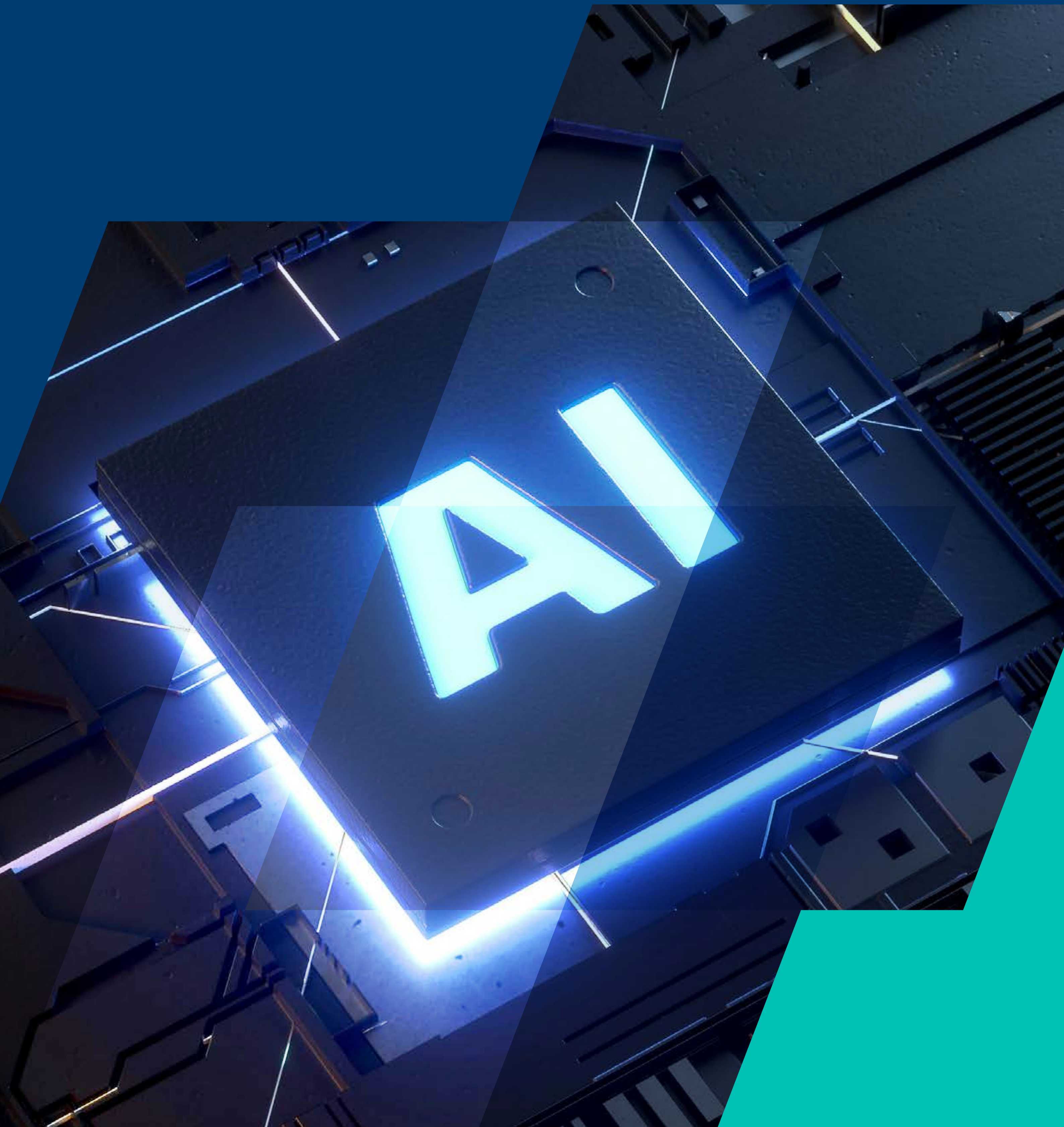
FCA Innovation

FINANCIAL CONDUCT AUTHORITY

FCA AI Spotlight



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AI Spotlight: An initiative of the AI Lab

The use of AI in financial services is not new, and we've been supporting innovation in this space for years. As we launch our AI Lab, we aim to build on this experience by encouraging responsible AI development and helping firms explore new opportunities that benefit consumers and markets.

The AI Lab serves as a lighthouse in this rapidly changing environment, guiding regulators, innovators, and industry leaders through the complexities of AI. With this initiative, we are not merely observing from a distance; we are actively engaging with firms and solutions to explore how AI can enhance financial services while safeguarding consumers and markets.

The AI Lab introduces a suite of initiatives, including:

- AI Spotlight
- AI Sprint
- AI Input Zone
- Supercharged Sandbox

As part of the AI Lab, the AI Spotlight offers a unique opportunity for innovators to showcase their solutions, enhancing our understanding of AI's application in financial services.

By participating in the AI Spotlight, you are joining a crucial initiative that will help promote the exploration of AI applications in financial services, ensuring that innovation serves both the industry and society, with safety, trust, and transparency at the forefront.

Event and participation details

What
A call for innovators to submit their AI-related proposals and solutions across four critical themes:

1. Bias and fairness in AI systems
2. Explainability, governance, and transparency
3. Data quality and integration practices
4. Compliance and automation in AI-driven processes

We will consider additional proposals that demonstrate significant potential to drive growth, enhance consumer resilience, tackle financial crime, or offer other meaningful benefits to the financial services industry. We are inviting a diverse range of participants, from fintech startups and established banks to technology providers and beyond, to showcase how AI can drive positive change. Projects selected for the AI Spotlight will be featured on a dedicated Digital Spotlight webpage, offering a valuable repository of practical solutions that showcase applications of AI across financial services. Innovators will also have the opportunity to take part in a Showcase Day at the FCA's London offices on 28 January 2025.

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When
Digital Spotlight Expo: Ongoing basis
In-Person Showcase Day: 28 January 2025 at our London office.

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How to apply
Apply here
You will be redirected to the Digital Sandbox to complete and submit your application. If you do not have an existing Digital Sandbox account, you will need to create one. Once logged in, navigate to the Events section, and select AI Spotlight. You will find the application form under 'Themes', alongside an overview of the initiative and application criteria.

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Expectations for engagement
As a participant in the AI Spotlight initiative, you will also sit within a unique community of other AI innovators, where you may be invited to contribute to further TechSprints and discussions, offering your expertise and insights. Additionally, solutions will serve as practical examples to guide the discussions as part of the AI Sprint.

Please note: If you are interested in also joining the AI Sprint, **register an early expression of interest here**.

AI Spotlight themes

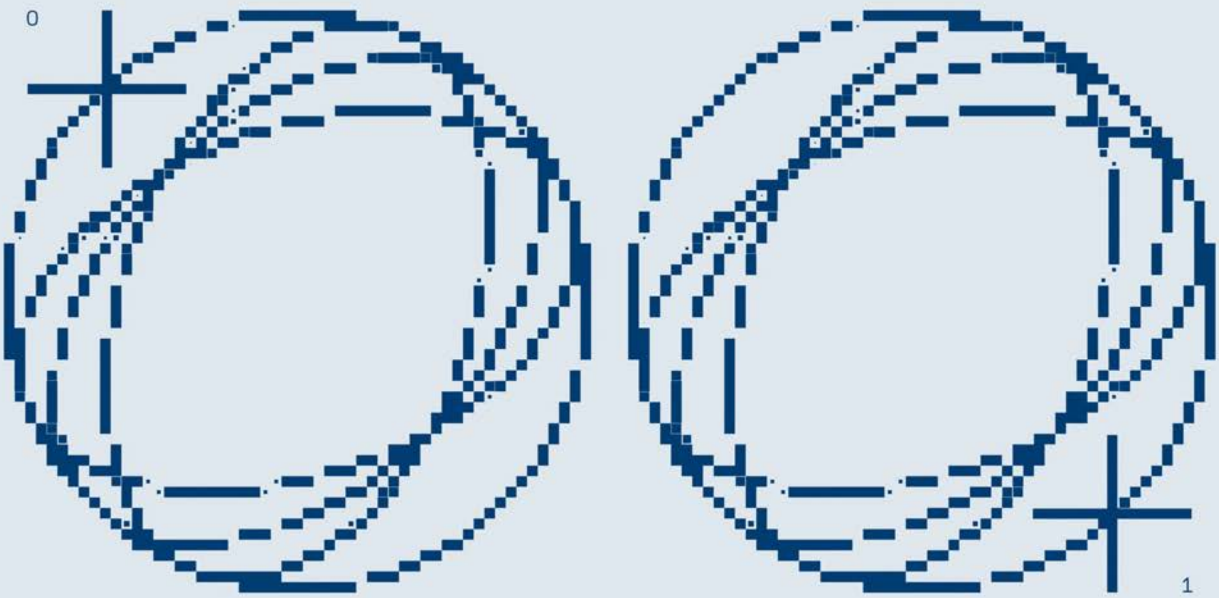
Our themes have been carefully selected through extensive research and workshops. The considerations listed within each theme are indicative - solutions can explore other facets of each theme or introduce entirely new ideas related to the use of AI in financial services within the chosen theme.

1. Bias and fairness

We are interested in innovative applications that empower consumers, promote inclusivity and resilience, and actively mitigate bias throughout the development lifecycle.

Considerations:

- **Inclusive AI design**: Solutions that embed inclusivity at their core, driving fair outcomes and equitable treatment for all consumers.
- **Proactive fairness checks**: Approaches that continuously monitor and evaluate outcomes for fairness, helping to prevent technology-driven financial exclusion.
- **Bias-reducing innovation**: Solutions designed to actively identify and mitigate bias and incorporate fairness into decision-making processes, promoting inclusion and minimising discrimination risks.



2. Explainability, governance and transparency

We are interested in innovative applications that deliver clear, understandable, and transparent decision-making processes in ways that are accessible for both consumers and wider stakeholders.

Considerations:

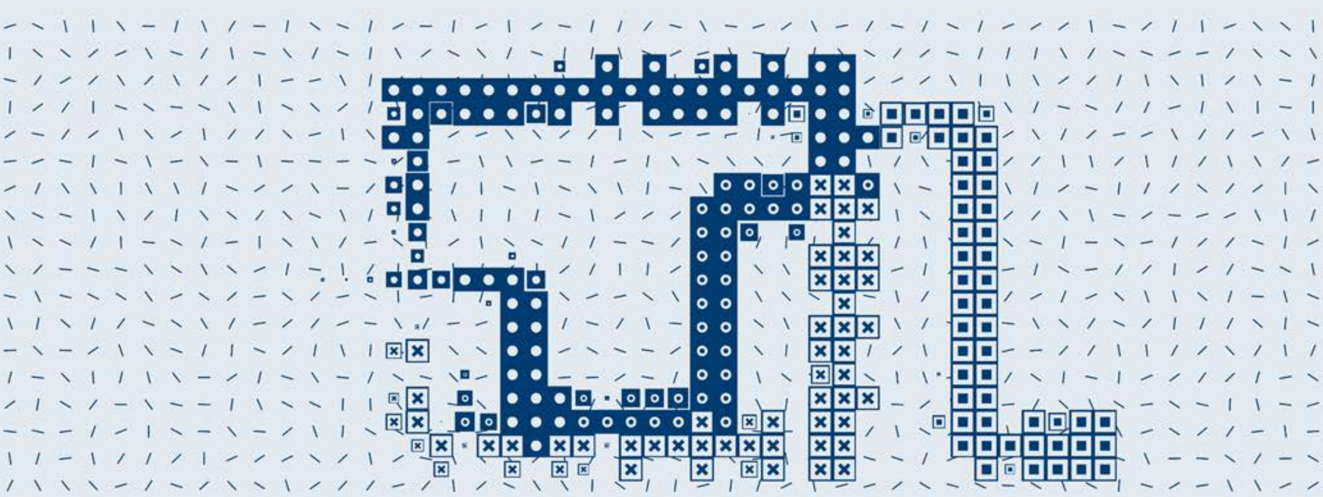
- **Clear communication of AI decisions**: Solutions that make complex AI decisions easy to understand through effective communication strategies, enhancing user understanding and confidence.
- **Transparent decision documentation**: Solutions that promote clear and structured documentation detailing the processes, methodologies, and criteria used in decision-making, fostering accountability and allowing stakeholders to trace and understand the rationale behind decisions.
- **Empowering user interfaces**: User-friendly designs that help consumers interact with AI-driven decisions and processes in ways that are easy to understand, empowering them to make informed choices.

3. Data quality and integration

We are interested in innovative applications that enhance data accuracy, quality, and seamless integration to support responsible AI decision-making and improve reliability.

Considerations:

- **Transparency and trust**: Innovations that uphold transparency and trust in data usage, particularly in how AI systems infer preferences or sentiment.
- **Seamless integration**: Solutions that bring together data from different sources to enable more intelligent, accurate, and informed decision-making.
- **High-quality data innovation**: Approaches that uphold high standards for data accuracy, quality, and completeness to improve AI performance and decision reliability.



4. Compliance and automation

We are interested in innovative applications that enhance operational efficiency and streamline compliance, helping firms innovate while managing regulatory responsibilities more effectively.

Considerations:

- **Streamlined compliance**: Solutions that streamline compliance processes, reducing administrative burdens and allowing firms to focus on consumer-facing innovation.
- **Efficient decision-making**: Solutions that enhance decision-making speed and quality, helping firms reduce costs and improve service delivery.
- **Proactive risk management**: Solutions that help firms proactively identify and manage risks, supporting compliance and long-term growth.

Application and review process

Applications should focus on one of the four themes, though multiple themes can be linked in the submission. Ensure that your application is concise and clearly highlights the core benefits of your solution. We prioritise submissions that are well-explained, relevant to the selected theme, and demonstrate innovative use of AI.

We will assess applications against the following criteria:

- **Alignment with themes**: (Bias and Fairness, Explainability, Transparency and Governance, Data Quality and Integration, Compliance and Automation). Does the solution directly address at least one of the core themes?
- **Meaningful AI integration & AI-Solution fit**: Does the solution demonstrate the use of AI in a meaningful way? Is AI essential to the solution's functionality, and does it add significant value in solving the identified problem?
- **Differentiation & uniqueness of solution**: Is the solution different from existing market offerings? Does it solve a problem in an innovative way?
- Impact:
    - **Consumer benefit**: Does the solution have the potential to improve consumer outcomes, such as enhancing affordability, fairness, accessibility, or efficiency?
    - **Market impact**: Does the solution have the potential to transform or positively impact markets, such as by improving efficiency, reducing risks, or enhancing competitiveness?
- **Readiness to engage**: Is the applicant willing to contribute to the AI Lab community by sharing insights and participating in discussions?

Next steps

[Visit our application page to apply to the AI Spotlight]

Once your application is submitted through the above link, a confirmation will be issued. All information provided in the application will remain confidential and will only be accessible to the FCA, with no sharing among other participants. The application window for those interested in presenting their solutions at the AI Spotlight Showcase on 28 January will close on 17 November. After this, an internal FCA panel will review the submissions, and successful applicants will be notified by 16 December. Meanwhile, applications to feature on the Digital Spotlight webpage will remain open beyond this date, and we will continue to assess submissions on a rolling basis.

In accepting firms to the Spotlight, we seek to showcase a range of innovative ideas for how AI can drive positive change in financial services. However, in doing so, the FCA does not endorse any particular business models or AI applications, or attest to their compliance with existing or future regulation.

Social media
Upon confirmation and announcement of successful applications, participants may share communications about their involvement via social media using *#FCAILAB*. It is important to note that any communications must not imply endorsement by the FCA regarding the products or solutions presented.

Press
Any broader communications, including digital content or press releases that reference the AI Lab, must receive prior approval from the FCA Press Office before release.

Nature of participation
Participants are advised to use the term “collaboration” instead of “partnership” in all communications.

For any further queries, please contact the AI Lab Team at **AILab@fca.org.uk**

Privacy and Consent for the AI Spotlight initiative

As part of the AI Spotlight Showcase, the FCA (Financial Conduct Authority) will collect and process your personal data in accordance with the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018 (DPA 2018). The FCA acts as the data controller, and your data will be used specifically for the purpose of administering and managing your participation in the AI Spotlight Showcase.

We collect personal data, including but not limited to your name, email address, and organisation details to:

- Facilitate your application and potential participation in the AI Spotlight Showcase.
- Verify your identity for access to the event.
- Communicate updates and information about the AI Spotlight initiative.

Your application will be processed via the AI Lab webpage, and you will be redirected to the Digital Sandbox platform to create an account and complete your application.

The Lawful Basis for Us Obtaining and Using This Personal Data

We use this personal data under Article 6(1)(e) of the UK GDPR (it is necessary for the performance of a task carried out in the public interest) and Section 8(c) of the DPA 2018 (processing necessary for the exercise of a function conferred on a person by an enactment or rule of law). Since some of these activities are entirely optional for an individual's participation, Article 6(1)(e) would not be the appropriate lawful basis to rely on alone for processing in certain scenarios. In these circumstances, we also obtain appropriate consent from the individuals who participate in such activities, under the UK GDPR Article 6(1)(a) and/or Article 9(2)(a).

Data Sharing

The FCA may share your personal data with third-party service providers involved in the delivery and management of the AI Spotlight Showcase. The Digital Sandbox, operated by NayaOne Limited, will act as a data processor under FCA's instructions, in line with its own privacy policies. We ensure that NayaOne Limited and other third-party service providers follow strict confidentiality and data protection standards. Your data will not be shared with third parties for marketing purposes without your explicit consent.

Data Retention

We will retain your personal data for as long as necessary to fulfill the purposes outlined above, or as required by law.

Further information on our retention policy can be found in FCA's privacy notice using the link below.

Your Rights

Under the UK GDPR, you have the right to:

- request access to, and deletion or correction of, information about you
- object to the way in which we use information about you
- request that your personal data be transferred to another organisation
- complain to the Information Commissioner's Office if you are unhappy about the way we use information about you
- If you wish to find out what personal data, if any, we hold about you or if you wish to exercise any of your other privacy rights, you can contact our Information Disclosure Team. To enable us to process your request as quickly as possible, we will need you to provide us with some information about yourself. You may find it helpful to complete our individual rights request form.

FCA Privacy Notice

www.fca.org.uk/privacy

For further information, you can contact us at:
FCA, 12 Endeavour Square, London, E20 1JN
Email: AILab@fca.org.uk

By proceeding with your application via the Digital Sandbox, you acknowledge and agree to the collection and use of your personal data as described.

Images on pages 6 -9
An artist's illustration of artificial intelligence (AI). Created by Bakken & Baeck as part of the Visualising AI project launched by Google DeepMind.

unsplash.com/@googledeepmind

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