EU Fintechs: Artificial Intelligence is crucial in the fight against financial crime

The European FinTech Association (EFA) welcomes the European Commission's (Commission) recent legislative proposal on Artificial Intelligence (AI) to promote the development of AI in Europe, and fully supports its intention to protect the privacy of European citizens.

Small and medium-sized companies have thrived in the European marketplace over the last few years. However, for the European market to become truly competitive and capable of creating global players, the EU regulatory authorities need to address the fact that these small and medium-sized enterprises, characterized for their capacity for adaptation and innovation, are the ones most affected by regulations aimed at large non-European players.

Uniting a diverse group of FinTech providers, the EFA fully supports a harmonized understanding on the use of AI, the publication of clear guidelines and an ethics code on the use of AI in financial services.

We encourage the European Commission to continue making and reiterating the clear differentiation between biometric authentication (e.g. used by Fintechs to scale-up and onboard customers) and remote biometric identification (e.g. used by authorities for mass surveillance in public spaces) as it has done so in the European Commission's White Paper on AI[1]. This would create legal clarity and avoid that both types of identification fall under the "high-risk" application.

Moreover, while still in its early stages in Europe, the use of AI/machine learning (ML) technologies is becoming increasingly important in the fight against money laundering and terrorist financing. Over the past years, fraudsters and criminals have become smarter, with enhanced technological capabilities, as well as the increasing capacity to dupe the current system using deep fakes and other means.

The fight against money laundering is vital to consumer protection. If deployed properly, the EU can regulate innovative AI in a way that facilitates further digitalisation, allows wide-scale uptake of AI across the EU, while also enabling new technologies to effectively tackle fraudulent activity within the bloc, and most importantly protect its citizens.

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[1] European Commission – White Paper on Artificial Intelligence
https://ec.europa.eu/info/sites/default/files/commission-white-paper-artificial-intelligence-feb2020_en.pdf