufficiently highlight how different types of financial institutions can benefit from responsible AI adoption? Are there additional case studies for inclusion in the report? If so, please provide such case studies, particularly for nonbanks.**

   The case studies are extremely valuable. At the same time, they are drawn predominantly from large, internationally active institutions, and FSB member or high-income jurisdictions. Given that the sound practices are addressed to all types of financial institutions in all jurisdictions, the final report would benefit from case studies reflecting developing country contexts and smaller institutions. Subject to the consent of individual member institutions, AFI would be pleased to explore the potential contribution of case studies from the AFI membership for the final report in any areas where the FSB has identified gaps in coverage.

6. **Do the case studies in this report provide actionable insights for financial institutions in their responsible AI adoption?**

   The case studies provide actionable insights for institutions with mature risk management functions. To enhance actionability for the wider population of institutions to which the report is addressed, we suggest that the final report include a small number of case studies demonstrating proportionate AI governance for a smaller or less complex institution, and/or for low materiality and low risk use cases.

7. **Are the definitions in the glossary clear and aligned with industry sound practices, including recent developments in AI?**

   The glossary is clear and well aligned with current usage. We suggest one refinement to include the definition of 'alternative data' in the glossary with a jurisdiction-neutral definition, for example: data not typically contained in credit registry or credit bureau files, or not customarily provided by customers in credit applications, including (but not limited to) payment behavior, cash flow, and utility or telecommunications data.

8. **Are there any comments you would like to make on this report? Please fill in.**

   Overarching observations

   AFI welcomes the FSB's timely, clear, and practical consultation report, which builds on the FSB's earlier assessment of the financial stability implications of AI and its 2025 framework for monitoring AI adoption. We particularly welcome the explicit statement that the sound practices are not intended to establish an international standard or to impose a prescriptive approach. The emphasis on proportionality, technology-neutrality, and recognition of potential benefits of AI adoption for financial inclusion is appreciated. The forward-looking attention to generative AI and agentic AI alongside traditional machine learning adds significant value to existing guidance.

These features of the FSB report align closely with the prevailing view among AFI members surveyed that AI does not fundamentally create new financial sector risks, but rather may amplify existing risks through the speed, scale, and scope of their transmission. AFI members are also of the view that existing financial laws and regulations, being technology neutral, can already be invoked to address fairness, accountability, consumer protection, and prudential risk considerations arising from AI adoption. Overall AFI's members' perspective is that AI is neither a silver bullet nor a red flag for financial inclusion, but a powerful emerging technology whose impacts, both positive and harmful, will depend on the quality of risk management, data quality, governance processes, and supervisory capacity, amongst other factors.

In AFI's 2026 DFSWG member survey, the majority of responding institutions described themselves as being in an early exploration or learning phase, with 58 percent reporting no formal AI mandate, and 48 percent reporting no formal AI governance elements in place. At the same time, experimentation is clearly underway with 45 percent of respondents already using testing or experimentation mechanisms such as regulatory sandboxes and controlled pilots. Members also reported that financial service providers in their jurisdictions are most commonly at the stage of emerging or early pilots.

Conclusion

AFI would welcome the opportunity to support the FSB's work in this area as the report is finalized for delivery to the G20, including by contributing the perspectives of developing countries and/or facilitating additional case studies from its network. AFI will be pleased to support the dissemination of the final sound practices through its working groups, peer learning platforms, and capacity building programs. AFI thanks the FSB for the opportunity to comment.