



Ethical Principles, Bias & Discrimination in AI



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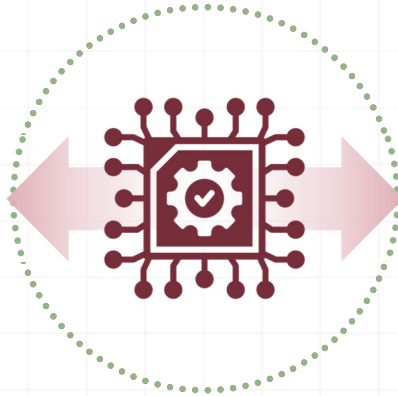
Ethics vs. Laws

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As artificial intelligence becomes embedded in
financial decision-making



Legal



Ethical



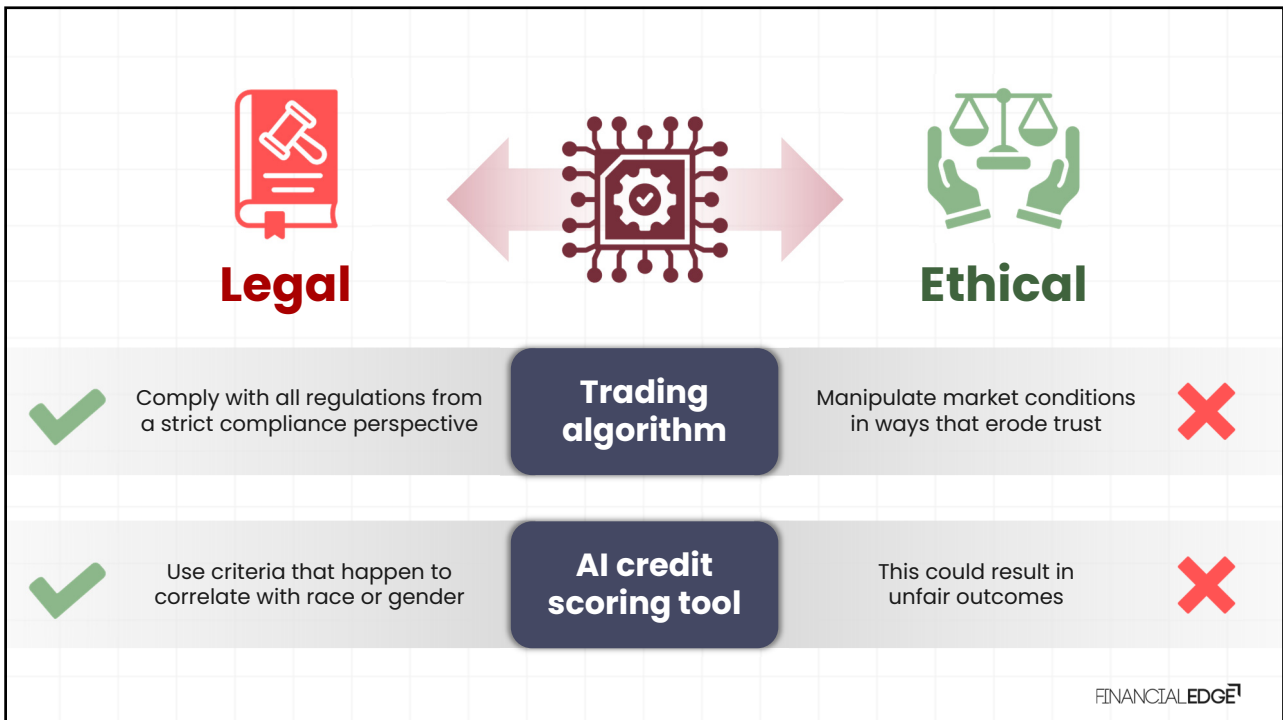
Legal



Ethical

Minimum standards of behavior
enforced by regulators

Address broader questions of
what ought to be done



“ Responsible use of AI in finance must **go beyond regulatory compliance** and proactively address the **ethical impact** of decisions on customers, markets, and society ”

WORLD ECONOMIC FORUM

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Core Principles of AI Ethics

Core AI Ethical Principles



Beneficence

Non-maleficence


Autonomy

Justice

Explicability

Core AI Ethical Principles

- Beneficence**
- Non-maleficence
- Autonomy
- Justice
- Explicability




AI systems should aim to produce **positive outcomes**

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Core AI Ethical Principles


- Beneficence
- Non-maleficence**
- Autonomy
- Justice
- Explicability




Minimize risks such as financial exclusion or biased decision-making

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Core AI Ethical Principles




- Beneficence
- Non-maleficence
- Autonomy**
- Justice
- Explicability




Individuals should have **control** over how **AI affects them**

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Core AI Ethical Principles

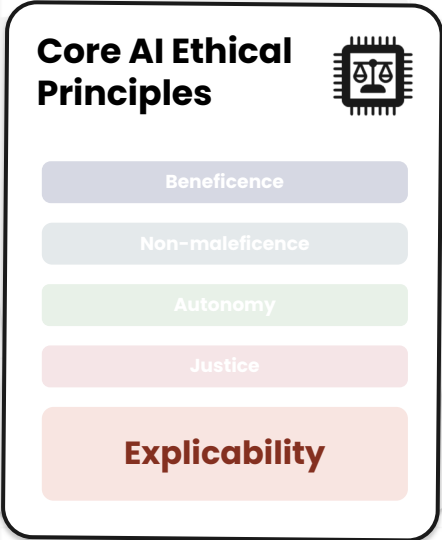


- Beneficence
- Non-maleficence
- Autonomy
- Justice**
- Explicability





Outcomes must be **fair and equitable** and **avoid discrimination**

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Core AI Ethical Principles

- Beneficence
- Non-maleficence
- Autonomy
- Justice
- Explicability**



Decisions made by AI must be **explainable and transparent**

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“ These principles form the **ethical backbone for AI governance frameworks**, enabling institutions to ensure that technology **serves humans – not the other way around** ”



Organization for Economic Cooperation and Development

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AI Applications in Lending, Wealth Management, Trading, and Insurance

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Lending



AI model **denies application**




If logic is **opaque** or reflects **discrimination**






Could **violate** both justice and explicability


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Wealth Management

-  Balance personalization with **fiduciary duty**
-  Promote high-fee products that **favor the firm**
-  This could breach the duty of **beneficence**

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Algorithmic Trading

-  **Speed** and **efficiency** are valued
-  AI models with **unpredictable market behavior**
-  Pose **systemic risks**, undermining **ethics** at scale

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Insurance



AI claims processing **boosts efficiency**



If claimants **aren't told why/can't contest denials**



That **violates** autonomy and explicability

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The risks of **opaque, unfair, or irresponsible** AI decision-making are magnified in finance due to its foundational role in **economic stability**

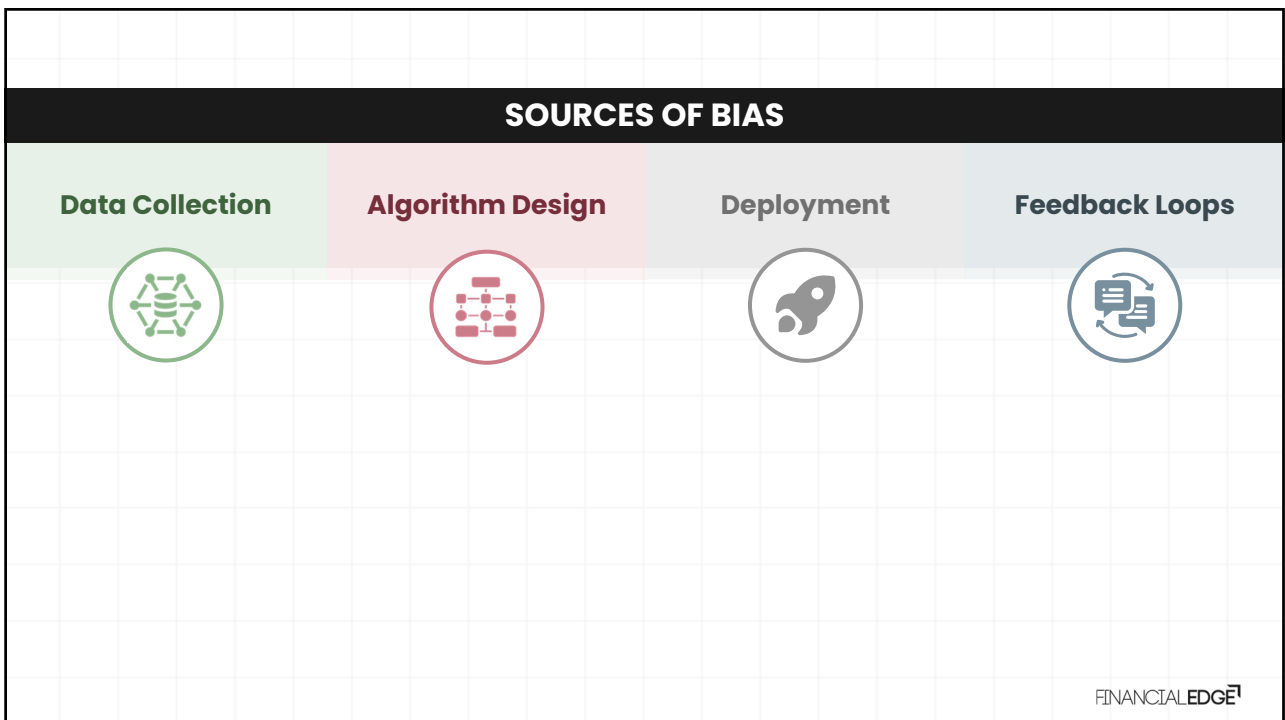
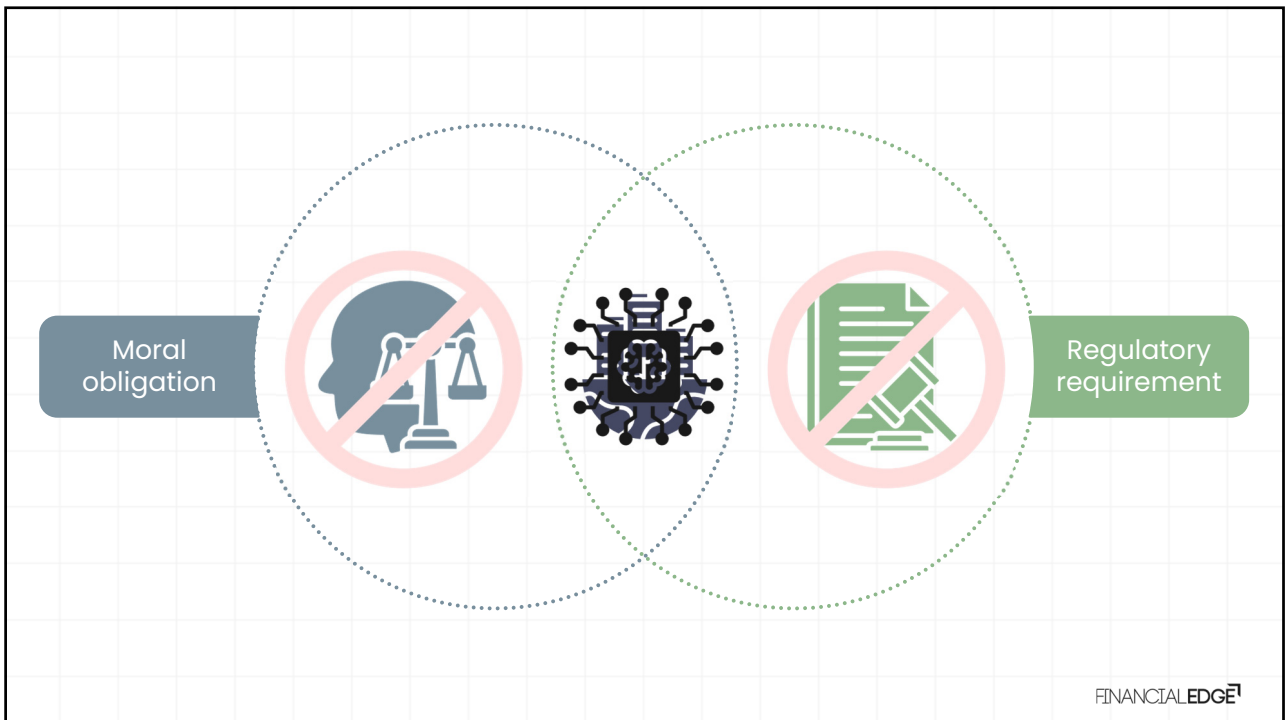
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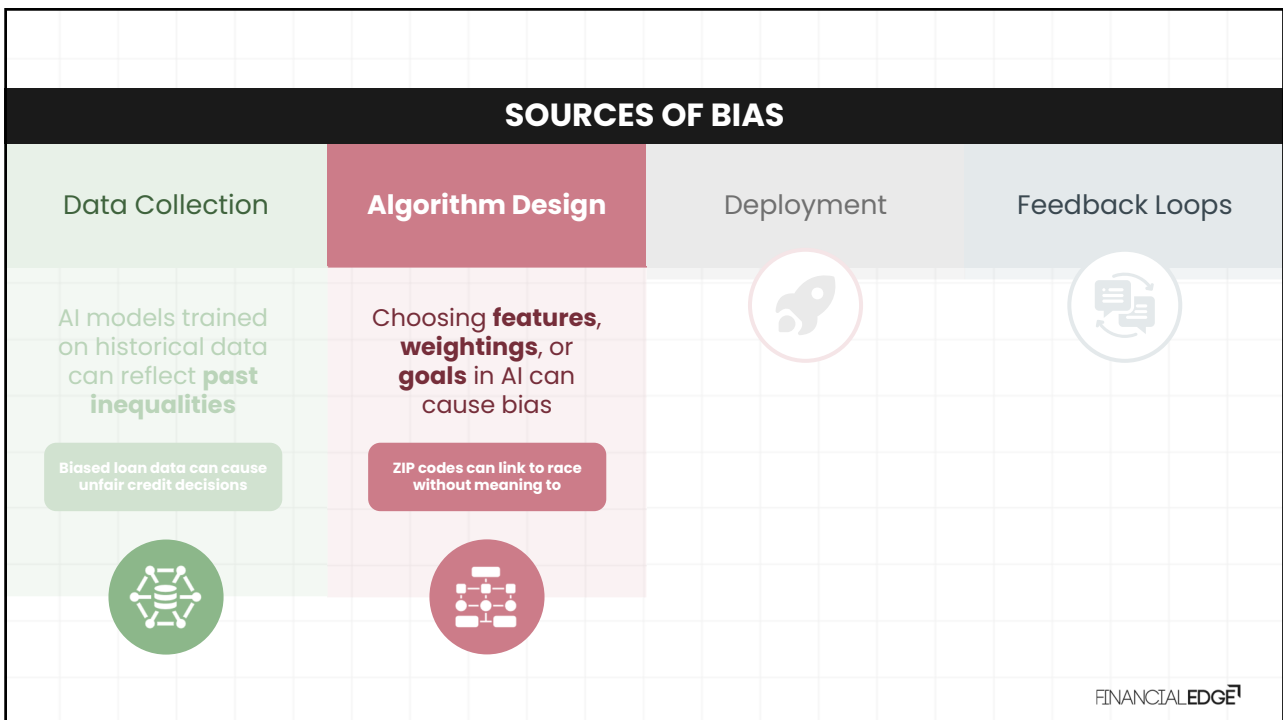
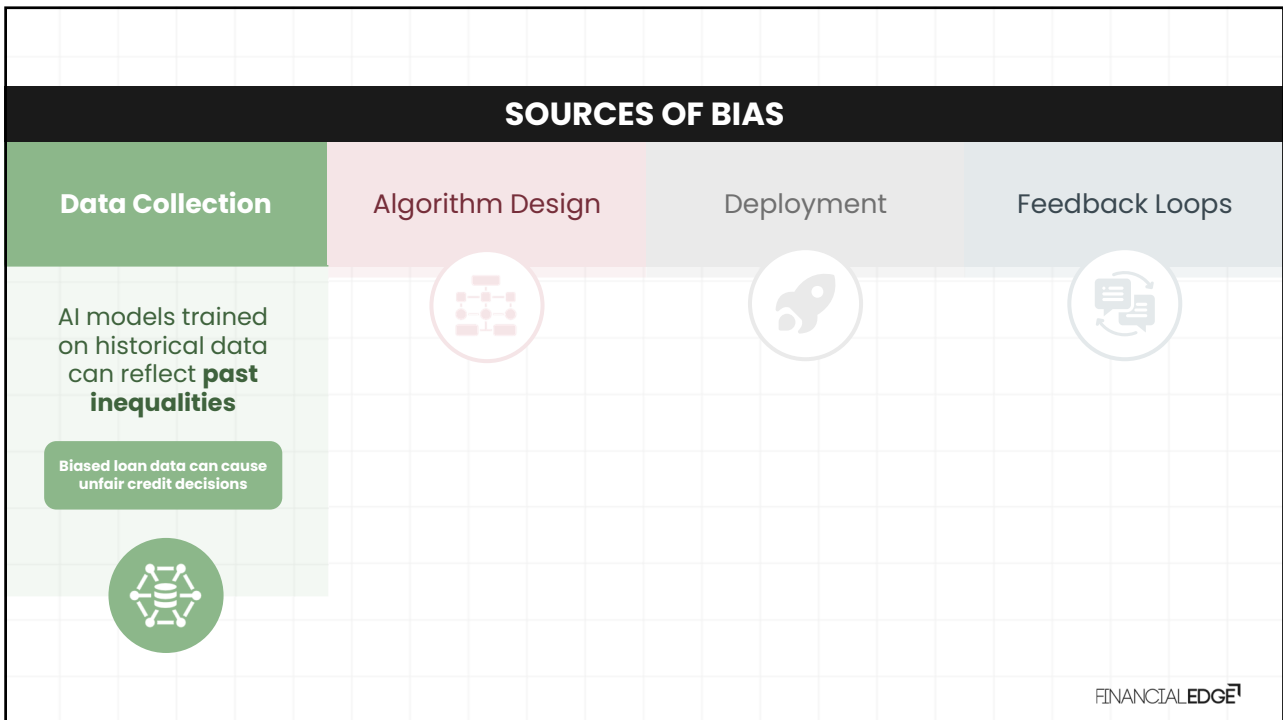
FSBFINANCIAL
STABILITY
BOARDFINANCIALEDGE¹

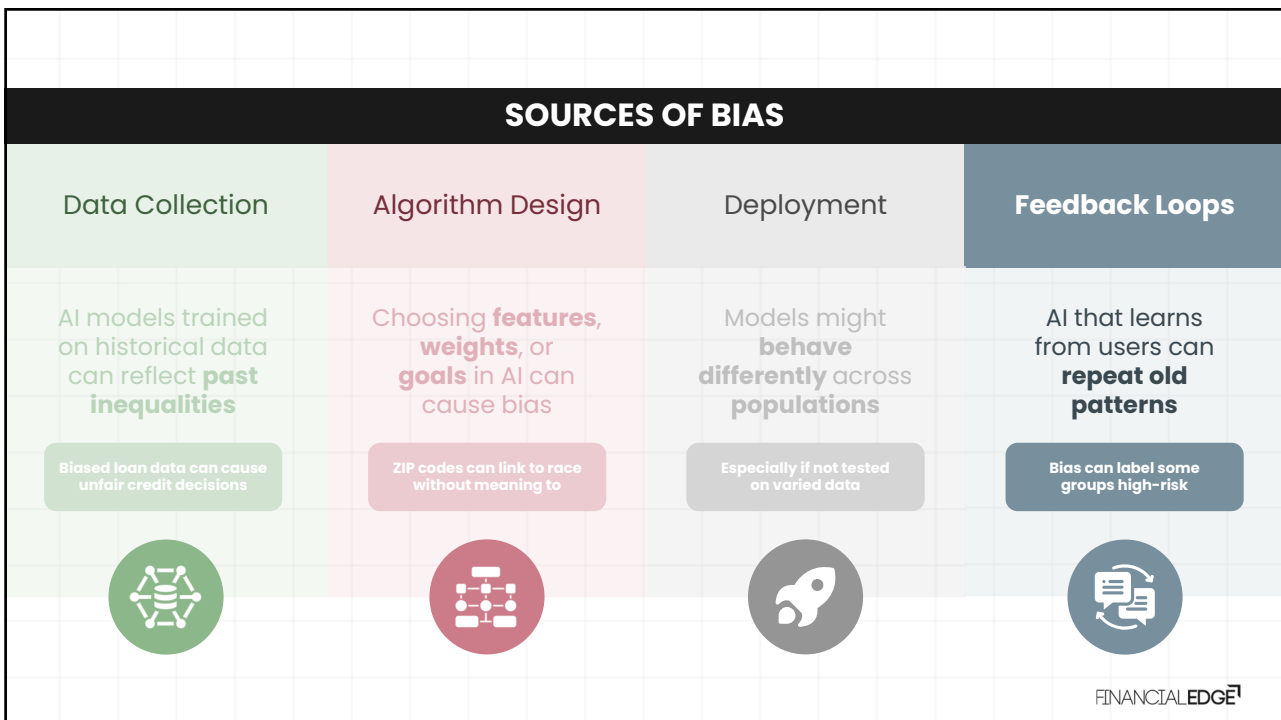
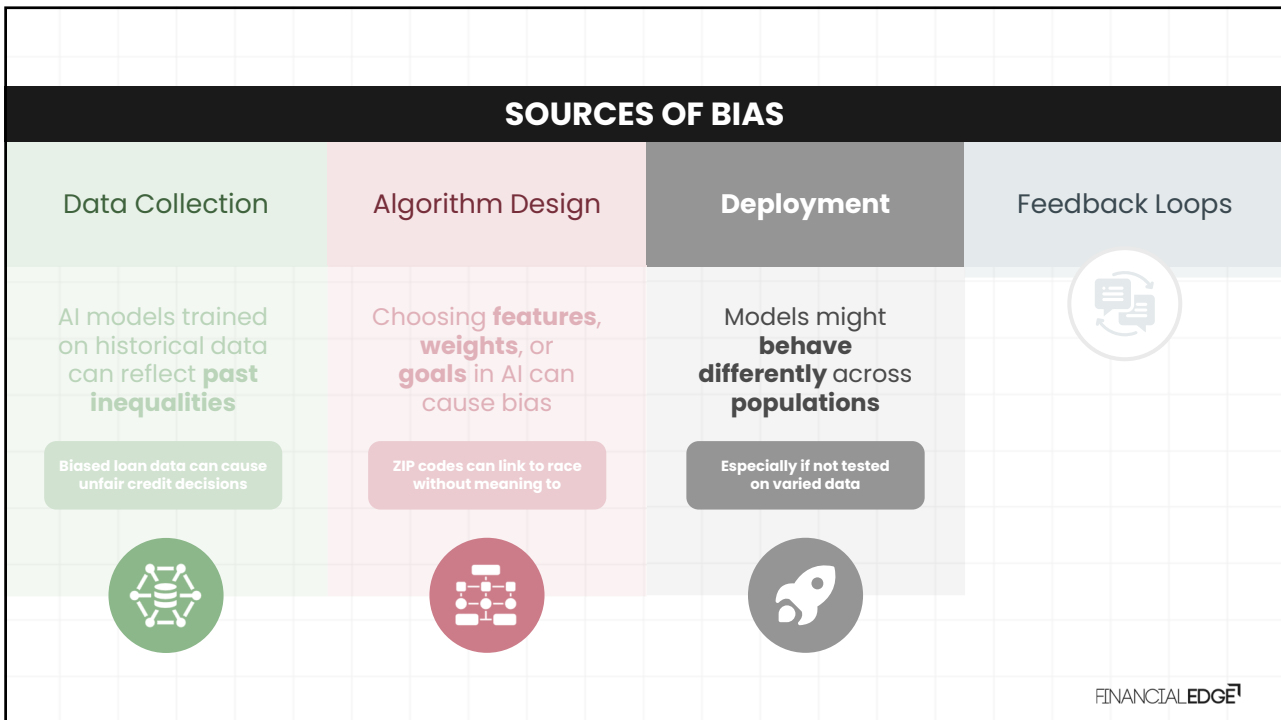
AI ethics is a **necessity** for finance professionals



Sources of Bias







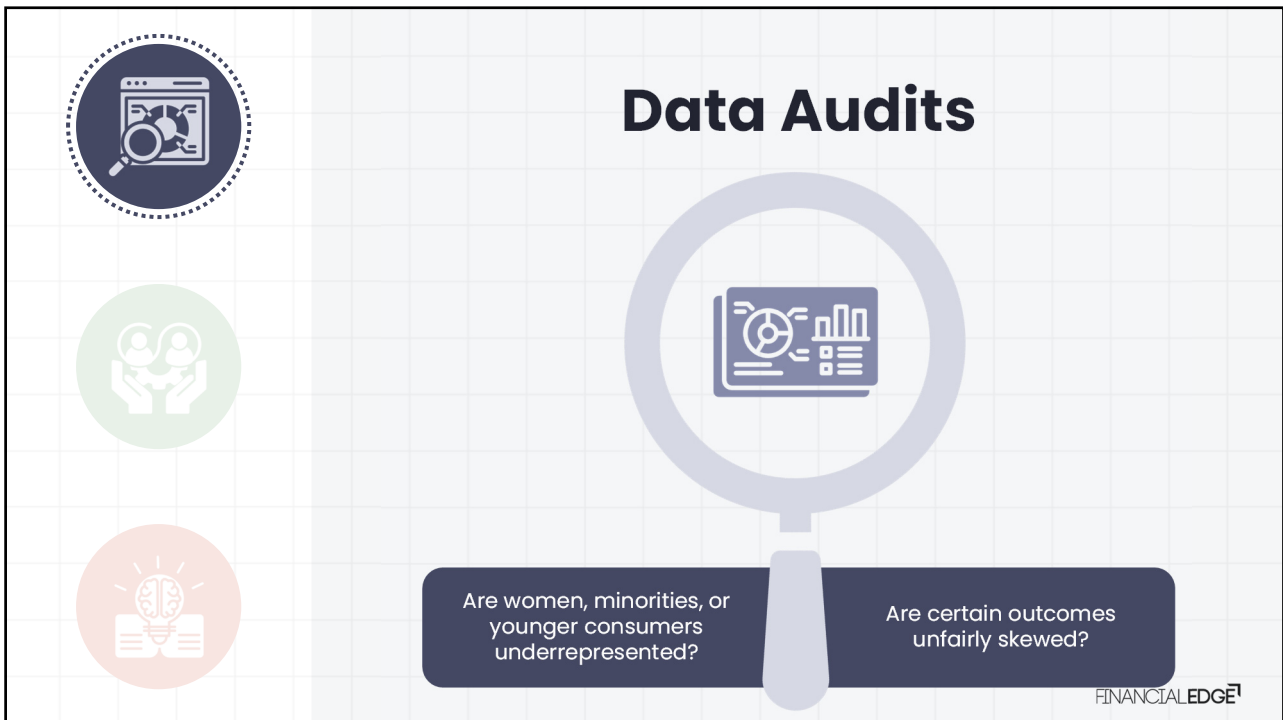
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These risks are especially serious in finance, where AI systems increasingly **influence decisions** around access to **credit, insurance, and capital**

”



Mitigation Strategies



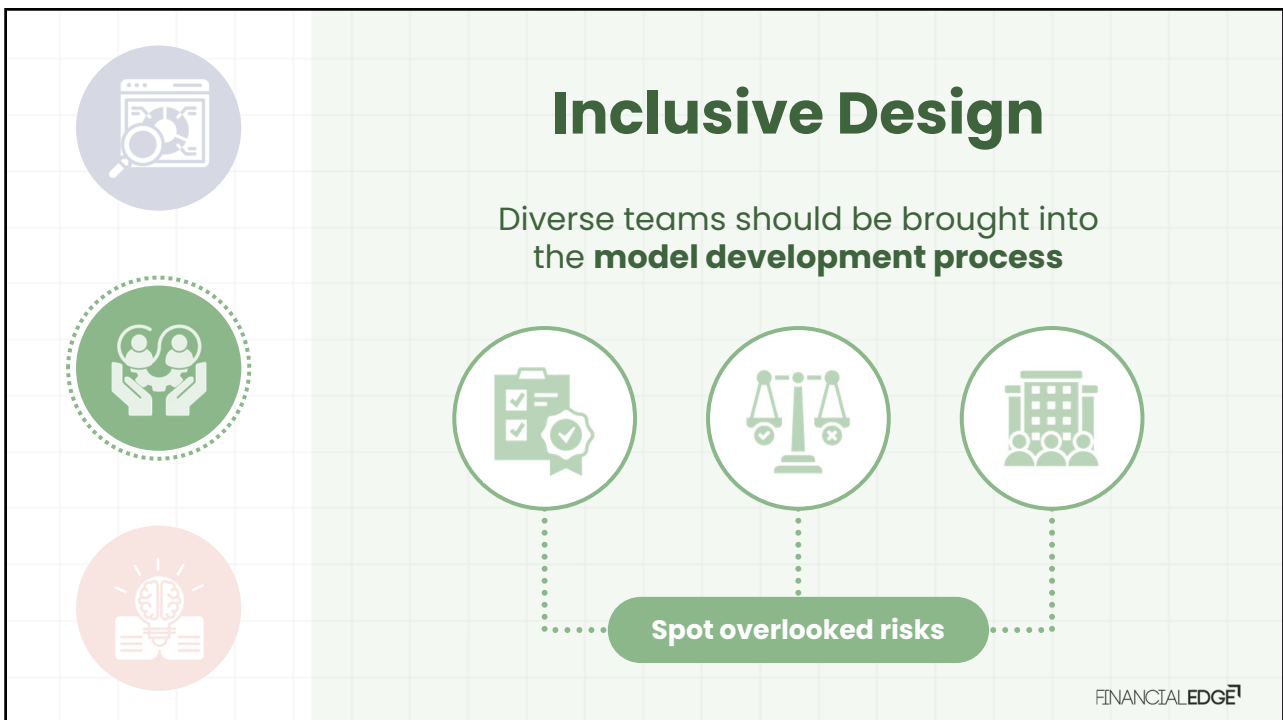
Data Audits

Are women, minorities, or younger consumers underrepresented?

Are certain outcomes unfairly skewed?

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The infographic features a central magnifying glass over a data dashboard icon. To the left, three circular icons represent data analysis, diversity, and cognitive processes. Two dark blue callout boxes pose questions about underrepresentation and skewed outcomes.



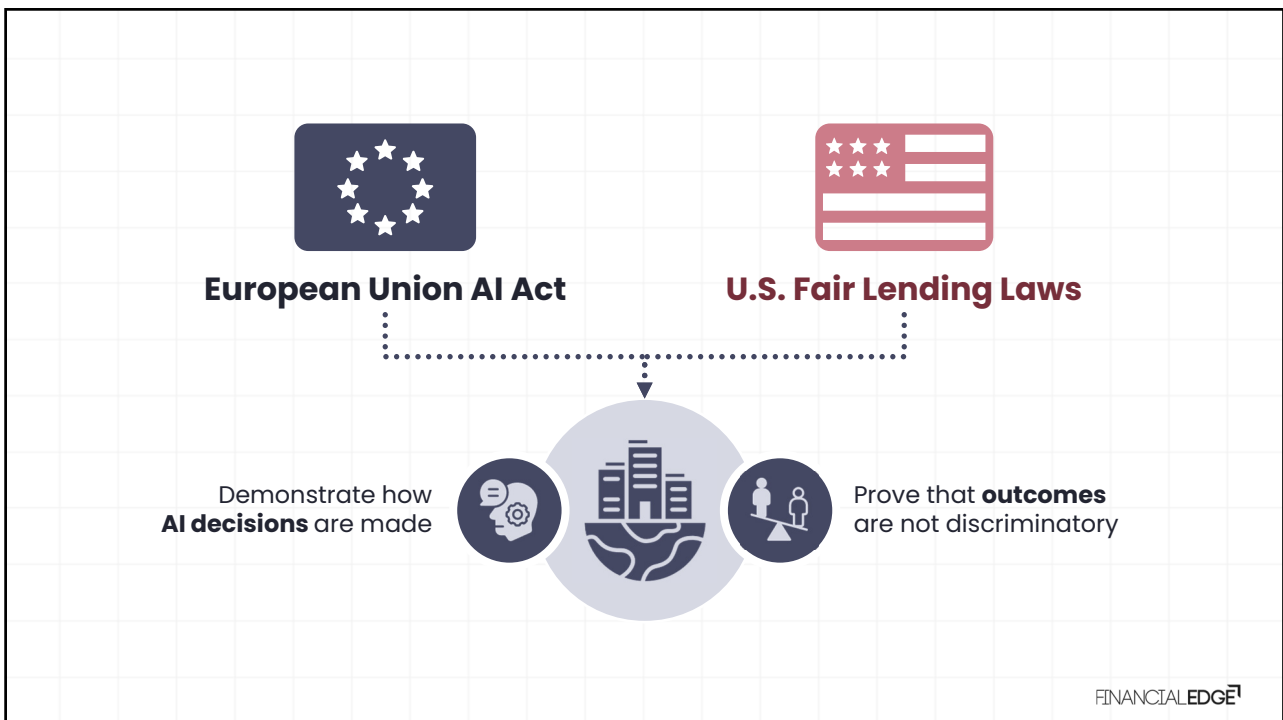
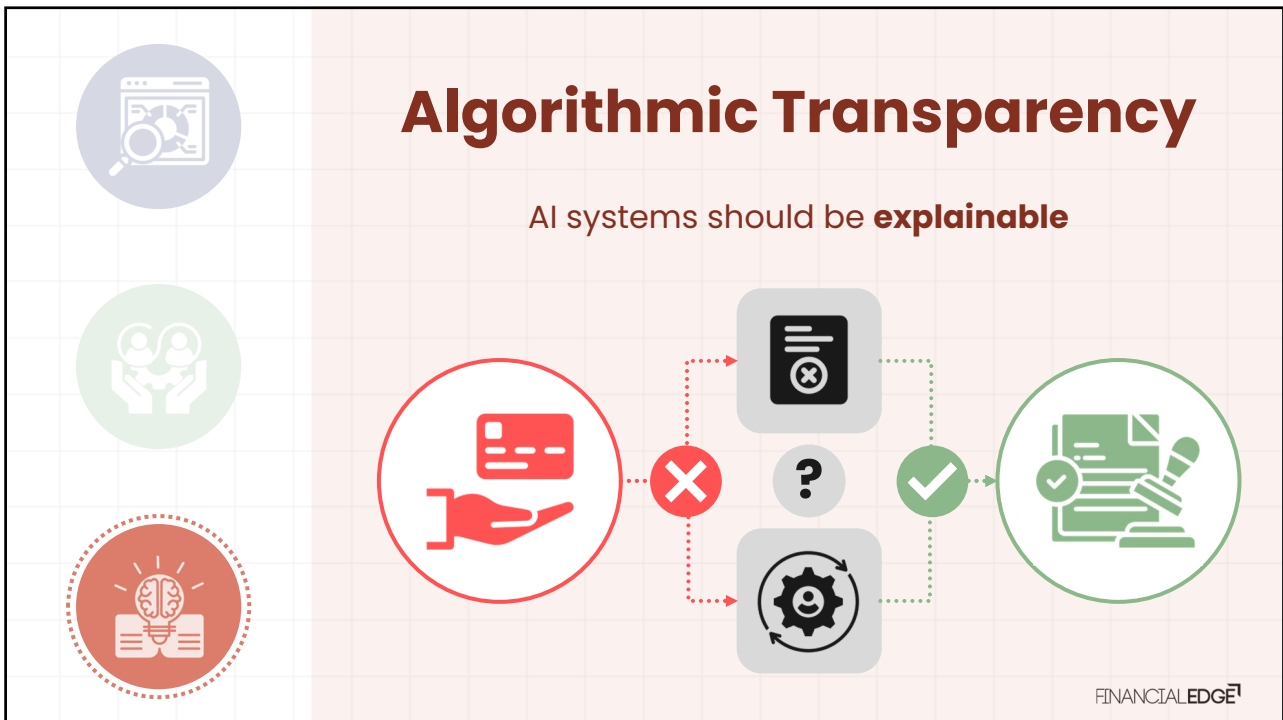
Inclusive Design

Diverse teams should be brought into the **model development process**

Spot overlooked risks

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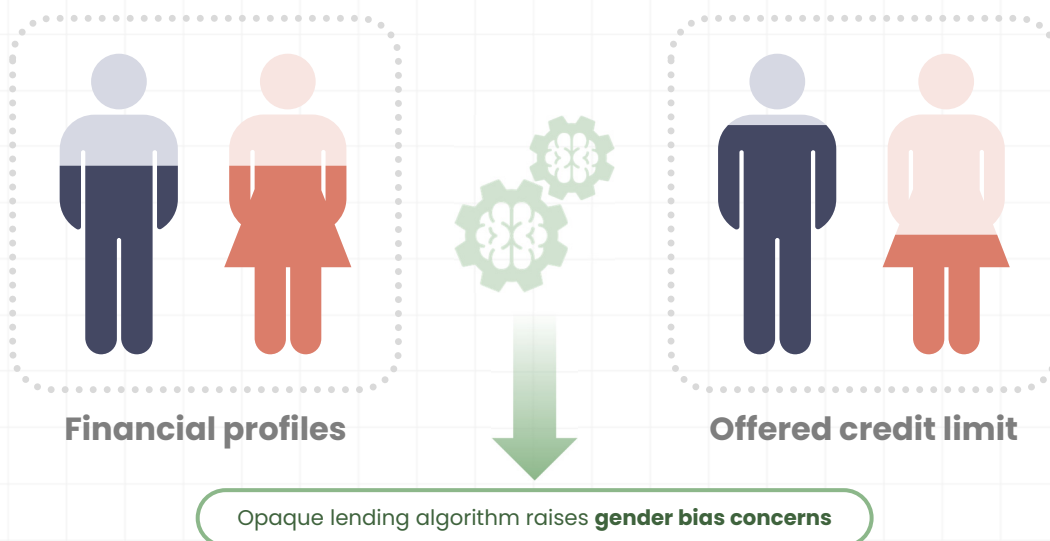
The infographic features a central text block about diverse teams and a callout box for spotting overlooked risks. Three circular icons represent a checklist, scales of justice, and a building with people. The background is a light green grid.

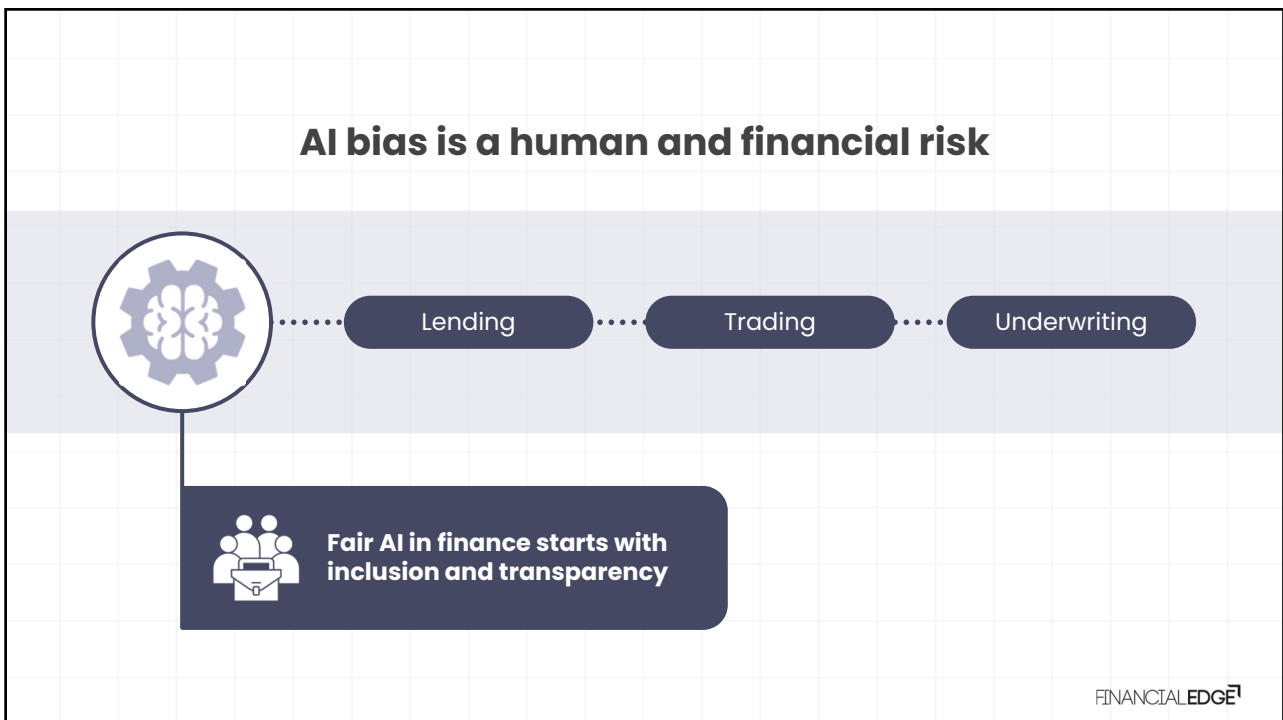
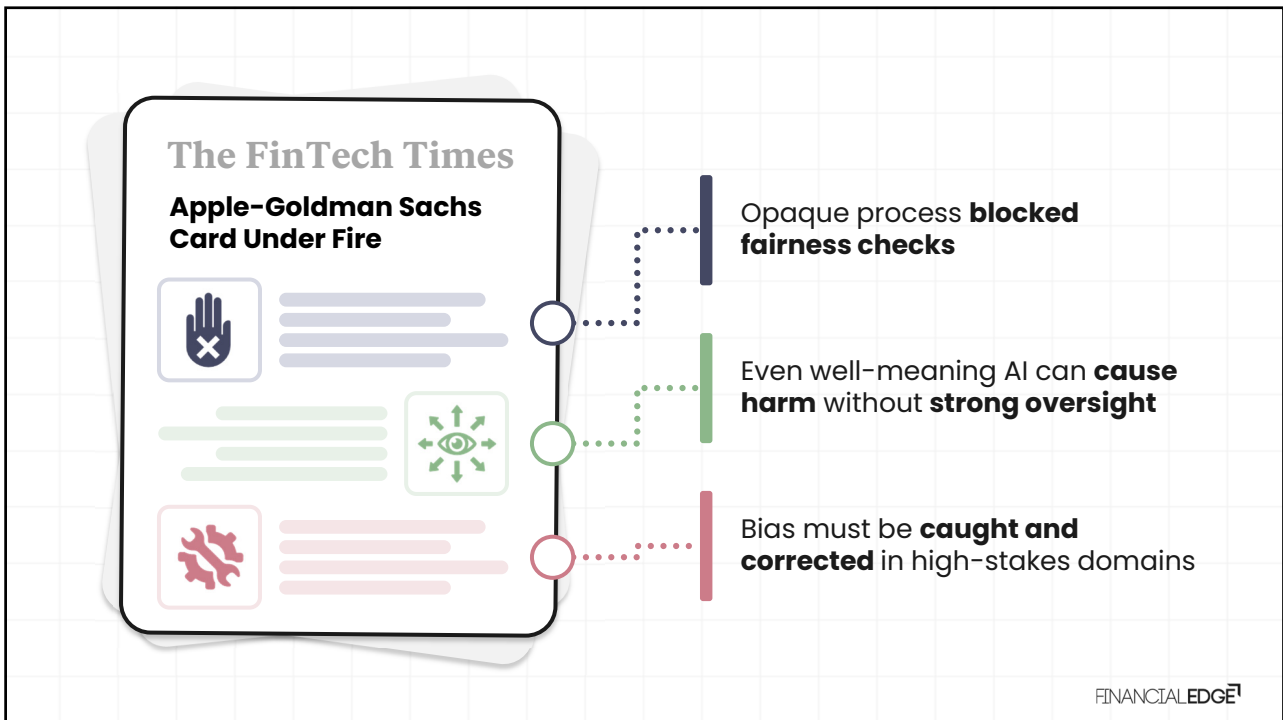


Case Study – Discriminatory Lending and Biased Credit Scoring

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Apple Credit Card (Issued with Goldman Sachs)

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