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DRAFT REPORT

on impact of artificial intelligence on the financial sector
(2025/2056(INI))

Committee on Economic and Monetary Affairs

Rapporteur: Arba Kokalari

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on impact of artificial intelligence on the financial sector (2025/2056(INI))

The European Parliament,

- having regard to the European Commission’s communication of 9 April 2025 entitled ‘AI Continent Action Plan’ ([COM\(2025\)0165](#)),
- having regard to the report of 25 February 2025 by the European Securities and Markets Authority (ESMA) entitled ‘Artificial intelligence in EU investment funds: adoption, strategies and portfolio exposures’,
- having regard to the public statement of 30 May 2024 by the ESMA on the use of Artificial Intelligence (AI) in the provision of retail investment services,
- having regard to the report of 10 February 2025 by the European Insurance and Occupational Pensions Authority (EIOPA) entitled ‘Impact Assessment of EIOPA’s Opinion on AI governance and risk management’,
- having regard to the report of 30 April 2024 by the EIOPA entitled ‘Report on the digitalisation of the European insurance sector’,
- having regard to the report of 29 November 2024 by the European Banking Authority (EBA) entitled ‘Risk Assessment Questionnaire (RAQ) – Autumn 2024’,
- having regard to the report of 4 August 2023 by the EBA entitled ‘Machine learning for internal ratings-based models’,
- having regard to the publication of 7 May 2024 by the European Central Bank entitled ‘The rise of artificial intelligence: benefits and risks for financial stability’,
- having regard to the working paper of 15 December 2023 by the Organisation for Economic Co-operation and Development entitled ‘Generative Artificial Intelligence in finance’,
- having regard to the report of 12 December 2024 of the Bank for International Settlements entitled ‘Regulating AI in the financial sector: recent developments and main challenges’,
- having regard to the report of 13 June 2024 of the Bank for International Settlements entitled ‘Intelligent financial system: how AI is transforming finance’,
- having regard to the report of 19 December 2024 by the High-Level Panel of Experts to the G7 entitled ‘Artificial Intelligence and Economic and Financial Policy Making’,
- having regard to the report of 14 November 2024 by the Financial Stability Board entitled ‘The Financial Stability Implications of Artificial Intelligence’,

- having regard to Regulation (EU) 2024/1624 of the European Parliament and of the Council of 31 May 2024 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing¹,
- having regard to Regulation (EU) 2024/1689 of the European Parliament and of the Council of 13 June 2024 laying down harmonised rules on artificial intelligence and amending Regulations (EC) No 300/2008, (EU) No 167/2013, (EU) No 168/2013, (EU) 2018/858, (EU) 2018/1139 and (EU) 2019/2144 and Directives 2014/90/EU, (EU) 2016/797 and (EU) 2020/1828 (Artificial Intelligence Act)²,
- having regard to Regulation (EU) 2022/2554 of the European Parliament and of the Council of 14 December 2022 on digital operational resilience for the financial sector and amending Regulations (EC) No 1060/2009, (EU) No 648/2012, (EU) No 600/2014, (EU) No 909/2014 and (EU) 2016/1011³,
- having regard to Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation)⁴,
- having regard to Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution⁵,
- having regard to Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012⁶,
- having regard to Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU⁷,
- having regard to Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012⁸,
- having regard to Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC⁹,
- having regard to Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives

¹ OJ L, 2024/1624, 19.6.2024, ELI: <http://data.europa.eu/eli/reg/2024/1624/oj>.

² OJ L, 2024/1689, 12.7.2024, ELI: <http://data.europa.eu/eli/reg/2024/1689/oj>.

³ OJ L 333, 27.12.2022, p. 1, ELI: <http://data.europa.eu/eli/reg/2022/2554/oj>.

⁴ OJ L 119, 4.5.2016, p. 1, ELI: <http://data.europa.eu/eli/reg/2016/679/oj>.

⁵ OJ L 26, 2.2.2016, p. 19, ELI: <http://data.europa.eu/eli/dir/2016/97/oj>.

⁶ OJ L 173, 12.6.2014, p. 84, ELI: <http://data.europa.eu/eli/reg/2014/600/oj>.

⁷ OJ L 173, 12.6.2014, p. 349, ELI: <http://data.europa.eu/eli/dir/2014/65/oj>.

⁸ OJ L 176, 27.6.2013, p. 1, ELI: <http://data.europa.eu/eli/reg/2013/575/oj>.

⁹ OJ L 176, 27.6.2013, p. 338, ELI: <http://data.europa.eu/eli/dir/2013/36/oj>.

2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010¹⁰,

- having regard to Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II)¹¹,
 - having regard to Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS)¹²,
 - having regard to its resolution of 3 May 2022 on artificial intelligence in a digital age¹³,
 - having regard to Rule 55 of its Rules of Procedure,
 - having regard to the report of the Committee on Economic and Monetary Affairs (A10-0000/2025),
- A. whereas the EU Artificial Intelligence Act introduces the world’s first comprehensive regulatory framework for artificial intelligence (AI);
- B. whereas the AI Act defines two high-risk use cases for the financial services sector, namely the use of AI systems for consumer credit scoring and creditworthiness assessments and their use for risk assessments and pricing of life and health insurance;
- C. whereas an AI system is defined in the AI Act as a machine-based system that is designed to operate with varying levels of autonomy and that may exhibit adaptiveness after deployment, and that, for explicit or implicit objectives, infers, from the input it receives, how to generate outputs such as predictions, content, recommendations, or decisions that can influence physical or virtual environments;
- D. whereas systems used to improve mathematical optimisation or to accelerate and approximate traditional, established optimisation methods, such as linear or logistic regression methods, fall outside the scope of the definition of an AI system;

State of AI adoption in financial services

1. Notes the broad and diverse adoption of AI across the EU financial services sector, with machine learning in long-standing use and generative AI increasingly applied as a support tool; stresses that the majority of AI use cases aim to streamline back-office processes with most applications representing low-hanging fruit rather than high-risk innovation and only a limited number being customer-facing use cases and no autopilot cases¹⁴;

¹⁰ OJ L 174, 1.7.2011, p. 1, ELI: <http://data.europa.eu/eli/dir/2011/61/oj>.

¹¹ OJ L 335, 17.12.2009, p. 1, ELI: <http://data.europa.eu/eli/dir/2009/138/oj>.

¹² OJ L 302, 17.11.2009, p. 32, ELI: <http://data.europa.eu/eli/dir/2009/65/oj>.

¹³ OJ C 465, 6.12.2022, p. 65.

¹⁴ EBA Risk Assessment Questionnaire Autumn 2024; EIOPA report on the digitalisation of the European insurance sector; ESMA report on artificial intelligence in EU investment funds.

2. Highlights that the use of AI in financial services can bring societal benefits, including fraud detection, anti-money laundering checks, customer support, transaction monitoring, sanctions screening, claims handling, personalised financial advice, credit risk assessment, regulatory compliance assistance, customer on-boarding and identity verification, market surveillance and market abuse monitoring;
3. Notes that the main risks linked to the use of AI in financial services stem from the quality, accuracy and representativeness of the data on which models are trained, and from the need to ensure robust data governance, prevent discriminatory outcomes and avoid systemic biases; observes challenges related to cybersecurity vulnerabilities and to the explainability of AI systems;
4. Understands that financial institutions have adopted a prudent and gradual approach to developing and deploying AI systems, with a view to ensuring compliance with existing cross-cutting and sectoral legislation; underlines that this prudent approach may also be driven by undemonstrated customer demand, evolving customer expectations and risk considerations;
5. Notes the dependency of EU financial actors on third-country technology providers for software and AI tools, which may lead to concentration risk and reduce the bargaining power of financial institutions when negotiating or modifying contractual terms for AI services; emphasises that EU companies must be able to use existing cloud infrastructure for AI development and deployment; supports, however, EU initiatives to boost AI and cloud development;

Regulatory landscape for AI in financial services

6. Stresses that the financial services sector is highly regulated, subject to multiple pieces of sectoral legislation at both national and EU level, requiring actors to manage risks in a variety of areas including data protection, data lineage, data quality, data governance, operational resilience, outsourcing, model risk, discriminatory outcomes, and market and credit risk, which together form the framework for AI deployment and governance in the financial services sector¹⁵;
7. Expresses concern about regulatory overlaps and legal uncertainties between the AI Act and sectoral legislation;
8. Recalls that the AI Act allows for limited derogations for financial institutions where equivalent requirements exist under EU financial services law; expresses concern about the lack of sufficient guidance on the interpretation of these regulatory overlaps and interactions; cautions against adopting a maximalist approach to interpretation of the AI Act, which would further complicate compliance for financial institutions; recognises the challenge arising from the fact that supervisory agencies have differing legal interpretations and expectations in terms of the application of the *acquis*, resulting in fragmentation of the single market;

¹⁵ Notable examples of relevant sectoral legislation include the Capital Requirements Regulation, the Capital Requirements Directive, the Solvency II Directive, the Insurance Distribution Directive, the Markets in Financial Instruments Regulation, the Markets in Financial Instruments Directive, the Digital Operational Resilience Act, the Alternative Investment Fund Managers Directive and the UCITS Directive, as well as accompanying guidelines and regulatory technical standards from the European Supervisory Agencies.

9. Expresses concern that the GDPR and its requirements on data minimisation, purpose limitation, customer consent, and financial institutions' processing of personal data impose limitations to the use of AI in financial services;

Recommendations to ensure responsible use of AI in financial services

10. Regrets that the EU is lagging behind in terms of AI innovation and investment; believes that the financial services sector, as the largest spender on ICT services and products, has the potential to act as a catalyst in mobilising private investment in AI;
11. Calls on the Commission to ensure clarity and guidance on how existing financial services regulations apply to the use of AI in financial services; considers that such guidance should aim to enable the use of AI in the financial services sector; calls for consistent definitions and the simplification of the regulatory framework to avoid duplicated requirements, including risk assessment reporting requirements;
12. Warns against the adoption of new sectoral legislation to regulate AI in financial services, as there are already established sectoral rules that cover AI deployment; believes that this would create additional layers of complexity and uncertainty and ultimately deprive the sector of the benefits of AI use; strongly advises the Commission and the Member States to coordinate to avoid gold-plating relevant legislation and to prevent the creation of new barriers in cross-border markets;
13. Calls on the European and national supervisory authorities to support the uptake of AI by promoting consistent interpretations and avoiding overly strict application of existing regulations; believes that failure to support the uptake of AI risks depriving the financial services sector of the benefits of AI; emphasises that the attitude and approach of supervisors are as important as the rules themselves; recommends that supervisory efforts prioritise tangible, operational risks where identified, rather than abstract or theoretical concerns;
14. Believes that significant changes in the use of AI will require appropriate skills and talent, considering that the use of AI is dependent on human capabilities; supports industry measures to improve the understanding and responsible use of AI technology in the sector; asks for more clarity with regard to the AI Act's requirements for financial institutions to comply with AI literacy requirements;
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15. Instructs its President to forward this resolution to the Council and the Commission.

EXPLANATORY STATEMENT

This report examines the use and impact of AI in the financial services sector and the regulatory landscape. The Rapporteur provides policy recommendations to enable the use of AI in financial services and clarify regulatory overlaps. The report addresses aspects specific to the financial services sector and does not cover matters falling within the remit of other Committees.

The Rapporteur believes that it is crucial for the policy debate on AI in financial services to be grounded in reality and focused on tangible and plausible questions. Due consideration must be taken of the existing legal framework and the practical realities of the technology's use in financial services, rather than speculate about abstract or theoretical concerns.

The report therefore starts by analysing the deployment of AI in the sector. It notes that the majority of AI use cases aims to cut costs by streamlining operations, rather than create new revenue streams. Most use cases represent low-hanging fruit rather than high-risk innovation, meaning that it is safe to say that deployment of AI in finance has been prudent. We are far from experiencing a financial system run, or heavily dependent on, autonomous, auto-pilot AI models that threatens financial stability and consumers' interests.

The reality is the opposite: the sector is so heavily regulated, and the fiduciary responsibility of financial institutions so highly regarded, that the lion's share of use cases are both low-risk and include a human expert in the loop. Nonetheless, the diffusion and uptake of AI technologies across the financial services sector holds significant potential. Not only it can improve the sector's efficiency, enhance consumer services, and strengthen the competitiveness of European firms, but it can also support more effective anti-money laundering and fraud detection.

That is not to say that AI deployment in financial services is without risks. The issue of data quality, explainability and transparency of AI is a challenge in this domain as within others. However, the financial services sector with its myriad of detailed directives and regulations, is well positioned to handle these risks. Financial institutions, whether it be banks, insurances undertakings or asset managers, are required by EU financial services legislation to have systems in place for data quality, data lineage, data governance, operational resilience, outsourcing, model risk, concentration risks, discriminatory outcomes, and more, which provides a framework for AI deployment and governance. As deployment of AI in finance continues, it will be critical to continue monitoring these risks and to provide finance experts with resources, training and AI-literacy.

The alternative is to take a restrictive approach to AI deployment in finance, with new legislation out of fear of the unknown effects, or because status quo is comfortable. Such a policy would deprive the financial services sector of the opportunity to use AI. This would ultimately undermine the sector's competitiveness, the quality of services offered, and the benefits delivered to consumers. It would also have a negative impact on investment in AI technologies, considering that the financial services sector is the biggest spender on ICT services and products. Such a route should be off the table considering the global race for AI, the stark geopolitical realities underpinning it, and the fact that the EU is already lagging behind.

**ANNEX: ENTITIES OR PERSONS
FROM WHOM THE RAPPORTEUR HAS RECEIVED INPUT**

Pursuant to Article 8 of Annex I to the Rules of Procedure, the rapporteur declares that she received input from the following entities or persons in the preparation of the draft report:

Entity and/or person
Associazione Bancaria Italiana
L'Autorité de contrôle prudentiel et de résolution (ACPR), Banque de France
BlackRock
Bundesverband deutscher Banken e.V.
Danske Bank A/S
Deutsche Bank AG
European Banking Authority (EBA)
European Banking Federation
European Commission (DG FISMA)
European Fund and Asset Management Association (EFAMA)
European Insurance and Occupational Pensions Agency (EIOPA)
European Securities and Markets Authority (ESMA)
Eurofinas
Febelfin
Fédération bancaire française
Finance Denmark
Finance Sweden
Finance Watch
Finansförbundet (Financial Sector Union of Sweden)
Finansinspektionen (Financial Supervisory Authority, Sweden)
Finanssiala ry - Finance Finland
GDV - German Insurance Association
Insurance Europe
Klarna Bank AB
Mastercard Europe
Mistral AI
Nordea Bank Abp
OpenAI OpCo, LLC
Rabobank
Salesforce Inc.
Skandinaviska Enskilda Banken AB (publ)
Société Générale
Stripe, Inc.
Svenska Handelsbanken AB
Svensk Försäkring (Insurance Sweden)
Swedish Financial Technology Association
Swedbank AB (publ)
The Alan Turing Institute
Trygg-Hansa

The list above is drawn up under the exclusive responsibility of the rapporteur.

Where natural persons are identified in the list by their name, by their function or by both, the rapporteur declares that she has submitted to the natural persons concerned the European Parliament's Data Protection Notice No 484 (<https://www.europarl.europa.eu/data-protect/index.do>), which sets out the conditions applicable to the processing of their personal data and the rights linked to that processing.