



Response to the Government's Safe and Responsible AI in Australia Discussion Paper

Table of contents

Group Country Manager Letter	3
Introduction.....	4
Response to Selected Consultation Questions	7
About Visa	11

Group Country Manager Letter

26 July 2023

The Hon Ed Husic MP
Minister for Industry and Science
Government of Australia
PO Box 6022
House of Representatives
Parliament House
Canberra ACT 2600

Via email: <https://consult.industry.gov.au/supporting-responsible-ai>

Visa's submission to the Australian Government on Safe and Responsible AI

Dear Minister,

Visa welcomes the opportunity to share our perspectives on the Department of Industry, Science and Resources' discussion paper on Safe and Responsible Artificial Intelligence (AI) (the discussion paper).

We support the Australian Government's efforts to help ensure Australia continues to support responsible AI practices to increase community trust and confidence.

In responding to the discussion paper, Visa's submission focuses on several topics, including our use of AI for fraud prevention as well as policy recommendations on responsible AI innovation. In addition, we provide our perspectives on several specific questions in the discussion paper, for example, on coordination of AI governance across government and government initiatives that can increase public trust in AI deployment.

Visa is available to provide further details on our submission if helpful.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'J Potter', written in a cursive style.

Julian Potter
Group Country Manager, Australia, New Zealand, and South Pacific

Introduction

Artificial intelligence (AI) is a powerful technology that has the potential to unlock the value of data and to empower individuals, enhance business operations, boost resource efficiency and economic competitiveness, and advance the pursuit of broader societal benefits. Responsible use of AI can extract valuable insights from large amounts of data efficiently and accurately. These insights can be used to improve governance and policymaking and enhance businesses and society.

Balancing trust with innovation is at the core of everything we do. Accordingly, Visa is committed to enabling a secure, reliable, and convenient payment experience to all participants in the payment ecosystem. Maintaining trust as AI and Machine Learning (ML) proliferate through industries will require transparent, clear, and continuous consumer-facing information regarding what data is used to train models and the desired outcome. We are optimistic about opportunities for AI and ML to power economic growth and positive societal transformation. Visa is increasingly harnessing the power of data and data-driven technologies, like AI and ML, for a wide variety of purposes across our business, including security, network reliability, product and service delivery, and operational resilience.

How Visa uses AI

Visa began using advanced algorithms and neural networks to reduce fraud on the network in the early 1990s. Today, we are increasingly using the power of data and data-driven tools for a variety of purposes across our business. Over the past five years, Visa has globally invested AU\$14.5 billion¹ in technology, in particular in efforts to reduce fraud and improve the security of our network. AI powers several fraud and risk management services and capabilities at Visa, including:

- Visa's Advanced Authorisation (VAA): Combines Visa's proprietary online authorisation model with offline neural network-based machine learning to evaluate fraud risk in real-time, helping to mitigate potential fraud risk before transactions go through. These efforts have been effective, resulting in the prevention of approximately AU\$39.3 billion² in fraud globally in 2022 alone. In Australia, AI-driven security helped financial institutions prevent more than AU\$354 million in fraud from impacting Australian businesses in the year to April 2021.³

¹ Visa Inc. (2022), Environmental, Social, and Governance Report, Pg.1, <https://usa.visa.com/content/dam/VCOM/regional/na/us/about-visa/documents/2022-environmental-social-governance-report.pdf>.

² Ibid.

³ Visa, [Visa's AI prevents more than \\$350 million in fraud from disrupting Australian businesses | Visa](#)

- Visa's Smarter Stand-in Processing (Smarter STIP): Uses AI to enable transaction authorisation if clients' systems are down, thereby enhancing operational resilience across the network. Client systems can be down due to natural disasters or other issues. Smarter STIP uses deep learning methods to help financial institutions increase transaction authorisations during outages.
- Visa Consumer Authentication Services (VCAS): An Issuer service for frictionless, data-driven authentication of e-commerce transactions. A total of 95% of transactions can be authenticated in the background, without the need for the consumer to take additional steps, creating a smooth customer experience while reducing fraud and false declines.

As an industry leader, Visa has a responsibility to innovate sustainably while remaining competitive in the development and adoption of AI systems. Embracing new opportunities with AI requires addressing and managing new risks. Therefore, with respect to AI, Visa believes that:

- Automated technologies, including AI, should benefit individuals, businesses, and economies;
- Balancing consumer trust with agile innovation is key; and
- Companies should be accountable stewards of the data used by their AI systems.

We believe that responsible data practices foster responsible AI innovation. This approach helps build trust across the many constituencies that we serve, including clients, partners, consumers, and governments.

AI Policy Recommendations

In alignment with Australia's current approach, Visa believes that AI regulatory frameworks should utilise a combination of existing laws, sector-specific guidelines, and voluntary industry standards⁴. In our view, policymakers should engage with stakeholders to strive for a flexible, outcomes-focused regulatory framework that puts guardrails in place for responsible AI innovation.

We believe that regulations should focus on the outcomes of AI models – rather than taking a prescriptive, process-based approach to the technical specifics of developing, modelling, and implementing AI. Technology-neutral and outcomes-based regulation which seeks to complement, rather than to displace, existing laws is likely to be the most effective means of mitigating the potential risks of AI technologies while facilitating sustainable and scalable innovation. To that end, we encourage regulators to consider the following policy recommendations:

- AI regulation should be underpinned by consistent good outcomes, such as

⁴ Department of Industry, Science and Resources (2023), *Safe and responsible AI in Australia Discussion Paper*, at 26.

accountability, bias mitigation, and sustainable innovation. Applying these outcomes as the benchmark for AI governance across sectors creates regulatory certainty while providing flexibility on how to accomplish the desired outcomes.

- AI regulation should not conflict with existing laws. Developers and deployers of AI are already subject to a wide body of legislation on issues including fundamental rights, consumer protection, data protection, unfair commercial practices, intellectual property, competition law, product and safety liability, as well as sector-specific regulation that should be taken into account when considering drafting new regulation.
- AI regulation should fill necessary gaps, not create redundancies. Before regulators look to create new regulation for AI and ML technologies, policymakers should conduct a gap analysis of existing legislation to assess what existing regulation can be applied or adapted to apply to AI or if new regulation is truly necessary. Visa believes that a holistic review of existing sectoral regulation can help to ensure consistency of approaches and avoid unnecessary cumulative or duplicative regulation.
- AI regulation should support responsible innovation and be adaptable to changing technologies. Regulatory frameworks and/or guidance that assess the outcomes of AI models should ensure proper risk management, accountability, and responsible use of AI technology while allowing companies to operate flexibly and efficiently. This enables them to keep pace with evolving technology and industry best practices. Such an outcomes- and principles-based approach can also address existing challenges and problems effectively without producing a chilling effect on the overall advancement of AI and the benefits it can deliver.
- AI regulation should not ossify outdated requirements. Given the use cases for AI and ML are so wide-ranging, a rules-based, 'one size fits all' approach to AI and ML regulation is not recommended, as it will face similar, if not greater, challenges than other areas of technology policy.

Conclusion

Visa recognises the transformative potential of AI. To ensure we continue to maintain the trust consumers and our clients place in us, we are focused on the ethical and responsible use of AI, and the emerging regulatory discourse guiding this new landscape.

Below we provide our perspectives on selected questions from the discussion paper.

Response to Selected Consultation Questions

Potential gaps in approaches

4) Do you have suggestions on coordination of AI governance across government? Please outline the goals that any coordination mechanisms could achieve and how they could influence the development and uptake of AI in Australia.

Developers and deployers of AI are already subject to a wide body of legislation on fundamental rights, consumer protection, unfair commercial practices, competition law, and product and safety liability. Visa's own sector of financial services, and, within this, payments, is highly scrutinised and regulated, both at the national and supranational levels.

It is important to recognise that much of the existing legislation can be applied or adapted to apply to AI. We understand that this approach would be the most efficient route to effective outcomes in many cases, supporting Australian competitiveness by avoiding the imposition of undue regulatory burden for businesses investing and innovating in Australia. We believe this route is likely to be sufficient to address many potential harms.

A holistic review of sectoral regulation should be undertaken for this purpose, as a pre-requisite to the introduction of any new rules. This will require consultation with industry, and close co-ordination between vertical and horizontal regulators to ensure consistency of approaches and avoidance of unnecessary cumulative or duplicative regulation. As part of this process, and in recognition of the diversity of sectoral and organisational approaches, the potential role of industry-led standards and codes of conduct should be closely examined. These can be more flexible and agile than regulation, while also being effective in driving best practice and clarifying what practical application of a regulation might mean for a given sector.

This coordination around regulations and standards impacting AI will continue to be of great importance going forward, particularly around compliance and enforcement. Visa accepts that regulators will have context-specific approaches, as is appropriate. However, close attention will be required to ensure streamlining of both existing and new regulation, as well as between AI-specific and other areas of law. For example, we have observed instances where privacy regulation and sector regulation have moved in opposite directions or appeared to be contradictory. This is clearly a complex evolving area of policy, but we would emphasise that this is unhelpful to investors seeking legal certainty, and something we hope is avoided in Australia.

5) Are there any governance measures being taken or considered by other countries (including any not discussed in this paper) that are relevant, adaptable, and desirable for Australia?

There are a growing number of legislative and non-legislative initiatives currently under review across the world that consider governance structures as well as rules and provisions for the development and deployment of AI. The most advanced discussions presently are being conducted by the European Union. Visa has been actively engaging with EU institutions on the Artificial Intelligence Act⁵ since it was first proposed in April 2021, helping to shape the definition of AI and the criteria to define high-risk AI models. We have also provided insights on the necessary conditions to develop and implement industry-leading Model Risk Management systems, governance frameworks and industry guiding principles.

We have highlighted and urged policymakers to ensure that the proposed regulatory framework is outcome-based and future proof, as well as internationally aligned to promote competition and innovation.

In this context, Visa welcomes the recent announcement of the EU AI Pact⁶, a voluntary industry commitment to anticipate the implementation of the EU AI Act. We are reassured by the proposed AI sandboxes within the EU AI Act that will enable industry to safely develop new innovative products and services in coordination with regulators and supervisory authorities.

Visa has followed state and federal regulations and frameworks in the United States closely, such as the National Institute of Standards and Technology (NIST) AI Risk Management Framework (AI RMF)⁷, which provides voluntary guidance to organisations that design, develop, deploy, or use AI systems. On June 22, 2023, the Commerce Department announced a new public working group on AI, with a focus on generative AI. The working group will help NIST develop key guidance for organisations to address the special risks associated with generative AI, building on the existing NIST Risk Management Framework for AI. We support NIST's approach to providing overarching AI considerations for organisations to map, measure, and govern risks, rather than creating prescriptive standards, and believe this is a helpful model for Australia.

It is also worth referring to the role of the EU-US Trade and Technology Council (TTC) in driving digital transformation and cooperation on new technologies. The TTC was launched in 2021,

⁵ European Union, "The AI Act," <https://artificialintelligenceact.eu/>.

⁶ Foo Yun Chee (May 2023), "EU, Google to develop voluntary AI pact ahead of new AI rules, EU's Breton says," *Reuters*, <https://www.reuters.com/technology/eu-google-develop-voluntary-ai-pact-ahead-new-ai-rules-eus-breton-says-2023-05-24/>.

⁷ National Institute of Standards and Technology, U.S. Department of Commerce (January 2023), "AI Risk Management Framework," <https://www.nist.gov/itl/ai-risk-management-framework>.

with the goal of enhancing transatlantic cooperation on the development of new technologies, to align on regulatory and governance frameworks of new technologies, and to help resolve competition and trade disputes. The TTC's Working Group on AI Standards released a Joint Roadmap on Evaluation and Measurement Tools for Trustworthy AI and Risk Management⁸ in December 2022. In May 2023, the TTC issued a joint statement⁹ reaffirming its commitment to a risk-based approach to AI to advance trustworthy and responsible AI technologies. Visa also welcomes the efforts to develop an AI Code of Conduct, which was announced at the close of the fourth meeting of the TTC and which aims to develop non-binding international standards on risk audits, transparency and other requirements for companies developing AI systems.¹⁰

Target areas

11) What initiatives or government action can increase public trust in AI deployment to encourage more people to use AI?

Public trust is key for the successful implementation and rollout of AI tools. Visa, therefore, believes that regulation that maintains a focus on outcomes will incentivise companies to place consumer impact at the heart of their approaches to AI. This does not detract from the importance of the process behind outcomes. Indeed, well-designed outcomes-based frameworks can drive proper risk management, accountability, and ethical considerations, whilst allowing companies to operate flexibly and efficiently, keeping pace with evolving technology and community best practices.

Visa welcomes regulatory regimes that are risk-based and foster the right incentives for companies to elevate their governance for the development and deployment of AI that produce safe and secure outcomes. Regulatory approaches should also ensure measures are in place to drive responsible practices that uphold fundamental rights.

We believe that any new regulatory frameworks should maintain a strong focus on technology-neutrality and outcomes-based governance, avoiding over-prescriptive regulation which can produce an unsettling effect for industry to innovate and harness the benefits of AI.

Visa also believes that consumers should be empowered to manage data in ways that make the most sense to them. In addition, consumers should benefit from data-driven innovations, and, in our assessment, it is Visa's job to be an accountable steward of our partners' data by protecting and respecting privacy values.

⁸ EU-US Trade and Technology Council (TTC) (December 2022), "TTC Joint Roadmap on Evaluation and Measurement Tools for Trustworthy AI and Risk Management,"

https://www.nist.gov/system/files/documents/2022/12/04/Joint_TTC_Roadmap_Dec2022_Final.pdf.

⁹ EU-US Trade and Technology Council (TTC), "Joint Statement EU-US Trade and Technology Council of 31 May 2023 in Lulea, Sweden," https://ec.europa.eu/commission/presscorner/detail/en/statement_23_2992.

¹⁰ "US, Europe working on voluntary AI code of conduct as calls grow for regulation," Associated Press News, May 2023, <https://apnews.com/article/artificial-intelligence-voluntary-code-of-conduct-regulation-585f2aaff6bfbdbcee572b347fa97cff>.

Risk-based approaches

14) Do you support a risk-based approach for addressing potential AI risks? If not, is there a better approach?

Risk and governance processes are important tools that foster trust among consumers, clients, and the larger payments ecosystem. Risk-based approaches help companies understand where additional assessments and safeguards may be needed for a specific use case. In managing risk, we believe that AI governance benefits from cross-functional input from stakeholders across different domains to ensure healthy checks and balances for sustainable innovation. As risk and governance are highly contextual processes that differ by sector, and even by individual company, organisations taking a risk-based approach should be empowered to determine what measures are commensurate to address AI risks emerging in their domain.

15) What do you see as the main benefits or limitations of a risk-based approach? How can any limitations be overcome?

Regulation should be focused on the application of AI in higher-risk contexts and use cases. By focusing on use cases, organisations can continue to promote innovation while instilling public trust. Moreover, a risk-based approach allows for a more effective risk management approach. Visa's Model Risk Management assesses risk regarding a variety of factors, including context, use case, and potential for impact. Based on the risk rating, appropriate and relevant governance and review is employed.

Visa encourages governments and businesses to actively weigh risks and benefits of each application of AI, and the context in which it is deployed – understanding that the same technology may pose different risk levels based on its purpose, deployment, and outcomes.

About Visa

Visa is one of the world's leaders in digital payments. Our mission is to connect the world through the most secure, reliable, and innovative payment network – enabling individuals, businesses, and economies to thrive. We facilitate global commerce and money movement across more than 200 countries and territories and among consumers, financial institutions, businesses, strategic partners, and government entities through innovative technologies.

In Australia, Visa has offices in Sydney and Melbourne. Together with our Australian financial institutions, fintech and business clients, and our technology partners, we are committed to building a future of commerce that fosters Australian economic growth, security and innovation. Since 2020, Visa has worked with Global Sisters to provide business mentoring and coaching to aspiring businesswomen who recently graduated from Global Sisters' small business education program. In the same year, we launched #WhereYouShopMatters, an initiative focused on supporting Australian small businesses through education and promotion. Prior to this, Visa partnered with Quest Payment Systems and The Big Issue, the independent magazine sold by homeless, marginalized and disadvantaged people, to enable Big Issue vendors to accept digital payments.

Visa continues to enable new payment flows and expand acceptance across the payments ecosystem, ensuring that every Australian can both pay and be paid in a secure and convenient way. We are realising this through Visa Fintech Partner Connect and the Visa Accelerator Program. The program provides Australian fintechs with access to Visa's technologies, networks and solutions, enabling businesses to scale for the benefit of consumers, businesses and the economy. Regarding security, over a five-year period, Visa invested nearly AU\$14.5 billion in systems resilience, fraud management and cybersecurity, including tokenisation, Artificial Intelligence (AI) and blockchain-based solutions, to bring even more security to every transaction.¹¹ In 2021, Visa's AI-driven security helped financial institutions prevent more than AU\$354 million in fraud from impacting Australian businesses.¹² As commerce moves rapidly online, the threat landscape is also changing and, in response, Visa released its updated [Australian Security Roadmap 2021-23](#), given the increasing risk of cybercrime and scams facing Australian businesses and consumers. The roadmap highlights the steps that Visa is taking, together with industry, to continue securing digital payments in Australia.

¹¹ Visa internal data on global technology and operations investments, FY15-FY19. For further detail, see <https://usa.visa.com/visa-everywhere/blog/bdp/2019/12/24/investing-in-the-1577207091483.html>

¹² Visa (2021), "Visa's AI prevents more than \$350 million in fraud from disrupting Australian businesses", <https://www.visa.com.au/about-visa/newsroom/press-releases/visas-ai-prevents-more-than-350-million-in-fraud-from-disrupting-australian-businesses.html>