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**Savina Kim, Galina Andreeva and Michael Rovatsos,
“The Double-Edged Sword of Big Data and AI for the
Disadvantaged: A Cautionary Tale from Open
Banking”**

Discussion by Kim Abildgren



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Note: Views and conclusions expressed in the presentation are those of the presenter and do not necessarily represent those of Danmarks Nationalbank.

Brief recap of the paper

Research question:

- Are there ethical and regulatory challenges related to the use of AI on Open Banking big data among credit providers?

Approach:

- The paper explores the information that can be derived from 180 million bank transaction records from 100,000 individuals obtained from a FinTech lender.

Key findings:

- Open Banking transaction data can be useful for credit scoring of loan applicants.
- Protected and sensitive personal characteristics might be inferred from the data (even when the protected characteristics are removed from the underlying data).

Policy implications:

- More regulation and supervision might be needed to ensure privacy and fairness.

Overall assessment

Topic:

- The paper deals with a very topical issue (ethical AI practices) of great interest for policy makers and regulators.

Exposition:

- The paper has a clear focus and is easy to follow.

Data and methods:

- The paper offers a comprehensive empirical study using state-of-the-art methods.

Contribution:

- One of the first studies providing solid empirical evidence on the ethical and regulatory challenges related to the use of AI on Open Banking big data.

Specific comments

- It could benefit the reader with a Table listing all the “protected and sensitive personal characteristics” that you consider and some information on which legislation or regulation they are derived from.
- As mentioned in the paper, the study offers correlations rather than causality. Could you explain to the reader what data you would need in order to establish causality? What would be your research design?
- Can you be more concrete in your recommendations to regulators and policymakers?
 - Should we restrict the range of data that can be obtained under Open Banking?
 - Should certain applications of the data be prohibited?
 - Should credit providers be required to develop specific AI model governance frameworks?
 - Should credit providers submit test results from their algorithms to the supervisors?
 - Should supervisors evaluate and audit the AI tools used by credit providers?

Summing up

- Great paper.
- It offers a nice empirical case study on the protected and sensitive personal characteristics that might be inferred from Open Banking transaction records.
- It is a very timely paper that highlights a number of ethical and regulatory challenges related to Open Banking with the increased availability of big datasets and the popularisation of AI and machine learning tools.
- I wish you all the best in your future work on the paper.