

31 May 2019

Artificial Intelligence, Australia's Ethics Framework Submission

Department of Industry, Innovation and Science

Consultation hub

ELECTRONIC SUBMISSION

To whom it may concern

The Australian Payments Network (**AusPayNet**), the industry association and self-regulatory body for the Australian payments industry, welcomes the opportunity to respond to Data61's Discussion Paper, *Artificial Intelligence, Australia's Ethics Framework (the Discussion Paper)*.

Artificial intelligence (AI) presents unique opportunities for the payments industry to streamline customer experiences, tailor service offerings and develop new service models. AusPayNet welcomes the Discussion Paper and the work undertaken by Data61 to promote the responsible and ethical development of AI. Further consultation with industry will assist in clarifying its application in specific use cases and ensure that we continue to meet consumer expectations. AusPayNet welcomes the opportunity to assist Data61 in facilitating these discussions.

Application of AI to the Payments Industry

Artificial Intelligence (AI) is a key pillar of innovation for the payments industry. A recent report of the World Economic Forum report, *The New Physics of Financial Services* outlines two specific uses of AI by the payments industry. These are as follows:¹

- **Authentication Practices.** Facial recognition and voice are examples of AI applications currently used to authenticate payments. These applications provide a seamless customer experience that automates the purchasing process, and as such provide an example of successful adoption of AI by customers.
- **Recommendation and automated decisions based on payments data.** Payments providers use payments data to provide machine learning-based merchant analytics "as a service". Profiling and automating decision making based on payments data can be extremely powerful (especially when combined with merchant data). Unlike any other data, payments data provides a very clear picture of customers' wants and needs, and for that reason, payments data provides "a unique source of customer insights."² McKinsey explained that "from gateways to issuers, today's payments providers have a treasure trove of data at their fingertips. By using it to generate insights into consumer purchasing behaviours and coupling these insights with an understanding of emerging macro trends, payments firms can provide better service to customers—from fraud detection to spending insights."³

Recommended areas for further consultation

AusPayNet sees the Discussion Paper as a useful starting point. We welcome continued discussion to determine the practical application of Australia's ethical framework. We have identified the following areas that would benefit from further consultation:

¹ *The New Physics of Financial Services*, Report by World Economic Forum with support from Deloitte, 15 August 2018.

² Ibid 3

³ *Monetizing data: A new source of value in payments*, McKinsey & Company July 2017

1. Scope of the Ethics Framework

The Discussion Paper adopts a broad definition of AI:

- *A collection of interrelated technologies used to solve problems autonomously and perform tasks to achieve defined objectives without explicit guidance from a human being. [...] This definition of AI encompasses both recent, powerful advances in AI such as neural nets and deep learning, as well as less sophisticated but still important applications with significant impacts on people, such as automated decision systems.*

AusPayNet is comfortable with this definition of AI, and agrees that the ethics framework (**the framework**) should apply to self- adaptive and self- learning applications. Nonetheless, we would like to seek clarity regarding the intended scope of the framework, in light of this broad definition. In particular, we would like to understand whether it is intended that the framework will also apply to the “less sophisticated but still important applications with significant impacts on people.”

The framework would need to take into consideration the broad array of systems that have been used widely by industry for decades, and which are governed by existing risk frameworks, standards and regulations.

2. Net Benefits – Consumer expectations

The sustained success of AI is heavily reliant on the delivery of outcomes that meet consumer expectations. The current definition of the first principle of the framework “Net Benefits” is very broad and we recommend that this principle is further articulated.

3. Transparency and Accountability

The Discussion Paper refers to the principle of doing no harm (safety), and lists reliability of AI systems as a key element of its risk assessment tool. However, the Discussion Paper only briefly touches upon the need for robustness and efficiency of AI systems and does not directly address the respective roles that manufacturers and users of AI will play, to achieve such robustness and efficiency.

As a consumer of AI, the payments industry would welcome further consultation to discuss system assurance by AI manufacturers, especially as it is currently unclear how existing product liability laws will apply to AI⁴.

4. Inclusion of relevant examples of AI applications used by the payments industry

Payment networks are designed to ensure the highest levels of security, due to the sensitivity of information that is being transmitted, and its associated value. It is important that consumers understand and have control over how their payment data is used because it provides a unique source of customer insights. AusPayNet would welcome further discussion to include the development of a specific case study regarding the application of AI in payments, which the industry can refer to for future implementations.

5. Change management

In the introduction, the Discussion Paper explains that the intent of “an ethics framework for AI is not about rewriting the laws or ethical standards, it is about updating them to ensure that existing laws and ethical principles can be applied in the context of new AI technologies”. AusPayNet would like to better understand whether the framework will provide enough flexibility to ensure that any future updates to laws or ethical standards can be accommodated, and if so, how.

The Discussion Paper acknowledges the work conducted by (Australian Council of Learned Academics) ACOLA, Standards and we also note the recent consultation of the Australian Human Rights Commission on its white

⁴ Jones Day commentary March 2018, *Mitigating Product Liability for Artificial Intelligence*
<https://www.freshfields.com/en-gb/our-thinking/campaigns/digital/artificial-intelligence/product-liability-in-the-ai-age/>

paper, *Artificial intelligence: Governance and Leadership*. We observe that coordination will be important to ensure an appropriately consistent approach in Australia to the various national and international initiatives.

Summary

The sustainable growth of AI is dependent upon its ability to deliver outcomes that meet consumer expectations. Further consultation is required to ensure the framework delivers processes and procedures that are transparent, and models where accountability is clearly defined. Artificial intelligence (AI) presents unique opportunities for the payments industry, where it is already in use for authentication and data analytics. As such, the payments industry can play a valuable role in defining the scope of this framework, and AusPayNet welcomes Data61's engagement with the payments industry. We are keen to support best practices and inform the development of an ethics framework for Australia.

We are happy to further discuss any of the items raised in our submission.

Yours sincerely,



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