



Artificial Intelligence (“AI”) in Finance requires specific safeguards: OSFI and GRI report

Bank Act - Legislation and Commentary

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On April 17, 2023, the Office of the Superintendent of Financial Institutions (“OSFI”) and the Global Risk Institute (“GRI”) published a report on the ethical, legal, and financial implications of AI on financial services institutions. OSFI and GRI create the Financial Industry Forum on Artificial Intelligence (“FIFAI”) which canvassed financial services experts regarding the application of AI.

The FIFAI formed the EDGE principles, which stands for Explainability, Data, Governance and Ethics. These principles were discussed further in the report. Explainability should be considered at the outset of AI model design and relates to how AI arrives at certain conclusions. Data refers to the data leveraged by AI, and the improvement and governance thereof by financial institutions to ensure accuracy, consistency, and completeness of the data and use of the data by AI. Governance requires a framework promoting responsible and accountable use of AI, which should be holistic, set out roles/responsibilities clearly, include a well-defined risk-appetite, and be flexible. Ethics encourages financial institutions to consider broader impacts of AI, and the report discusses the nuances of “ethics” and how these may change over time or be understood differently.

Lastly, the report discussed the balancing act between regulation and innovation in AI.

To view the full report, please visit:

- https://www.osfi-bsif.gc.ca/Eng/osfi-bsif/med/Pages/ai-ia_nr.aspx 
- <https://www.osfi-bsif.gc.ca/Eng/osfi-bsif/rep-rap/Pages/ai-ia.aspx> 