UK Finance

UK Finance response to: FSB Sound Practices for Responsible Adoption of Artificial Intelligence

22 July 2026

UK Finance welcomes the opportunity to respond to the FSB's consultation report on Sound Practices for Responsible Adoption of Artificial Intelligence.

We respond briefly and at a high level. We offer the observations below to support clarity and consistent implementation, rather than to propose additional requirements. Several of our members are contributing responses directly or through international associations, and we do not seek to duplicate that work. Our purpose in writing is to express our broad support for the report and for the approach the FSB has taken.

An outcomes-based, technology-neutral and proportionate approach

We are broadly supportive of the sound practices set out in the report and welcome the clarity of the FSB's framing: a non-exhaustive menu rather than an international standard, not intended to impose a prescriptive approach or to influence firms' technology choices, and to be applied proportionately.

We would invite the FSB to carry this framing through consistently in the final report. Some individual sound practices refer to specific tools, frameworks or approaches, for example, the specialist sources referred to under Sound Practice 11, or the suggestion under Sound Practice 10 that AI agents be treated as synthetic employees. These are useful reference points, and it would be helpful to make clear that they are offered as illustrations rather than expected approaches.

The same is true of the case studies, which are drawn predominantly from banking. Given the FSB's cross-sectoral mandate, further examples from other parts of the sector, such as payment service providers, financial market infrastructures, insurers and asset managers, would give firms a wider range of reference points, and would help reduce the risk that any single approach is interpreted as a recommended approach.

Existing frameworks provide a sound foundation

The report recognises that many AI-related risks are not entirely new, and that firms should incorporate AI risk into existing frameworks rather than manage it separately. This is consistent with what we see across our membership. Most AI risk maps onto existing risk domains – governance, model risk, operational resilience, data, cyber and third party – with AI changing how those risks manifest rather than introducing new categories of risk. Firms are implementing AI-specific accountabilities, controls and documentation, and the experience so far is that these work best when embedded into existing frameworks rather than built alongside them as separate structures. Where AI presents genuinely distinct characteristics, those frameworks are being uplifted accordingly.

In our view, it is the underlying risk and impact of a use case, rather than the use of AI itself, that should determine the level of governance, testing and monitoring applied. As Section 3.2 recognises, materiality and risk together inform the proportionate level of risk management applied to a use case. We would therefore invite the FSB to consider whether further illustration of how firms weigh the relevant factors in reaching such an assessment – for example, through a case study focused on the reasoning applied rather than any resulting set of controls – would support consistent application.

Third-party risk management

We welcome the report's approach of building on existing third-party risk management frameworks, reflecting how firms are leveraging established arrangements and enhancing them proportionately where AI changes the nature or visibility of the risk. We would offer two observations.

Firstly, AI embedded within existing third-party products and services that are not themselves procured as AI is an increasingly common deployment model, and firms are actively developing approaches to manage it including proportionate reliance on provider assurances and outcome-based monitoring. Many of the transparency, monitoring and provider change management challenges the report discusses arise within it, often with limited visibility for the deploying firm. We would invite the FSB to consider whether expectations in respect of this deployment model, including the monitoring referred to at footnote 97, should be calibrated to the information firms can realistically obtain from providers, including where dependencies extend beyond a firm's direct supplier relationships.

Secondly, we welcome the report's recognition of how firms can address transparency gaps. The underlying challenge is one of information asymmetry: firms' ability to identify, assess and manage AI risks, and to evidence compliance with their own regulatory obligations, depends on access to sufficient information from providers. We would invite the FSB to reflect this dependency more directly – that the effectiveness of the sound practices in respect of third-party AI relies in part on provider cooperation.

Public-private collaboration

The report provides several examples that demonstrate the value of public-private collaboration, including CMORG, the Bank of England and FCA's AI Consortium, and the supervisory sandboxes described in Section 2.4. We would invite the FSB to further articulate the importance of public-private collaboration as the technology develops. Where capabilities and risk profiles are still emerging, as with agentic AI, neither industry nor the public sector has reached a settled view. Much of the relevant development, and the practical experience of what works, sits with firms deploying AI and with AI providers and developers in the first instance. Engagement of this kind is how that experience reaches authorities, and it is the most effective route to shared understanding.

This is also relevant to the third-party challenges described above. We note the report's reference to the CMORG AI Shared Responsibility Model and invite the FSB to consider how approaches of this kind might be supported and shared across jurisdictions, as a means of improving the effectiveness of third-party oversight.

International consistency

As a global standard-setting body, the FSB is uniquely positioned to address the risk of regulatory fragmentation. Our members are already encountering divergence across jurisdictions in core AI concepts and definitions, which adds complexity and cost and risks conflicting or duplicative obligations for firms operating internationally. We would invite the FSB to acknowledge this risk in the final report, and to consider how it can drive greater convergence, drawing on the experience of authorities pursuing different approaches and through continued coordination with IOSCO and other standard-setting bodies.

We would welcome the opportunity to discuss any of the above and look forward to continued engagement.