TISA

Response by TISA to the FCA's proposal on AI Live Testing

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About TISA

Supporting the financial journey through life

The Investing and Saving Alliance (TISA) is committed to improving the financial wellbeing of all UK consumers by working collectively with the financial services industry to deliver solutions and champion innovation, for the benefit of people, our industry, and the nation.

We do this by working with our member firms to deliver practical solutions and devise innovative, evidence-based strategic proposals for government, policy makers and regulators that address major consumer issues.

We care about the entire financial life of consumers: from their first savings account opened to ensuring people can age and retire with dignity. TISA believes that savings and investments play a significant role in the lives of people and small businesses. Consumers benefit when they put aside money for their future. Saving and investing can provide a buffer for emergencies; help people achieve big and small goals throughout their lifetime; and give people quality of life in later years.

TISA is a not-for-profit membership organisation and a trusted partner of key industry stakeholders in helping shape the future of the UK financial services and the environment in which we operate. We have approximately 270 member firms involved in the supply and distribution of savings and investment products and associated services.

Our work, your influence

Our policy work reflects TISA's broad scope of interests and aims on meeting the needs of UK consumers, members, and our industry. From improving financial education, inclusion, and accessibility, right through to savings, investments and retirement planning, the work we do with our members to **influence policy** is crucial in enhancing the industry we operate in and driving positive change.

As part of our commitment to delivering focused and impactful consumer outcomes, TISA's policy working groups have been structured into **four distinct workstreams**:

1. **Consumer Protection -** *Protecting the best interests of UK consumers in their financial journeys.*
2. **Consumer Access -** *Considering issues that could directly impact access to financial products.*
3. **Effective Products -** *Examining key considerations and legislation relating to products across the investing and saving landscape.*
4. **Corporate Responsibility**
   Exploring issues that directly impact society, the environment, and the economy.

All groups focus on both strategic and technical elements of policy/regulation. We provide a channel for firms to have their say on the policy we develop and present, contribute to our technical and regulatory interpretation work and, importantly, gain insights from other TISA members, policy makers, government, and regulators.

Find out more about TISA here: **www.tisa.uk.com/about-tisa**

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Introduction

TISA welcomes the opportunity to respond to the FCA's proposal for AI live testing.

AI has the potential to revolutionise financial services by improving consumer experiences, enhancing efficiency, productivity, risk management, and enabling innovative solutions.

At TISA, we collaborate closely with our member firms on these consumer experiences and AI can provide several areas of improvement, so we are keen to work with the FCA and our membership to make these builds a reality.

However, it also presents significant challenges, including infrastructure requirements, inconsistent data formats, ethical considerations, data privacy concerns, and the need for robust governance structures.

Given these factors, AI is an area that our diverse group of members are actively using or planning to adopt, soon, with additional guidance.

I would like to thank the FCA on continuing to engage with TISA on this topic and offering to attend meetings with our membership.

Question Responses

What are the primary blockers that you encounter prior to live market deployment of AI models? Are these related to technical issues, AI model-related, governance, regulatory or other?

Firms encounter several obstacles before launching their builds into the live market, including:

- Technical
    - Data quality and availability- Incomplete, inconsistent, or biased datasets leading to inadequate model training.
    - Infrastructure limitations- Inadequate computational resources or deployment pipelines for large-scale AI models.
    - Integration challenges- difficulties in integrating AI models with existing systems and API's.

- AI Models
    - Lack of interpretability and explainability- Difficulty in understanding model decisions, leading to hesitance in deployment.
    - Model generalisation issues- Models performing well in testing but failing to adapt to real-world scenarios.
- Governance
    - Risk appetite and risk tolerance for failure – the heavily regulated landscape has led to an environment where firms are fearful of change and experimentation.
    - Insufficient documentation – Poor documentation of the development and testing process, making validation and auditing difficult.
    - Inconsistent validation processes- Lack of standardised processes for validating AI models before deployment.
- Regulatory
    - Compliance uncertainties- Unclear or evolving guidelines on AI usage and deployment for regulators and wider uncertainty around the levels of prescription required by regulation in relation to customer journeys and interactions.
    - Model accountability- Challenges in demonstrating accountability and fairness in AI decisions as per regulatory standards.
- Other
    - Organisational buy-in – Resistance from stakeholders due to lack of understanding or trust in AI systems
    - Costs – High costs of testing, auditing, and deploying AI systems in compliance with industry standards.
    - Guides – Lack of documentation or standards for firms to learn from.

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In your opinion, would the FCA proposal for AI Live Testing address potential AI deployment challenges? Are there particular areas we should focus on as part of AI live testing? This could be either certain types of AI models, AI evaluation techniques, outcome assessment strategies or financial services sectors. Is there more we could do?

AI testing will provide firms with essential support for tools ready for live deployment. It will help them consider the input/output validation required to meet regulatory expectations, assess the robustness of the tool, address bias issues, and evaluate consumer impacts and unintended outcomes.

As detailed in question 1, it is evident that firms need support at various stages of the AI journey, not just post-proof of concept. Therefore, some firms may find it challenging to demonstrate effective pre-deployment testing prior to applying.

The FCA should consider:

- A triage process to help firms understand what type of support is appropriate.
- Focused sprints in key policy areas where progress is needed, such as retail investment disclosures.

TISA can assist firms with best practices for governance and sandbox understanding/training, as these are initial gaps that need to be resolved to move forward.

TISA attended the AI testing overview meeting on May 14th with the FCA, which was extremely useful and provided further information that was not clear in the engagement paper, including:

- AI testing is at the process level only, not the "technical" level, which is where the supercharged sandbox should be used.
- 5-7 firms will be chosen from the applications in the first tranche. There is no decision yet on how many tranches there will be or how many firms in total will be accepted.
- No procedures or guidance will be produced from the testing, but the FCA will share observations. Good use-cases will be essential for firms to learn from going forward.
- The AI testing will involve the FCA visiting firms and having conversations around the model, testing completed, risks, evaluation techniques, etc., with no sharing of data, just verbal discussions.

Is there any other feedback you would like to share with us?

AI can significantly enhance consumer services by analysing vast amounts of client data. This enables personalised guidance and recommendations, aiding customers in making informed financial decisions, which will be applicable to the advice guidance boundary review.

For vulnerable customers, AI can analyse data to detect signs of financial distress and offer personalised assistance through technologies like voice-activated and tailored interfaces. It can also identify distress signals in calls that human operators might miss. AI also has the capability to analyse the vast amount of information associated with characteristics that can lead to vulnerability, and to model outcomes based on the variables in each individual situation. This enables firms to take action to protect customers from harm as it occurs or, ideally, before it has occurred.

As part of recent TISA research on fund performance disclosures (Rethinking Performance Disclosures RP – CA1 – March 2025), we tested whether consumers would trust AI-powered tools to provide educational content. We found that 91% of less confident investors said that the educational content feature would improve their understanding of their fund performance reports and 89% said it would improve their confidence in investing.

Over 50% of less confident investors said they would use AI-powered digital assistants if they were available in their fund performance reports.

This research demonstrates that AI can assist firms in addressing consumer understanding challenges that investors are currently experiencing and can improve consumer confidence.

It is key that these examples of AI innovation become a reality, as the positive impact to the consumer will be considerable and the alternative could see Big Tech providing these services on a largely unregulated basis.

TISA will collaborate with its diverse firm membership in looking at best practice/training for areas where firms are looking for direction, but it is also key the FCA also look at how they can help overcome the challenges to live deployment detailed in the answers to the questions.

The FCA can also assist by clarifying their acceptable tolerances for any failures when going live, to give firms a greater understanding.

To improve engagement from firms, more user-friendly communication is essential, as demonstrated after the AI lab sprint. Issuing a summary of proposed changes on platforms like LinkedIn and ensuring all information is included in the issued paper would be beneficial. Face-to-face discussions with the FCA have proven useful in clarifying details, but these details should be widely available to all firms.