

WorldRemit response to the European Commission White Paper: “On Artificial Intelligence – A European approach to excellence and trust”

We broadly welcome the Commission’s efforts to enhance protection and transparency for consumers through developing a new regulatory framework for Artificial Intelligence. As a fintech company, we share the Commission’s commitment to facilitating the responsible use of Artificial Intelligence technology and development. It is vital that future legislation strikes the right balance in preserving the present gains made from Artificial Intelligence and Machine Learning technology, whilst promoting future innovation in this field.

We are grateful for the opportunity to contribute to the ongoing debate surrounding this technology.

As such, we have highlighted potential areas of concern to our business and industry.

Definition of high-risk AI applications:

“The Commission is of the opinion that a given AI application should generally be considered high-risk in light of what is at stake, considering whether both the sector and the intended use involve significant risks, in particular from the viewpoint of protection of safety, consumer rights and fundamental rights”

Mandatory risk assessment for AI technologies classified as high risk:

- *Training data*
- *Data and record-keeping*
- *Information to be provided*
- *Robustness and accuracy*
- *Human oversight*
- *Specific requirements for certain particular AI applications, such as those used for purposes of remote biometric identification*

Whilst we recognise the proposal to classify AI applications ranging from low-risk to the high-risk applications, we view the White Paper’s definition of the above as too broad in scope. For example, there are a number of low-risk AI applications in the market which are involved in high-risk sectors i.e. chatbots. There is ambiguity around how such applications would be categorised. As the White Paper defines levels of risk according to sector, the rules can be interpreted as requiring all AI applications within a sector that is classified as high-risk, to be placed under a legal obligation to comply with the mandatory assessments.

Due to this sectoral approach, there is a danger that companies using innocuous AI applications could be incorrectly labelled and subject to greater compliance costs. We would welcome a commitment to reviewing regulation on high-risk applications

according to individual circumstances, as opposed to a uniform approach, whilst taking existing rules into consideration.

We welcome the Commission's commitment to the use of data that is non-discriminatory and protects the privacy of consumers. It is vital that complementary future data requirements should not compromise innovation and limit the scope to develop new products that will ultimately benefit consumers. As a company that uses chatbots, we would require more detail on the requirements for when we must inform our customers when they are interacting with AI as opposed to a human being, to ensure full compliance.

The requirement for human oversight would have a significant impact on the competitiveness of our business and the wider international payments industry. There are implications for the speed in which we could process transactions therefore compromising the competitive advantage we have in our industry. This requirement could ultimately determine whether we would need to increase headcount in certain functions.

The assessment of the level of risk of a given use could be based on the impact on the affected parties. For instance, uses of AI applications that produce legal or similarly significant effects for the rights of an individual or a company

Before any customer can use our international payments service to make a transfer, we conduct electronic ID verification (Know Your Customer) checks on individuals. It is unclear as to whether this would fall under the above definition of a high-risk AI application. A lack of clarity in this area may also have implications for our ability to develop new products to strengthen our verification processes.

"In view of the high risk that certain AI applications pose for citizens and our society, the Commission considers at this stage that an objective, prior conformity assessment would be necessary to verify and ensure that certain... mandatory requirements applicable to high-risk applications are complied with. The prior conformity assessment could include procedures for testing, inspection or certification. It could include checks of the algorithms and of the data sets used in the development phase."

The White Paper expressly states that these prior conformity assessments will be applicable to companies irrespective of location prior to entering the Internal Market.

As an international company, we have questions about the following:

- The kind of support structure to be created through Digital Innovation Hubs for the prior conformity assessments of AI applications classified as high-risk
- The scope of proposed algorithmic tests within the conformity assessments
- The wider scope and frequency of the prior conformity assessments.

It is possible that ex ante conformity assessments could inadvertently lead to increased developmental costs for new AI products and an obligation for companies to disclose their intellectual property. Measures to introduce ex ante prior conformity assessments that include supranational auditing and oversight should take into consideration the existing certification and licensing procedures across relevant industries.

Voluntary Labelling Scheme

“For AI applications that do not qualify as ‘high-risk’... and that are therefore not subject to the mandatory requirements... an option would be, in addition to applicable legislation, to establish a voluntary labelling scheme. Under the scheme, interested economic operators that are not covered by the mandatory requirements could decide to make themselves subject, on a voluntary basis, either to those requirements or to a specific set of similar requirements especially established for the purposes of the voluntary scheme. The economic operators concerned would then be awarded a quality label for their AI applications”

We welcome the Commission’s proposal to introduce a voluntary labelling scheme for lower-risk AI applications. This could lead to higher standards for consumers and therefore greater confidence in technological innovation.

Aside from the lower-risk qualification, more detail is needed on the following:

- Timeline for the publication of supporting criteria in order to be awarded a quality label
- Duration of the assessment for a quality label
- Appeal process if an application for a quality label is unsuccessful

We reiterate our commitment to working with the European Commission to develop a regulatory framework for Artificial Intelligence that protects consumers whilst boosting innovation.