THE IMPACT OF ARTIFICIAL INTELLIGENCE ON THE AUSTRALIAN FINANCE INDUSTRY
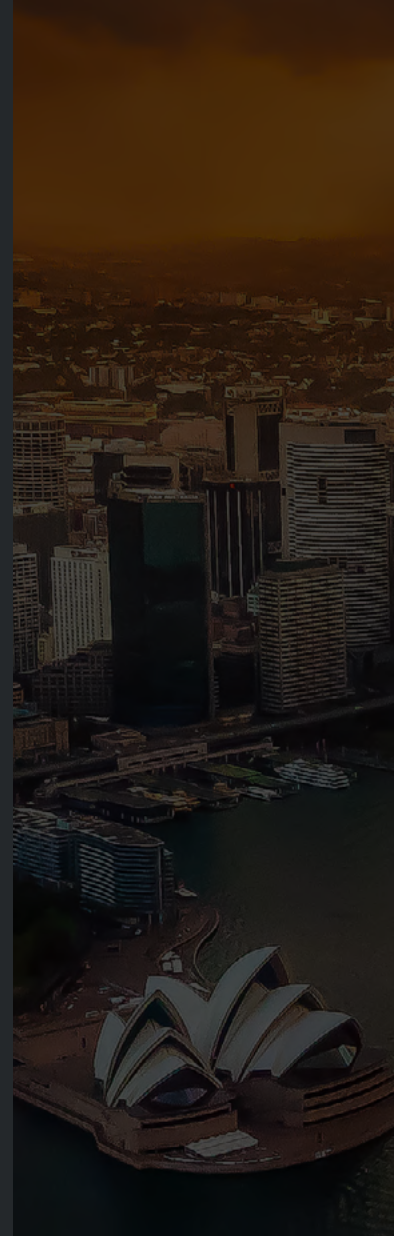
Report for the Australian Finance Industry Association | May 2025

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CONTENTS

1. EXECUTIVE SUMMARY

In 2024, the Australian Finance Industry Association (AFIA) commissioned King & Wood Mallesons (**KWM**) and Sapere to research the impact of artificial intelligence (AI) on the Australian Finance Industry. Participants in the research included banks, non-bank lenders, finance companies, fintechs, providers of vehicle and equipment finance, car rental and fleet providers, as well as service providers that provide technology or AI powered services.

Much of the Australian finance industry has already embraced specific forms of AI. Narrow AI[1] (being AI that typically provides a 'point' solution for a particular use case, such as decision-making based on predetermined algorithms and rules) has been long used in the finance industry, in many cases over decades, for various use cases that include operations, servicing, and risk management.

With the increased adoption of Generative AI (being AI that generates new content based on training data in response to prompts), the Australian finance industry is experimenting with new use cases. The adoption rate of Generative AI is currently not as high as Narrow AI, but it is projected to double in the next three years. The use cases that are anticipated to have the most near-term impact primarily relate to employee productivity (including internal chatbots, developer augmentation and process automation) and improving business processes (including reviewing internal documents, personalising marketing content, and automating quality assurance).

The Australian finance industry is a large player in the economy representing 7.5% of Australian Gross Domestic Product (**GDP**).[2] The adoption of Generative AI by the Australian finance industry has the potential to deliver significant productive efficiency gains to the Australian economy over the course of the next decade. The importance of such productivity gains cannot be overstated. Over the next five years, we consider it likely that there will be increased linear investment in Generative AI, coupled with modest estimated savings from the use of Generative AI in the finance industry. However, from 2030, we expect adoption of Generative AI will deliver material productivity savings to the finance industry. Under the medium Generative AI adoption scenario in this report, the forecast increase in the finance industry's value add[3] to the economy is projected to be $48.9 billion to Australia's GDP by 2035 representing an increase of $690 per capita annually in additional GDP. This would represent a significant increase to GDP arising from the industry-led adoption of a particular technology in one industry, and which (subject to the below) does not necessarily require structural regulatory reform by the Government.

However, there are unique risks associated with Generative AI. They include accuracy, transparency, privacy, bias, misinformation, deep fakes, cyber security, and risks associated with procuring the technology from a limited number of third parties. The Commonwealth Government has stated that existing law is not adequate to address the harms associated with Generative AI and is considering introducing cross-sector regulation for high-risk AI.

This is particularly important given that, at present, there is no international consensus on the best approach to regulating the risks of AI. While the EU's AI Act may be a high watermark in terms of regulating AI, not many countries have followed that model. Both the US and the UK have instead taken a very different, pro-innovation approach to regulation of AI.

Finally, given the potential productivity gains and economic benefits to Australia from the adoption of Generative AI, we think it is important that the Government does not over-regulate AI and provides industry with regulatory certainty as soon as possible. This will give organisations clarity on the AI regulatory regime that will apply to their investment and adoption of Generative AI, and will enable them to establish appropriate governance frameworks to take advantage of the benefits of Generative AI. As the Productivity Commission stated:

> 'knee-jerk approaches to regulating AI threaten to stifle uptake and squander potential benefits. While there are clearly risks from AI adoption, government should take a considered approach to regulation that also keeps the benefits of AI in view'[4].

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1. See further at Annexure 2.
2. Reserve Bank of Australia (2024).
3. Value add is the difference between the value of goods and services and the costs of the inputs to produce them.
4. Productivity Commission submission to the Senate Select Committee on Adopting Artificial Intelligence (May 2024)

2. BACKGROUND AND CONTEXT

Between July and October 2024, KWM and Sapere surveyed and interviewed a number of participants in the Australian finance industry on their use and adoption of AI. Participants included banks, non-bank lenders, finance companies, fintechs, providers of vehicle and equipment finance, car rental and fleet providers, as well as service providers that provide technology or AI powered services. We explain the scope of this report and our methodology at Annexure 3.

This report uses the answers we received through interviews with participants, supplemented by modelling of the economic impacts and a review of the current literature and market commentary, to analyse the impact that AI is having, and that we expect AI to have, on the Australian finance industry.

The content of this report is current to March 2025.

In this report we distinguish between:

- Narrow AI (being AI that typically provides a 'point' solution for a particular use case, such as decision-making based on predetermined algorithms and rules); and

- Generative AI (being AI that generates new content based on training data in response to prompts).

Both terms are defined in greater detail at Annexure 2. Other capitalised terms are defined at Annexure 1.

3. CURRENT USE OF AI IN THE AUSTRALIAN FINANCE INDUSTRY

OVERVIEW

The use of Narrow AI is well-established within the Australian finance industry. It is already embedded in use cases such as fraud detection, cybersecurity threat detection and monitoring, risk management and document processing.

In contrast to Narrow AI and notwithstanding widespread enthusiasm for long-term use cases, the uptake of Generative AI in the Australian finance industry over the past two years has been slow and cautious. This can be attributed to a range of factors, including the uncertain regulatory environment, concerns over privacy and data security, the need to ensure risk and compliance, and issues with integration and skills shortages.

Nevertheless, clear use cases for Generative AI are emerging. They currently primarily relate to employee productivity and business processes. In time, we expect to see Generative AI being used for more direct customer-facing use cases, including to facilitate increased personalisation and faster, more accurate service delivery and customer support.

Organisations that are investing in AI and deploying it at scale – AI Leaders – are likely to benefit from significant competitive advantages, particularly through improved productivity and enhanced customer experiences.

3.1   ADOPTION OF AI IN GENERAL

Much of the Australian finance industry has already embraced the use of AI. All respondents to the KWM/Sapere survey have either implemented or are trialling one or more AI systems. Common use cases related to:

- operations (eg credit risk assessment and underwriting, KYC, document processing);

- servicing (eg identity/authentication, customer support);

- risk management and legal/regulatory compliance (eg fraud and cyber threat detection);

- data and technology (eg code generation);

- marketing and sales; and

- product and service development (eg market research, sentiment analysis).

Even so, we are currently seeing a rapid increase of AI adoption. This is a finding echoed in ASIC's recent AI report:

‘AI adoption is increasing rapidly: 57% of all use cases reported were less than two years old or in development. Of the 624 use cases reported to us, 20% were still in development and had not yet been deployed'.[5]

At a high level, respondents felt that the perceived benefits of adopting AI include risk reduction, productivity gains, and improving the customer experience.

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5.   See Australian Securities & Investments Commission, Beware the Gap: *Governance Arrangements in the Face of AI Innovation* (Report No 798, October 2024) 12.

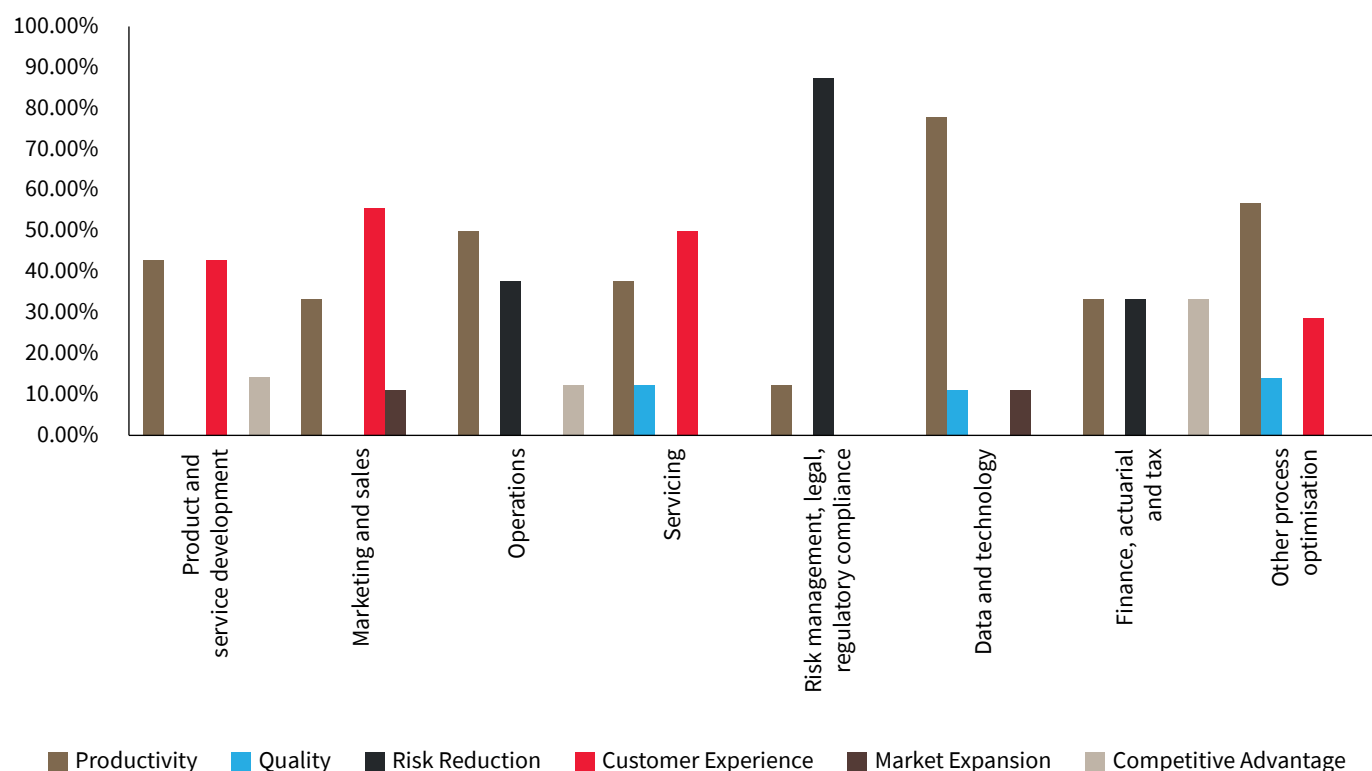# Key benefits of implementing AI (per function)

Figure 1: Key benefits of implementing AI

However, there was a clear difference in respondents' approach to the implementation of Narrow AI and Generative AI (although respondents were generally excited about the possibilities of both). This 'dual' approach is not limited to Australia: we are seeing a similar pattern emerge internationally. For example, in August 2024, Evident Insights analysed 78 reported AI use cases of the world's top 50 banks and mapped whether those use cases involve Traditional AI (ie Narrow AI) or Generative AI:[6]
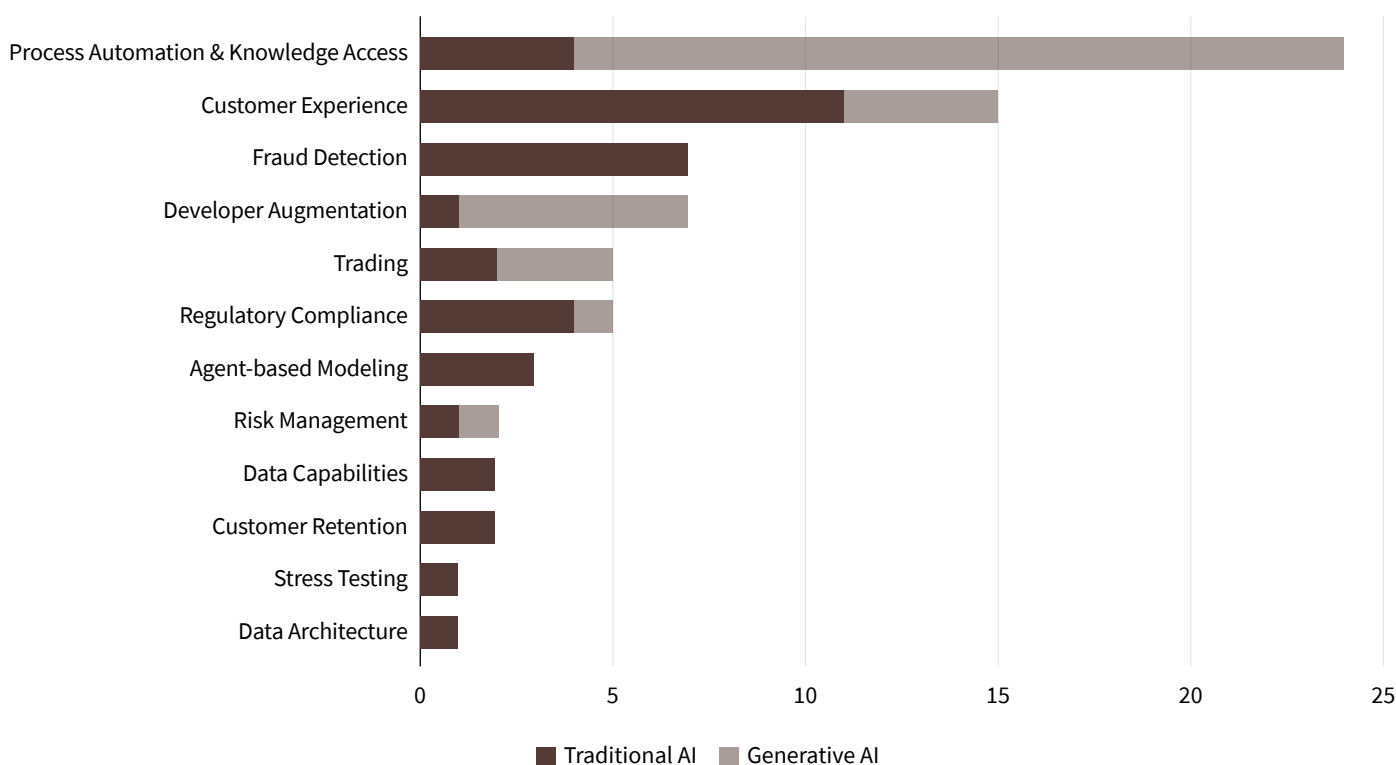

Figure 2: AI use cases of the world's top 50 banks

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6. Evident, '74 Ways to Use AI: Special Edition' (8 August 2024) *The Brief.*

3.2 NARROW AI IS ALREADY EMBEDDED IN THE AUSTRALIAN FINANCE INDUSTRY

The KWM/Sapere survey found the vast majority of current use cases of AI within the Australian finance industry utilise Narrow AI. In line with similar studies conducted by ASIC and studies overseas, respondents confirmed that the finance industry has been using Narrow AI for over 10 years.

Respondents said the most common uses for which Narrow AI has been deployed and implemented in Australia are:

- **fraud detection and prevention**, which involves the use of machine learning to extract abnormalities in behavioural patterns from past transactions and other data points that could indicate fraud;

- **abuse detection**, which involves the use of machine learning to identify technology-facilitated abuse in digital payment transactions by identifying unusual or high risk transactional activities and patterns. AI is also being used to automatically identify, and block, the use of abusive, threatening or offence words in digital payment transactions;

- **cybersecurity threat detection and monitoring**, which involves the use of machine learning to analyse data for potential threats (such as phishing or malware);

- **stress testing and risk management**, including the use of machine learning models able to detect non-linear relationships between datasets;

- **document processing**, including the use of machine learning and techniques such as optical character recognition (**OCR**) and natural language processing (**NLP**) to label and classify unstructured finance documents;

- **traditional chatbots**, which are designed to recognise variations of common questions and have been used for many years to respond to customer's basic questions.[7] Machine learning-based chatbots have been well utilised by end users for several years, with one respondent noting that their chatbot has responded to enough questions that would equate to requiring more than 100 full time employees. Another respondent noted that chatbots handle approximately 50% of basic customer interactions; and

- **customer tailoring and personalisation**, by analysing existing data, financial institutions can better understand their customers and can assist in anticipating a customer's financial needs (for example, when to shift money between accounts) or how to best predict a customer's next step within a customer journey. Customer personalisation can also be used to target online advertising through segmentation.

A similar study conducted by the Organisation for Economic Co-operation and Development (**OECD**) found similar uses of Narrow AI are well-established across the finance industry internationally. Respondents to the OECD's survey also emphasised algorithmic trading as an AI use case (eg '*machine learning models being used to analyse large datasets and identify patterns and signals to optimise, forecast, predict, guide or direct investment-related behaviours or outlines*').[8]

3.3 THE POPULARITY OF GENERATIVE AI IS INCREASING

a. The use of Generative AI is currently lower than that of Narrow AI

In contrast to Narrow AI, Generative AI is relatively new in the finance industry. The vast majority of respondents that are piloting or experimenting with Generative AI have only been doing so over the past 12 to 18 months.[9] Only one third of respondents had integrated Generative AI within their existing business functions. These findings are consistent with the Australian Securities and Investments Commission's (**ASIC**) October 2024 report on AI governance, which examined AI use cases adopted by 23 Australian financial services (**AFS**) licensees and credit licensees. The report found that only 5% of the use cases currently in use involved Generative AI, but Generative AI use cases made up 22% of all use cases in development.[10]

The slower uptake of Generative AI was generally attributed by respondents to a range of factors, including:

- concerns over privacy and data security;

- the need to ensure risk and compliance in an uncertain regulatory environment;

- issues with integrating AI with existing operations;

- skills shortages; and

- (for smaller-sized institutions) limited expertise, resourcing and funding of AI projects and access to data.

We discuss projections for the future adoption of Generative AI in section 4.1 below.

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7. Internationally, chatbots have been used in the finance industry since the Spanish financial services provider BBVA (in conjunction with SRI International) launched 'Lola' in 2012: Tom Simonite, 'Siri's New Cousin Works as a Bank Teller' *MIT Technology Review* (online, 13 July 2012). In Australia, see for example, James Eyers, 'Chatbots Just the Beginning for AI in Banking', *The Australian Financial Review* (online, 5 March 2018).

8. OECD, Regulatory Approaches to Artificial Intelligence in Finance (OECD Artificial Intelligence Papers No 24, September 2024) 15.

9. ASIC reached a similar conclusion in its report: it found that 57% of all use cases reported as part of ASIC's study were less than two years old or in development. See Australian Securities & Investments Commission, *Beware the Gap: Governance Arrangements in the Face of AI Innovation* (Report No 798, October 2024) 12.

10. Australian Securities & Investments Commission, Beware the Gap: Governance Arrangements in the Face of AI Innovation (Report No 798, October 2024) 4, 13.

Model techniques	Current (n = 488)	In development (n = 124)
Supervised learning: Classification	42%	39%
Supervised learning: Regression	18%	17%
Deep learning	13%	10%
Unsupervised learning	7%	3%
Generative AI	5%	22%
Miscellaneous	2%	7%
Not specified	13%	2%

Figure 3: Model techniques by status

Source: Australian Securities & Investments Commission, Beware the Gap: Governance Arrangements in the Face of AI Innovation (Report No 798, October 2024) 40.

b. Clear use cases for Generative AI are emerging

Most respondents to the KWM/Sapere survey had started experimenting with Generative AI to identify potential use cases within their businesses (beyond the use of Generative AI for developer augmentation to accelerate coding processes). All respondents to the KWM/Sapere survey were aware of the risks of using Generative AI, particularly in relation to privacy and compliance-related risks. These perceived risks have prompted respondents to focus on internal use cases that are generally lower risk than external uses cases but which, if successful, can result in significant productivity gains. This aligns with ASIC's October 2024 AI report, which found that:

'the way licensees used AI was quite cautious in terms of decision making and interactions with consumers: AI generally augmented rather than replaced human decision making and there was only limited direct interaction between AI and consumers'.[11]

The Generative AI use cases identified by the respondents to the KWM/Sapere survey fall into the following categories.

11. Australian Securities & Investments Commission, Beware the Gap: *Governance Arrangements in the Face of AI Innovation* (Report No 798, October 2024).
12. See further at Annexure 2.
13. See further at Annexure 2.
14. Cognizant, *The AI Advantage: Why ANZ Is Positioned for Gen AI Success* (Report, 2024).
15. Microsoft and Tech Council of Australia, *Australia's Generative AI Opportunity* (Report, July 2023) 3.

1. Employee Productivity

Employee productivity was the most reported current use case for Generative AI. Examples provided by respondents included:

- **internal chatbots** – this involves deploying Generative AI chatbots to staff to use for internal productivity purposes. These chatbots are designed to assist staff to find information to address customer queries quickly and accurately. Respondents reported these chatbots have been able to significantly increase the efficiency and accuracy of staff looking for particular information, with one respondent reporting a 9-12% productivity improvement per agent. Similar internal chatbots are also being deployed to assist staff in navigating internal policies and procedures (for example, to provide information about annual leave or how to get a bike locker);

- **developer augmentation** – this involves software development teams using 'purpose-built Generative AI'[12] (eg GitHub CoPilot) to accelerate coding processes through the generation of new code snippets, to debug (or otherwise analyse) existing code through optimisation, and to write new code. This use case represented the most significant productivity gains from respondents using Generative AI: one respondent reported a 43% increase in code generation productivity since implementing GitHub CoPilot;

- **process automation** – this involves 'general purpose Generative AI'[13] to automate existing manual tasks undertaken by staff that are not specific to finance. For example, Microsoft CoPilot is being used to summarise documents and notes (including meeting minutes) and draft emails to save time; and

- **dealing with unstructured data** – this involves using Generative AI to assist in relation to dealing with unstructured data, including: metadata or text extraction; analytics and reporting; and even monitoring of regulatory or client obligations. This is particularly relevant given approximately 80-90 per cent of data held by any large enterprise tends to be unstructured (eg data found in documents, call transcripts, recordings) and is difficult to quickly access or summarise.

2. Business Processes

Respondents are experimenting with Generative AI (sometimes in conjunction with Narrow AI) where existing processes are repeatable (in part or full). Examples provided by respondents included:

- **reviewing internal documents** – this involves reviewing internal policies and documentation to identify inconsistencies and duplication. Similar processes have been tested to identify gaps in relation to compliance with procedures and legislation. For example, one respondent harnessed Generative AI to review existing contracts for compliance with the new Unfair Contract Terms regime introduced as part of recent changes to the *Competition and Consumer Act 2010* (Cth);

- **creation of marketing content and personalisation** – this involves using Generative AI to brainstorm marketing ideas and produce first drafts of marketing content (social media posts, website copy, pitches etc);

- **automated call notes** – this involves the use of Generative AI to transcribe and summarise calls. One respondent noted that it normally takes a consultant an average of 90 seconds to prepare call notes, however using Generative AI to prepare 100-word summaries has increased both the efficiency and quality of the call notes;

- **preparing documentation** – one respondent is in the early stages of utilising Generative AI to assist with preparing the first draft of responses to complaint letters (which would usually take a human author 2-4 hours to prepare). The draft is then reviewed by human authors. They reported that, in the few trials of using Generative AI to do this, the technology has increased the consistency and, in many cases, the quality, of the first draft;

- **identifying financial hardship** - one respondent is trialling Generative AI and machine learning to transcribe customer calls and proactively identify words that may indicate financial hardship;

- **automating quality assurance** – one respondent is experimenting with Generative AI to assist with quality assurance of calls. To the extent that quality assurance involves testing for relatively routine interactions between staff and customers (for example, whether the representative appropriately greeted the customer), AI may eventually remove the need for a human agent to test these aspects of the calls; and

- **scenario modelling** – Generative AI is being utilised by some respondents to assist in scenario modelling. This includes data analytics teams who are using Generative AI to produce synthetic data to train systems and models, and fraud teams who are using Generative AI for modelling realistic scenarios to identify vulnerabilities in security systems.

The use cases referred to above reflect investments in quality and productivity improvements but do not necessarily focus on outright cost reductions. Respondents anticipate that the next wave of AI development, once risks are considered manageable, will be more direct customer-facing use cases. Generative AI will enable the finance industry to provide more tailored and efficient services, including:

- increased personalisation;

- faster, more accurate loan approvals, insurance underwriting and other services;

- 24/7 direct customer support through AI-powered chatbots with the ability to escalate questions to human staff; and

- analytics capabilities once the technology evolves further.

A separate key theme that arose out of our consultations with respondents is that AI is being used to enhance existing products rather than build new products. This is consistent with Cognizant's cross-industry survey that identified the banking and financial services industry as the industry most focused on enhancement rather than new product development.[14] This is also consistent with the view of Microsoft and the Tech Council of Australia that productivity gains will drive 70% of the value of Generative AI, with 20% of the value coming from quality gains, and just 10% of the value from new products and services.[15]

c. We are seeing the emergence of AI Leaders, who are actively experimenting with and implementing Generative AI (in contrast to AI Followers)

Participants in the Australian finance industry are experimenting with and adopting Generative AI at different paces.

Some respondents are **AI Leaders**:[16] they have moved beyond experimentation with Generative AI to implementing it in production at scale. For example, CommBank was identified in the Evident AI Index: Banks (2024) as one of the top 10 performing banks worldwide investing in AI.[17] CommBank has stated that its use of AI and technology has delivered a number of improved customer outcomes, including:[18]

• a 50 per cent reduction in customer scam losses, aided by the implementation and use of AI safety and security features;

• a 30 per cent reduction in customer-reported frauds due to measures like Generative AI-powered suspicious transaction alerts; and

• a 40 per cent reduction over the last financial year in call centre wait times, aided by AI-powered app messaging.

ASIC's October 2024 report on AI governance also reported three licensees with more than 100 AI use cases.[19]

However, the industry as a whole appears to be still in relatively early stages in its adoption of Generative AI and there are a number of **AI Followers**[20] in the Australian finance industry that have not yet made significant investments in Generative AI. Indeed, ASIC reported that 11 of the 23 licensees it interviewed had fewer than six AI use cases.[21]

AI Followers that responded to the KWM/Sapere survey faced different challenges in rolling out Generative AI in their organisations. For example:

• larger and more established members had the financial capacity to invest, but legacy systems may slow the rollout of Generative AI technologies and use cases;

• digital-first organisations may be more nimble but may lack investment capacity and the human capital necessary to rollout Generative AI at scale; and

• multinational firms may have to work to a 'lowest common denominator' model due to varying risk concerns and regulatory regimes in different jurisdictions.

The challenges that respondents identified preventing them from developing and deploying AI are summarised below:

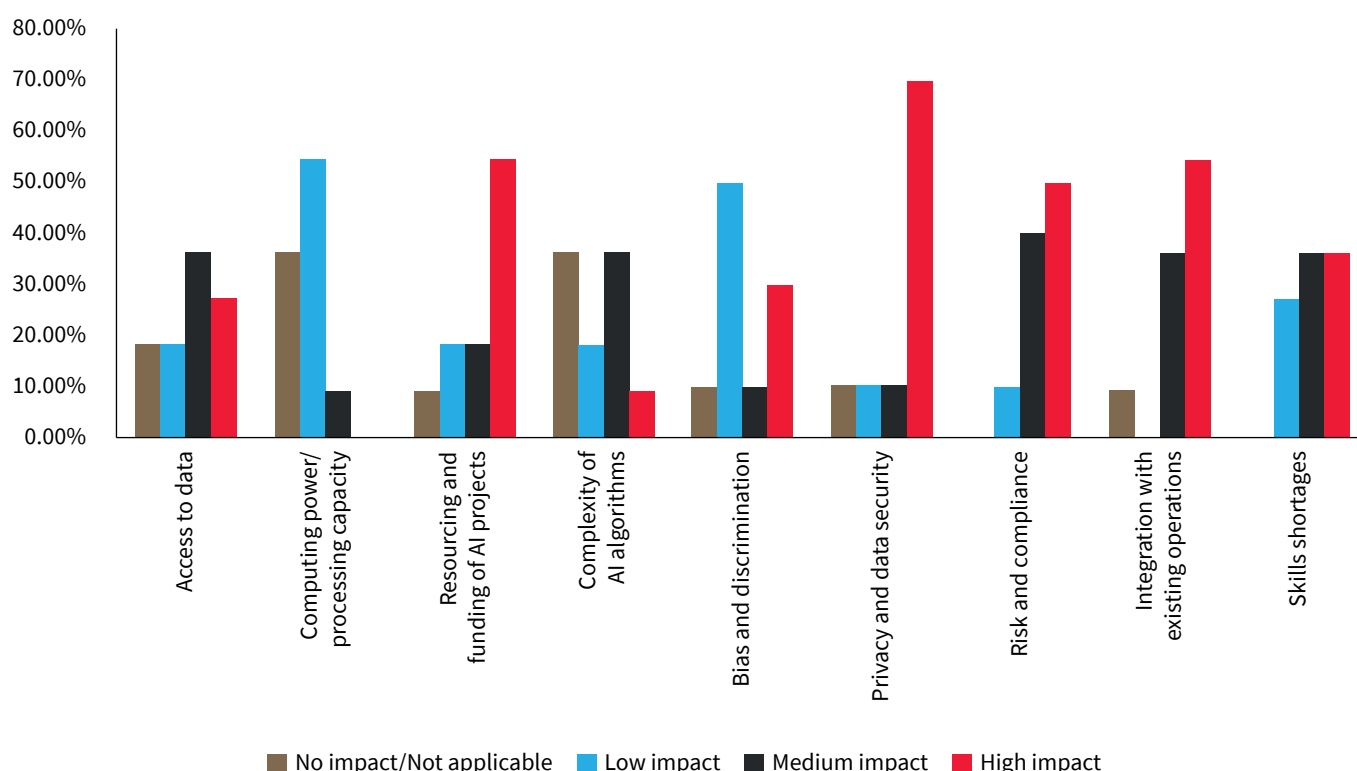**What challenges significantly impact an organisation's development and deployment of AI?**

Figure 4: Challenges significantly impacting the development and deployment of AI

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16. Defined further at Annexure 1.
17. Evident, *Evident AI Index: Banks* (Key Findings Report, October 2024) 7-8.
18. Commonwealth Bank, 'Customer Safety, Convenience and Recognition Boosted by Early Implementation of Gen AI' (Media Release, 28 November 2024).
19. Australian Securities & Investments Commission, *Beware the Gap: Governance Arrangements in the Face of AI Innovation* (Report No 798, October 2024) 40.
20. Defined further at Annexure 1.
21. Australian Securities & Investments Commission, *Beware the Gap: Governance Arrangements in the Face of AI Innovation* (Report No 798, October 2024) 40.

However, with most respondents in the early stages of piloting and experimenting with Generative AI, we do not consider the lack of progress necessarily reflected a reticence by the industry to use Generative AI but rather the adoption of a cautious approach to the use of Generative AI in their business.

We consider that the adoption and use of Generative AI at scale will be a source of competitive advantage, and those that invest in upskilling their organisations and employees to utilise Generative AI will be better placed to leverage the benefits that it can offer. Respondents who are investing heavily in Generative AI expect to be able to use it to improve customer experience in the longer term, such as by:

- increasing the speed at which customers can receive services (especially more complex offerings) and improving the overall customer experience by contextualising and streamlining the experience. For example, if a bank requires a customer to use a digital banking tool for one task (such as initiating a mortgage application) but requires the customer to follow a different process for another task (such as changing their address), Generative AI could be used to proactively identify the various processes and guide the customer through them;

- offering customers a true 24/7 service delivery, including the ability to respond to complex natural language questions outside regular business hours; and

- offering improved multi-language options for customers, with chatbots and virtual assistants able to respond to customers in their own language and dialect.

Finally, while respondents generally showed enthusiasm for the use of Generative AI, many also noted that successful use cases are not always recognised. Gartner suggests that at least 30% of Generative AI projects will be dropped after the proof-of-concept (**PoC**) stage by the end of 2025 due to poor data quality, inadequate risk controls, escalating costs or unclear business value.[22] A benchmarking study of 50 of the world's largest banks (including the Australian 'Big 4') further noted that return on investment is currently missing from conversations on AI:

'While we are seeing AI use cases entering production at a faster and faster pace, ROI remains noticeably absent from the conversation. ... While 26 of the 50 banks are disclosing some sort of outcomes from their AI use cases, initial reporting varies widely in specificity and comparability. Only 6 banks are disclosing realized business impact in financial terms—and only two banks are attempting to estimate realized return on investment across all AI efforts. ... While evidence of ROI is limited for the time being—and even the banks that do communicate ROI might not be putting on numbers that are anything to write home about—we're still in the foothills...'[23]

22. Rita Sallam (Speech, Gartner Data and Analytics Summit, July 2024) as quoted in Aaron Tan, 'Nearly a Third of Generative AI Projects to Be Dropped after PoC' *ComputerWeekly.com* (online, 29 July 2024).
23. Evident, *Evident AI Index: Banks* (Key Findings Report, October 2024) 7-8.

4. ECONOMIC IMPACT OF THE ADOPTION OF GENERATIVE AI IN THE AUSTRALIAN FINANCE INDUSTRY

The Australian finance industry is a large player in the economy, representing 7.5% of Australian GDP. The adoption of Generative AI in the Australian finance industry has the potential to deliver significant productive efficiency gains to the Australian economy over the course of the next decade.

Over the next five years, we consider it likely that there will be increased linear investment in Generative AI, coupled with modest estimated savings from the adoption of Generative AI. However, from 2030, we expect adoption of Generative AI will deliver material productivity savings to the finance industry. Under the medium Generative AI adoption scenario in this report, the forecast increase in the finance industry's economic value add[24] is projected to cumulatively add $48.9 billion to Australia's GDP by 2035, representing an increase of $690 per capita annually in GDP. This would represent a significant increase to GDP arising from the industry-led adoption of a particular technology in one industry, and which does not necessarily require structural regulatory reform by the Government.

4.1 RATES AND PATTERNS OF GENERATIVE AI ADOPTION

As detailed in section 3.3(b) above, a range of present and emerging use cases for Generative AI exist in the Australian finance industry. This section quantifies the potential economic impact of Generative AI adoption on the finance industry and the flow-on implications for the rest of the Australian economy.

a. The adoption rate of Generative AI is projected to increase

Despite the challenges outlined in section 3.3(c), the pace of Generative AI adoption is projected to pick up, more than doubling in three years (as shown in Figure 5 below).

Generative AI adoption, by industry

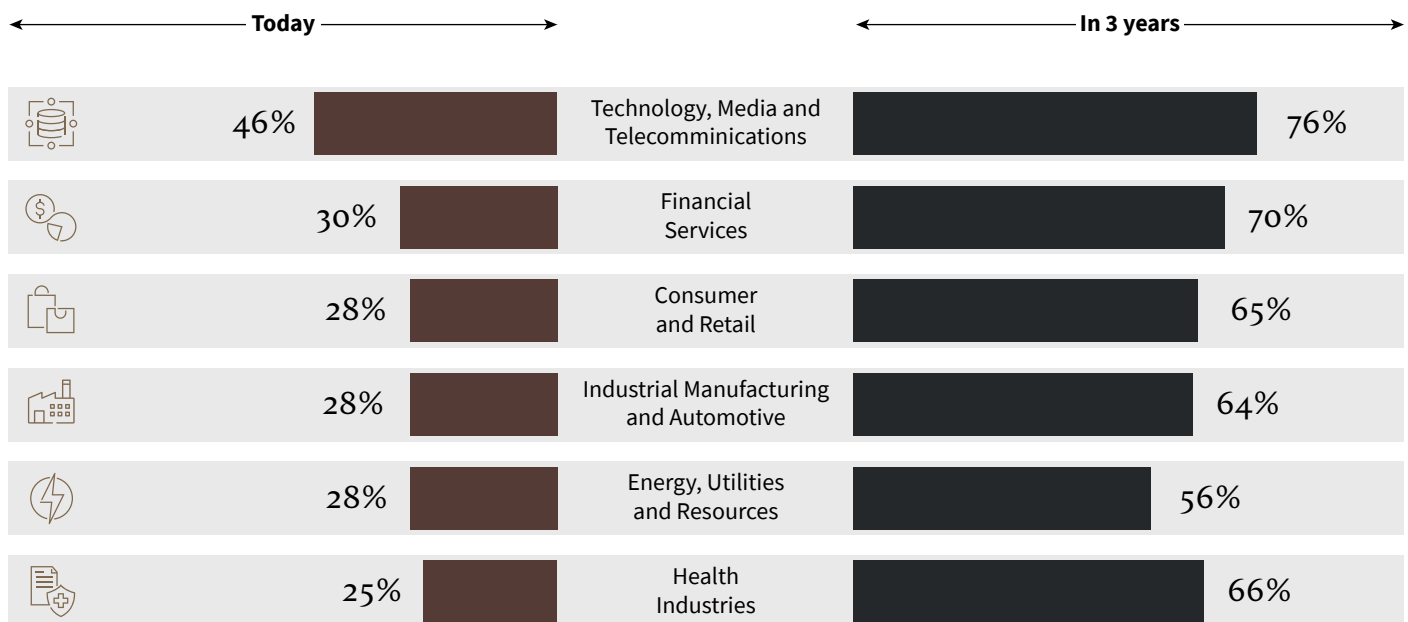| Today	Industry	In 3 years
46%	Technology, Media and Telecomminications	76%
30%	Financial Services	70%
28%	Consumer and Retail	65%
28%	Industrial Manufacturing and Automotive	64%
28%	Energy, Utilities and Resources	56%
25%	Health Industries	66%

Figure 5: Projected Generative adoption by industry

Source: Tom Pagram, 'Unlocking Australia's Growth Potential: Insights from the 2024 AI Jobs Barometer', PwC Australia (Web Page, 6 June 2024).

This growth in adoption will be reflected in the growth of investment in Generative AI technology. Investments in Generative AI are generally projected to be linear, as described in Figure 6 below.

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24. Value add is the difference between the value of goods and services and the costs of the inputs to produce them.
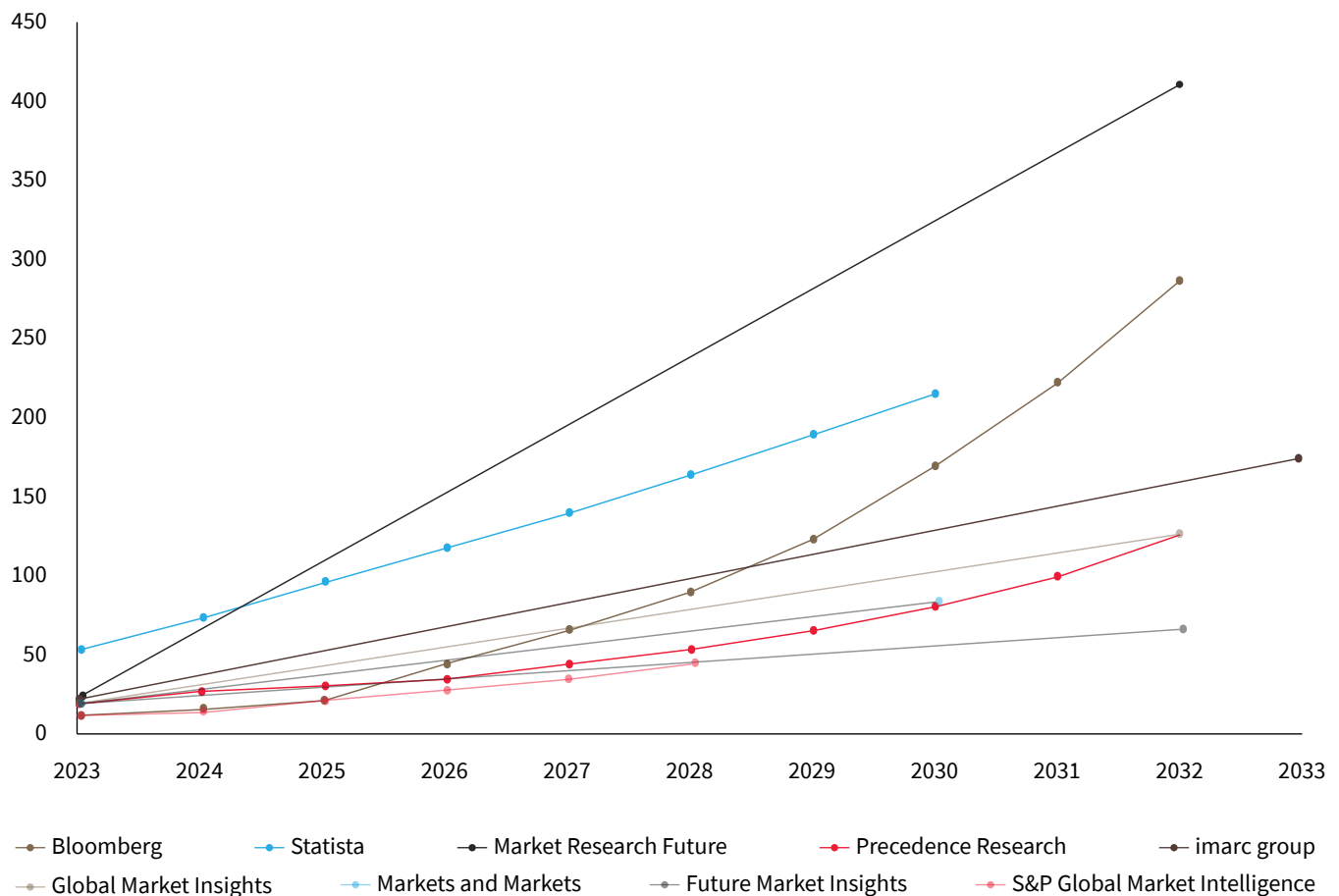
Figure 6: Global Generative AI Market Volume Estimations, in Bn US$, 2023 - 2033

Source: Goldmedia, AI and Music: Market Development of AI in the Music Sector and Impact on Music Authors and Creators in Germany and France (Report, 2024) 20.

b. Industry is expected to see significant financial benefits from the progressive adoption of Generative AI

While investments in Generative AI are generally projected to be linear, the benefits that the industry can expect to extract from Generative AI adoption are likely to increase at an exponential rate over time.[25]

For example:

- the Tech Council of Australia (2023) estimated that in 2030 professional and financial services sectors would generate total productivity benefits of $3.5bn to $9.1bn (in 2023 dollars). Adjusting this for the financial industry, the net productivity benefits from Generative AI in 2029-30 would be $1.11bn (in 2023 dollars), and up to $2.88bn if adoption of Generative AI was accelerated;

- McKinsey suggests that the productivity benefit in banking is worth somewhere between 2.8% to 4.7% of revenue;[26] and

- Citi suggests banking profits could increase by 9% with widespread Generative AI adoption.[27] With the industry's current profit of $142.5bn, this represents a net cost saving of $12.85bn.

To the degree that Australia and industry moves quickly and sustainably to adopt Generative AI tools, at a pace faster than our overseas competitors, Australia's international competitiveness will be enhanced. However, the reverse is also true, and relative delay will reduce our national competitiveness.

We discuss projections for the future adoption of Generative AI in section 4.1 below.

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25. *Goldmedia, AI and Music: Market Development of AI in the Music Sector and Impact on Music Authors and Creators in Germany and France (Report, 2024) 20.*
26. 'The Economic Potential of Generative AI: The Next Productivity Frontier', *McKinsey Digital* (Web Page, 14 June 2023).
27. Citi GPS, *AI in Finance: Bot, Bank & Beyond* (Report, June 2024) 3, 9.

4.2 ECONOMIC MODELLING

The economic impacts of the adoption of Generative AI in the Australian financial services industry will derive from net operational savings to businesses operating in the industry. The estimates of wider economic benefits to Australia will derive from additional investments and jobs that result from the productivity gains in the Australian finance industry (which represents 7.5% of total Australian GDP).

Considering the feedback directly from AFIA members, and triangulating forecast impacts by the Tech Council of Australia and McKinsey, we have developed three scenarios regarding the direct productivity savings able to be generated through the adoption of Generative AI. The estimate of the net cost savings in each year under the low, medium and high adoption scenarios provided the basis for the economy wide economic modelling using a computable general equilibrium model (**CGE**). Economic modelling of the productivity gains that will be generated through Generative AI adoption is set out in Annexure 4.

We have set out the key highlights in this section 4.2.

a. Timing and scale of savings from the adoption of Generative AI

The economic benefits of Generative AI will not be immediate: the estimated savings are projected to be modest through to 2030.

However, we project that the net productivity savings from the adoption of Generative AI are likely to increase significantly from 2031, as shown in Figure 7 below. The adoption rate of Generative AI will not be consistent across the finance industry. Adoption will be impacted by a number of factors (described in section 3.3(c) above).
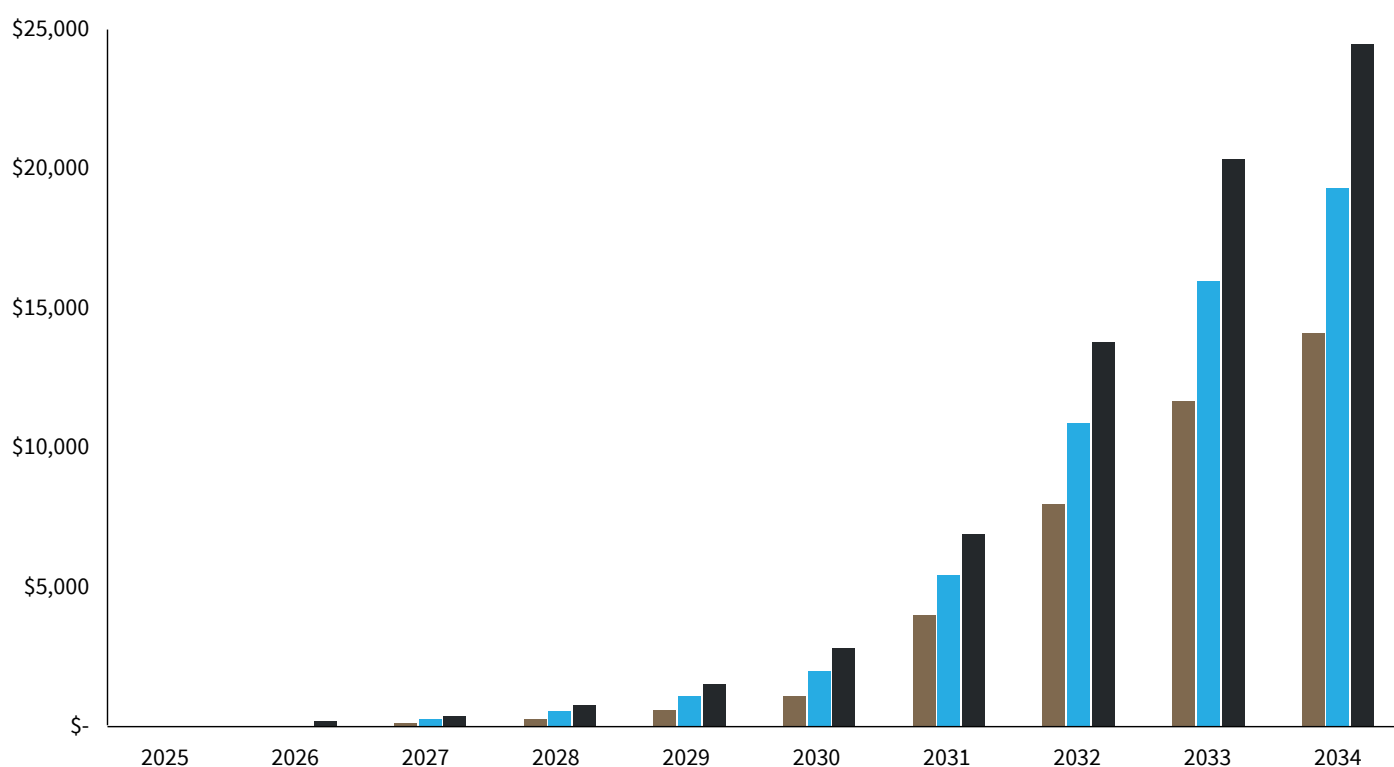
Net Cost Saving ($ million)

Figure 7 - Net Savings from Generative AI in the finance industry ($m)

Generally speaking, the direct net productivity benefits will be captured by the finance industry through higher profits, albeit likely to be competed away as competitive forces drive lower prices for consumers.

b. The finance industry's investment in Generative AI is projected to increase the industry's revenue

Our economic modelling demonstrates that, in net present value (**NPV**) terms,[28] the finance industry's investment in Generative AI is projected to increase the finance industry's revenue by a cumulative total of $15.9 billion over the period 2025 to 2035 under the medium adoption scenario (see Figure 11 in Annexure 4).

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28. Using a 7% discount rate.

c. The major savings will primarily be from a reduction in wages and employment

The major savings from adopting Generative AI will be in employment, as Generative AI tools begin to improve the efficiency of the activities that some finance industry workers currently undertake (see Figure 13 in Annexure 4).

Organisations that can leverage this emerging technology at scale to do things better and faster will be able to unlock capacity for employees to focus on greater value-add activities.[29]

d. The changes in the finance industry's value add to the Australian economy will be significant

The impact of the finance industry's adoption of Generative AI will be felt in terms of the value add generated, which collectively sum to GDP. As illustrated in Figure 8 below, the finance industry's adoption of Generative AI is projected to cumulatively add $48.9 billion to GDP by 2035 (in NPV terms) under the medium adoption scenario. This would represent an increase of $690 per capita annually in additional GDP by 2035.

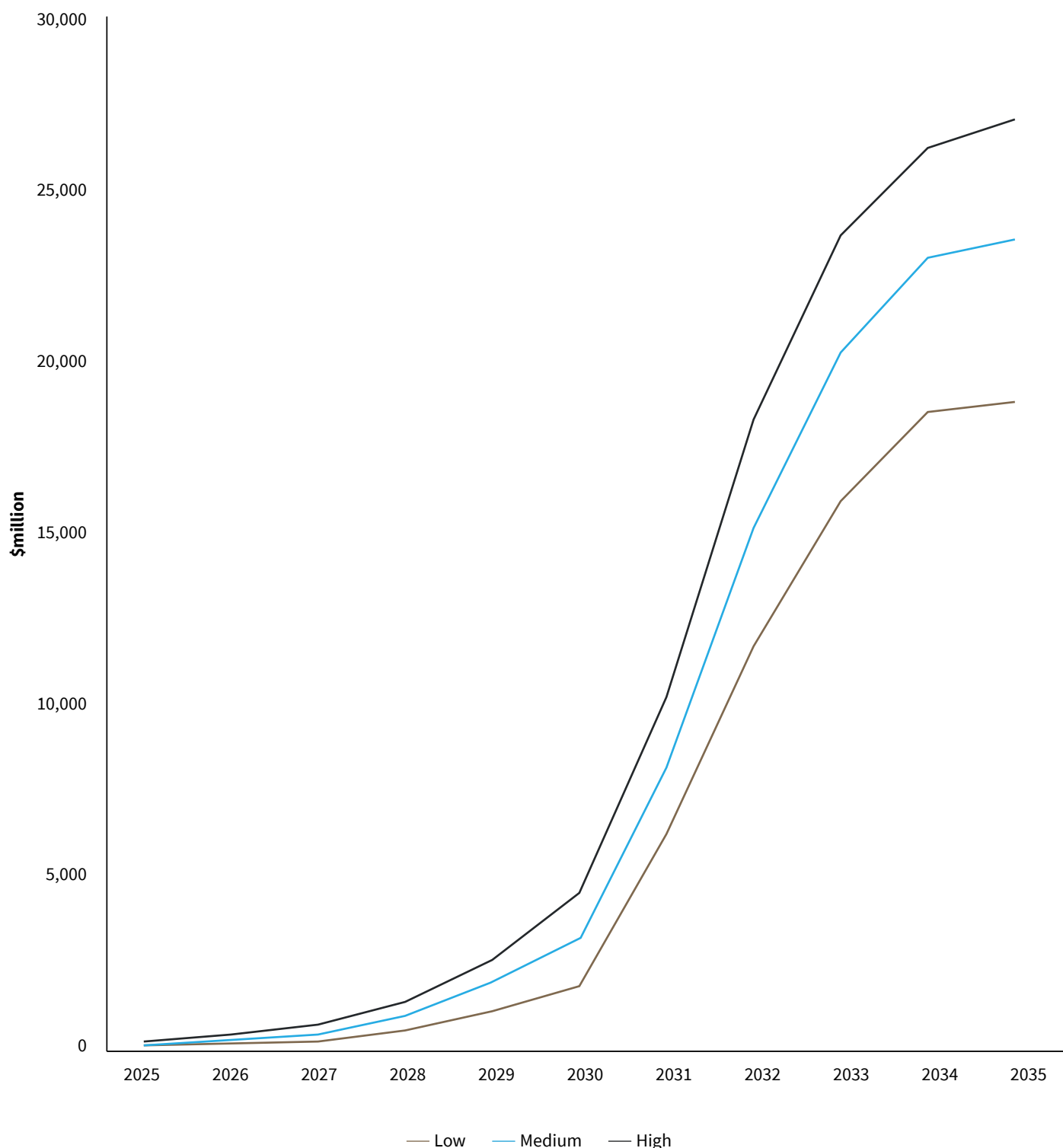

Figure 8: Changes in finance industry output under different Generative AI adoption scenarios over 2025-2035 (NPV, $2024)

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29. 'Latitude Financial CEO Bob Belan: A new year ahead for AI', *The Australian* (Web Page, 13 December 2024).

5. WHILE GENERATIVE AI HAS BENEFITS, IT CARRIES RISKS

IDENTIFYING AND MITIGATING THOSE RISKS WILL BE CRITICAL TO EFFECTIVE AI ADOPTION IN THE FINANCE INDUSTRY

OVERVIEW

The adoption of Generative AI poses a wide range of performance, compliance and use risks. Many of these risks are not unique to Generative AI. However, these risks are amplified by factors including accuracy (ie where probabilistic algorithms produce inaccurate results), transparency (eg where deployers are unable to explain how a Generative AI system produces a particular output), and third party procurement (eg where organisations who adopt an off-the-shelf Generative AI solution do not have robust controls over the AI Model or third party management procedures).

However, these risks can be reduced and managed through the development and deployment of Generative AI in a responsible, ethical and legal manner, and through the adoption by organisations of appropriate AI governance frameworks.

5.1 KEY RISKS OF GENERATIVE AI

There are three kinds of risks that may arise from the deployment of Generative AI:[30]

- Performance risks: system failures where Generative AI systems create harm by failing to perform as intended. For example, poor system performance, biased system performance, system fragility or unreliability, or security failures or vulnerabilities;

- Compliance risks: system failures where Generative AI systems create harm by performing as intended but fail to comply with existing laws, contractual requirements or societal expectations. For example, a failure to comply with privacy and Intellectual Property (**IP**) requirements when training AI systems or a failure to comply with automated decision-making requirements; and

- Use risks: malicious, misleading, reckless or inappropriate use where Generative AI systems are used in a way which creates or amplifies a risk of harm. For example, provision of misleading advice, opacity and lack of explainability, weaponisation, fraudulent and unlawful use (scams and deepfakes), and financial market manipulation.

These risk have the potential to create legal and regulatory impacts, financial impacts and reputational impacts.

However, many of these risks are not unique to Generative AI compared with other types of AI. Rather, they are existing risks that are amplified in the context of Generative AI for the following reasons:

a. **Accuracy:** Narrow AI and Generative AI can both produce inaccurate or misleading outputs. However, the risk is significantly higher for Generative AI as:

  i. the underlying machine learning models use probabilistic algorithms; and

  ii. users can be easily misled into overestimating the accuracy and reliability of their outputs. For example, Generative AI chatbots can:

   A. present inaccurate information in an extremely plausible way. This is often referred to as 'hallucinations'; and

   B. present output of such apparent quality that it can lead to 'automation bias', which leads reviewers to pay less attention to the quality of the text. This is particularly the case for text-based responses that do not provide sources (such as ChatGPT).

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30. Adapted from Australian Institute of Company Directors, 'A Director's Introduction to AI' (Guide, 2024). See also 'AI Risk Repository', *MIT AI Risk Repository* (Web Page). MIT has broken the various risks of AI into 3 casual elements (entity, intent and timing) and 7 domains (Discrimination & Toxicity; Privacy & Security; Misinformation; Malicious actors & misuse; Human-computer interaction; Socioeconomic & environmental harms; and & AI system safety, failures and limitations).

Case Study

On 19 July 2024, a Victorian lawyer (Mr Dayal) tendered a list of authorities to the Federal Circuit and Family Court of Australia (Division 2) in a family law case. Upon returning to chambers, neither the Judge nor Her Honours' associates were able to locate the authorities listed. When questioned, Mr Dayal admitted to preparing the list of authorities using an AI-driven research tool and acknowledged that he did not verify the accuracy of the results. He further admitted that the authorities identified in the list did not exist. Mr Dayal apologised for his conduct, stated that he 'did not fully understand how the research tool worked', and acknowledged 'the need to verify AI assisted research … for accuracy and integrity'.[31] Although the Judge accepted Mr Dayal's apology and found that such conduct was unlikely to be repeated, the Judge still found it necessary to refer Mr Dayal's conduct to the Victorian Legal Services Board.[32] In making that referral, the Judge noted that guidelines produced by the Supreme Court of Victoria and the County Court of Victoria both emphasised the need for lawyers to 'exercise judgment and professional skill' in reviewing the work produced by AI.[33]

b. **Transparency/explainability:** although transparency and explainability have long been an issue with many types of AI, Generative AI is generally more complex and opaque than Narrow AI. The risks of not being able to effectively explain how a Generative AI system produces a particular output include:

   i. an inability to explain decisions to affected parties where those decisions have been made using AI. This can result in decisions that can appear arbitrary and unfair and reduce an affected party's ability to contest the decision;

   ii. difficulties in identifying errors in the output;

   iii. difficulties in anticipating situations where the AI system may produce unreliable outputs; and

   iv. difficulties in monitoring (including for issues such as bias) and debugging the AI system.

c. **Third party procurement:** although a small number of respondents are developing their own Generative AI systems in-house, or relying solely on off-the-shelf Generative AI systems, most respondents are combining in-house Generative AI solutions with third party off-the-shelf solutions. This reflects the overall trend within the Australian economy for Australian companies to develop AI systems that rely upon underlying AI models (eg Large Language Models (LLMs)) developed by international vendors – mainly OpenAI's GPT- 4 (Generative Pre-trained Transformer 4) or GPT 4-o, Google's, and Claude by Anthropic.

As recognised by several respondents, this concentration creates potential risks for the finance industry, including:

   i. the quality and appropriateness of the underlying training data used for the Australian finance industry. International AI models are unlikely to be trained on Australian specific information (especially where an AI model has been trained on datasets scraped from the internet);

   ii. a lack of control over the AI model and, in many cases, a lack of insight into what training materials were used. These risks are exacerbated where companies do not have robust third party management procedures and have limited/no insight into the operation and training of the models. ASIC has also noted the importance of ensuring there are appropriate governance arrangements in place to manage third party risk:

   'Better practices saw licensees setting the same expectations for models developed by third parties as for internally developed models.'[34]

   iii. the exacerbation of herd behaviour and market correlation if multiple organisations are using common AI models and AI systems without sufficient diversification;[35] and

   iv. the risk of creating a single point of failure due to over-concentration:[36]

   'If financial institutions become overly reliant on a small number of AI and related third-party service providers, it could create vulnerabilities due to a single point of failure. Most financial institutions will have to rely on a few external AI providers due to a lack of in-house capabilities to develop or train AI models. Similarly, there are a limited number of cloud platforms that can provide the high computing power required by AI while meeting banks' regulatory compliance requirements.'

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31. *Dayal* [2024] FedCFamC2F 1166, [8].

32. *Dayal* [2024] FedCFamC2F 1166, [20]–[22].

33. *Dayal* [2024] FedCFamC2F 1166, [15], citing Supreme Court of Victoria, *Guidelines for Litigants: Responsible Use of Artificial Intelligence in Litigation*, May 2024, item 8 and County Court of Victoria, *Guidelines for Litigants: Responsible Use of Artificial Intelligence in Litigation*, 3 July 2024, item 8.

34. Australian Securities & Investments Commission, *Beware the Gap: Governance Arrangements in the Face of AI Innovation* (Report No 798, October 2024) 31.

35. Reserve Bank of Australia, 'Financial Stability Review' (Review, September 2024) 42.

36. Reserve Bank of Australia, 'Financial Stability Review' (Review, September 2024) 42.

Having said that, the impact of Deepseek's recent announcement of an AI model that (arguably) outperforms other existing open and closed source models shows that the rate of technology advancement in Generative AI is almost exponential. Today's leading AI providers are likely to be competing in the future with nimbler and smaller start-ups that provide greater diversity in the supply chain.

Although there are a significant number of risks that may arise when deploying and using Generative AI in the finance industry, exactly what risks are relevant will depend on the specific Generative AI use case in question. The risks may also change throughout the period that the specific Generative AI is used (eg the risks identified when the AI is deployed may be different to the risks once different data sets have been used to train the data over the AI's lifecycle). The following factors will influence the potential risks that may arise:

- what data the underlying Generative AI model has been trained on (eg has it been trained on data scraped from the internet, or has it been trained on data specifically curated for that model? Has it been trained upon historical data with a cutoff date, or has it been augmented with real-time information retrieval?);

- whether the underlying AI model is a closed commercial model or is an open source model, and whether the deploying organisation has access to the AI model weights (which play a critical role in determining how the model responds) and which also provide insight into the operation of the model and how it has been trained;

- how an AI system that uses a Generative AI model operates (eg what data is inputted into the system, how does it make automated decisions, and were third party vendors involved in the ongoing operation?);

- how such an AI system is monitored and maintained over its lifecycle (eg does it perpetuate bias?); and

- how such an AI system is used (including the context in which it is deployed, and how the output is utilised).

5.2   RISK AND GOVERNANCE ARRANGEMENTS ARE KEY TO MITIGATING THESE RISKS

Directors' Duties and AI

Under section 180 of the Corporations Act 2001 (Cth), directors and officers must exercise their powers and discharge their duties with the degree of care and diligence that a reasonable person would exercise in their position.

Although ASIC has not yet pursued a director for a breach of duties in the context of AI, ASIC has noted that:

'Company directors and officers must discharge their duties with a reasonable degree of care and diligence. These duties extend to the adoption, deployment and use of AI. Directors and officers should be aware of the use of AI within their companies, the extent to which they rely on AI-generated information to discharge their duties and the reasonably foreseeable associated risks.'[37]

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37. Australian Securities & Investments Commission, *Beware the Gap: Governance Arrangements in the Face of AI Innovation* (Report No 798, October 2024) 34.

Given the multifaced nature and breadth of risks that Generative AI may pose, there is no single solution (technical or otherwise) to removing the risks of Generative AI. However, the risks of using Generative AI can be reduced and managed through the development and deployment of Generative AI in a responsible, ethical and legal manner, within an appropriate risk and governance framework.

Within the finance industry, ASIC has expressly recognised the importance of all participants who use AI (both Narrow AI and Generative AI) ensuring that their risk and governance arrangements reflect the specific risks and challenges of deploying and using AI (emphasis added):

'To fully realise..[the benefits of AI].., we must balance innovation and protection. The integrity of our financial system – and the safety of the consumers who interact with it – relies on us finding the right balance... some licensees are adopting AI more rapidly than their risk and governance arrangements are being updated to reflect the risks and challenges of AI. There is a real risk that such gaps widen as AI use accelerates and this magnifies the potential for consumer harm.... As the race to maximise the benefits of AI intensifies, it is critical that safeguards match the sophistication of the technology and how it is deployed. All entities who use AI have a responsibility to do so safely and ethically.'[38]

ASIC also observed that, without appropriate governance arrangements in place within organisations using AI, 'we risk seeing misinformation, unintended discrimination or bias, manipulation of consumer sentiment and data security and privacy failures, all of which has the potential to cause consumer harm and damage to market confidence'.[39]

Governance arrangements amongst respondents

Respondents demonstrated significantly varied maturity in relation to AI risk and governance arrangements (**AI Governance**). Of those respondents who are using Generative AI (including on a trial basis):

• the majority had implemented some form of AI Governance. There was no consistent approach to how this was done (eg some modified existing risk processes while others designed new risk frameworks for AI). However, larger respondents who have already made significant investments in AI said they had implemented specific and relatively comprehensive AI Governance frameworks that were actively monitored;

• As is to be expected, many AI Governance frameworks that have been put in place were relatively immature; and

• some respondents do not have any form of AI Governance in place. Some of these respondents were at the very beginning of their AI journey (for example, experimenting with a Microsoft Copilot Trial) while others have already implemented both Narrow AI and Generative AI use cases. Some respondents were actively considering how to implement AI Governance but were unsure where to start.

This split in approach to AI Governance is reflected by other studies. In particular, ASIC reported similar results in October 2024 that:

'The most mature licensees developed strategic, centralised AI governance approaches. The least mature licensees had not considered AI risks and governance, with no or few formal arrangements'.[40]

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38. Australian Securities & Investments Commission, *Beware the Gap: Governance Arrangements in the Face of AI Innovation* (Report No 798, October 2024) 1.
39. ASIC, 'ASIC warns governance gap could emerge in first report on AI adoption by licensees' (Media Release, 29 October 2024).
40. Australian Securities & Investments Commission, *Beware the Gap: Governance Arrangements in the Face of AI Innovation* (Report No 798, October 2024) 24.

Case Study

In line with an increased investment in AI, in 2023 one respondent developed and implemented an AI governance framework. Taking a top-down approach, the respondent implemented a multi-faceted AI governance framework, drawing heavily on the eight Australian Ethics Principles and international best practise. This included:

- implementing a company-wide AI policy supported by a multi-layered AI governance framework;

- standing up an AI council to drive AI within the organisation and to assess and decide on the implementation of higher-risk AI use cases; and

- running an organisation-wide AI uplift and training program, focusing on empowering all levels of the organisation to effectively use AI. This included a particular focus on upskilling the senior leadership team in the benefits and risks of AI.

The respondent stressed how important this process has been in assisting the organisation to identify and deploy 'good' AI use cases and mitigate the risks of higher-risk use cases (or not proceed with them).

There is a growing trend internationally that effective 'top down' AI Governance, and the associated clear AI strategy it requires, is linked to a significant jump in the rate of AI adoption. The Evident AI Index measures AI maturity in banking by ranking 50 banks around the world based on their approach to AI adoption. The 2024 Index highlighted the rapidly advancing rate of AI adoption within the banking industry, with 41 of the 50 banks improving their score. However, there is an emerging group of 'breakaway' banks, with the top 10 banks improving their AI adoption at two times the rate of other banks. This shift is primarily attributed to the top banks moving away from a 'bottom-up' approach to experimentation of use cases to a more 'top-down' prioritisation, execution, and coordination of a clearly defined AI strategy.[41]

For those organisations that do not yet have an AI Governance framework in place, neither ASIC nor the Australian Government has mandated what form of AI risk and governance management Australian organisations must follow. However, there are four primary options emerging within the Australian market for organisations to use as a base for developing their AI Governance frameworks:

Option		Description
1	**Voluntary AI Safety Standards**	Released in September 2024 by the Department of Industry, Science and Resources, the Voluntary AI Safety Standards are designed around 10 Guardrails that provide Australian organisations with practical guidance on implementing AI in a safe and responsible manner. Nine of the 10 Guardrails are aligned with the proposed Mandatory Guardrails and they have been designed to align with international standards (including ISO 42001). ASIC expressly supports the AI Safety Standards
2	**ISO/IEC 42001 - Information technology — Artificial intelligence — Management system**	Released by the international standards community, ISO 42001 provides an international (and auditable) basis for developing an AI management system. It specifies requirements and provides guidance on establishing, implementing, maintaining, and continually improving an AI management system
3	**AICD's Director's Guide to AI Governance**	Released in June 2024 by the Australian Institute of Company Directors (**AICD**) in partnership with the Human Technology Institute (**HTI**) at University of Technology Sydney, the AICD's Director's Guide is designed to assist directors and boards to implement responsible AI practices throughout their organisation
4	**NIST AI 100-1 – Artificial Intelligence Risk Management Framework (AI RMF 1.0)**	Released in January 2023 by the US Department of Commerce, AI RMF 1.0 is designed to assist organisations to manage risks and promote the trustworthy and responsible development of AI by suggesting systems to 'govern', 'map', 'measure' and 'manage' AI risks

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41. Evident, *Evident AI Index: Banks* (Key Findings Report, October 2024) 13.
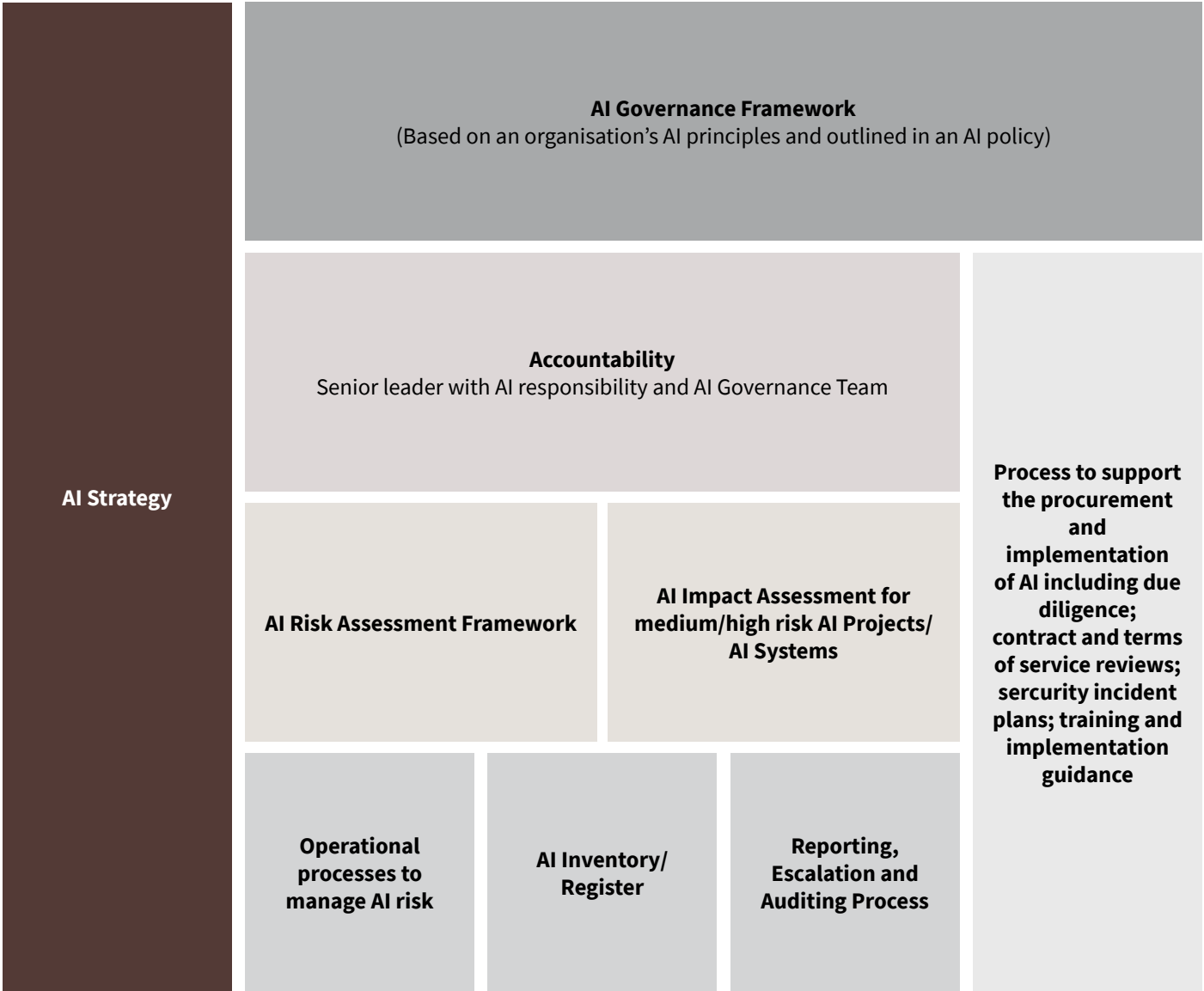
Regardless of the form that an AI Governance framework is based upon, it is important that AI Governance mechanisms be implemented before Generative AI is used in the organisation in any material way and, where an organisation is already using Narrow AI, it should be considered in light of the AI Governance framework. This is not only a matter of best practise but is expected by ASIC:

'We expect licensees to carefully consider their readiness to deploy AI safely and responsibly. Decisions that licensees make now about how they will govern their AI use will determine whether they establish solid foundations on which to deliver the expected benefits and manage risks to themselves and their customers.... AI presents novel challenges, and licensees' governance arrangements should lead their AI use as it increases and evolves.'[42]

Are AI policies alone sufficient?

No. An AI policy does not alone make an AI Governance framework. An AI policy is an important mechanism to outline how an organisation approaches AI (and to assist in educating staff). However, to be effective, AI Governance should be implemented, and monitored, throughout the organisation and across the lifecycle of the Generative AI systems deployed within an organisation.

A robust AI Governance framework comprises multiple elements that must work harmoniously together to effectively manage risk while also supporting the organisation's AI strategy. The key building blocks are shown below:

AI Strategy	AI Governance Framework (Based on an organisation's AI principles and outlined in an AI policy)		
	Accountability Senior leader with AI responsibility and AI Governance Team		Process to support the procurement and implementation of AI including due diligence; contract and terms of service reviews; sercurity incident plans; training and implementation guidance
	AI Risk Assessment Framework	AI Impact Assessment for medium/high risk AI Projects/ AI Systems	
	Operational processes to manage AI risk / AI Inventory/ Register / Reporting, Escalation and Auditing Process		

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42. Australian Securities & Investments Commission, *Beware the Gap: Governance Arrangements in the Face of AI Innovation* (Report No 798, October 2024) 6.

6. THE AUSTRALIAN AI POLICY AND REGULATORY LANDSCAPE

OVERVIEW

At present, there is no international consensus on the best approach to regulating the risks of AI. Current regulation surrounding AI is highly fragmented internationally. While the European Union AI Act is a high watermark in terms of ex-ante regulation of AI, the Trump administration's repeal of President Biden's AI Safety Executive Order demonstrates that the United States is now taking a very different approach to AI safety, at least for the term of the current administration.

The Australian Productivity Commission has flagged the increasing pressure on international governments to respond quickly and comprehensively to the need for AI regulation but noted that: *'knee-jerk approaches to regulating AI threaten to stifle uptake and squander potential benefits. While there are clearly risks from AI adoption, government should take a considered approach to regulation that also keeps the benefits of AI in view'*.[43]

There is currently an open debate in Australia as to whether there needs to be economy-wide regulatory intervention in the use of high-risk AI. This was of particular interest to respondents who raised regulatory certainty as an issue blocking their adoption of Generative AI. The Senate Select Committee on Adopting Artificial Intelligence has recently taken a view on this issue, recommending that the Australian Government introduce comprehensive, whole-of-economy legislation in its final report tabled in November 2024.[44]

ASIC has echoed its support for better regulation in Australia's AI landscape to ensure that the law adequately prevents AI-facilitated harms before they occur, noting that 'just because existing regulation can apply to AI, that doesn't mean there's nothing more to do'.[45]

6.1 CURRENT STATE OF AI REGULATION IN AUSTRALIA

Australia does not currently have economy-wide, mandatory, AI-specific regulation. However, the development and deployment of AI in Australia is already:

- informally regulated through **Australia's AI Ethics Principles and the Voluntary AI Safety Standard**; and

- formally regulated in Australia through existing technology-neutral legislation such as the Privacy Act, the Corporations Act, the Competition and Consumer Act, the Copyright Act and the vast array of finance specific regulations.

Mandatory AI Governance requirements have also been introduced both at the Federal level[46] and at State Level (including in New South Wales and Queensland).[47]

Annexure 6 sets out a non-exhaustive list of examples of current Australian legislation and regulation that likely apply to the use of Generative AI by respondents.[48] There are likely to be many others as well.

'[B]usinesses, boards, and directors shouldn't allow the international discussion around AI regulation to let them think AI isn't already regulated. Because it is.'

Joe Longo, 31 January 2024 (source)

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43. Productivity Commission (Cth), 'Senate Select Committee on Adopting Artificial Intelligence (AI): Productivity Commission submission (Submission Paper, May 2024) 5.

44. Senate Select Committee on Adopting Artificial Intelligence, Parliament of Australia, *Select Committee on Adopting Artificial Intelligence* (Report, November 2024) 46-7 [2.172].

45. ASIC, 'We're not there yet: Current regulation around AI may not be sufficient' (Speech, 31 January 2024).

46. See Department of Finance (Cth), 'Statement from Data and Digital Ministers' (Statement, 21 June 2024); and Digital Transformation Agency (Cth), 'Policy for the Responsible Use of AI in Government' (Policy Version 1.1, September 2024).

47. 'NSW Artificial Intelligence Assessment Framework', *Digital NSW* (Web Page); and Queensland Government, 'Artificial Intelligence Governance Policy' (Policy Version 1.0, September 2024).

48. These categories were set out in the OECD's recent report on the regulatory approaches to artificial intelligence in finance: OECD, Regulatory Approaches to Artificial Intelligence in Finance (OECD Artificial Intelligence Papers No 24, September 2024) 25. We also refer to Australian Securities & Investments Commission, *Beware the Gap: Governance Arrangements in the Face of AI Innovation* (Report No 798, October 2024) 34 in which ASIC highlight a number of regulatory obligations that are relevant to licensees' safe and responsible use of AI, including the general licensee obligations, consumer protection provisions and directors' duties.

As a comparison of the approaches being adopted internationally, we summarise the various approaches to AI regulation in key jurisdictions in Annexure 5.

Deep Dive: Australia' AI Ethics Principles

Released in 2019, and aligned with internationally recognised principles on ethical and responsible AI,[49] Australia's eight ethics principles are aimed at ensuring AI is safe, secure, and reliable.[50]

These principles are embedded as foundational principles across the Australian Government's formal approach to AI Governance by Government agencies (see, for example, the National Framework for the assurance of artificial intelligence in government and Policy for the responsible use of AI in government). These principles also provide important values-based guidance for the intent of regulatory design of the Proposed Mandatory Guardrails, the Voluntary AI Safety Standards and the AI Impact Navigator (designed to assist compliance with Guardrail 10 of the Safety Standards). They also form the basis of many AI governance frameworks of Australian companies.

As outlined in the flowchart below, this 'mixed' approach to regulating AI in Australia has been gradually developed over the past five years.
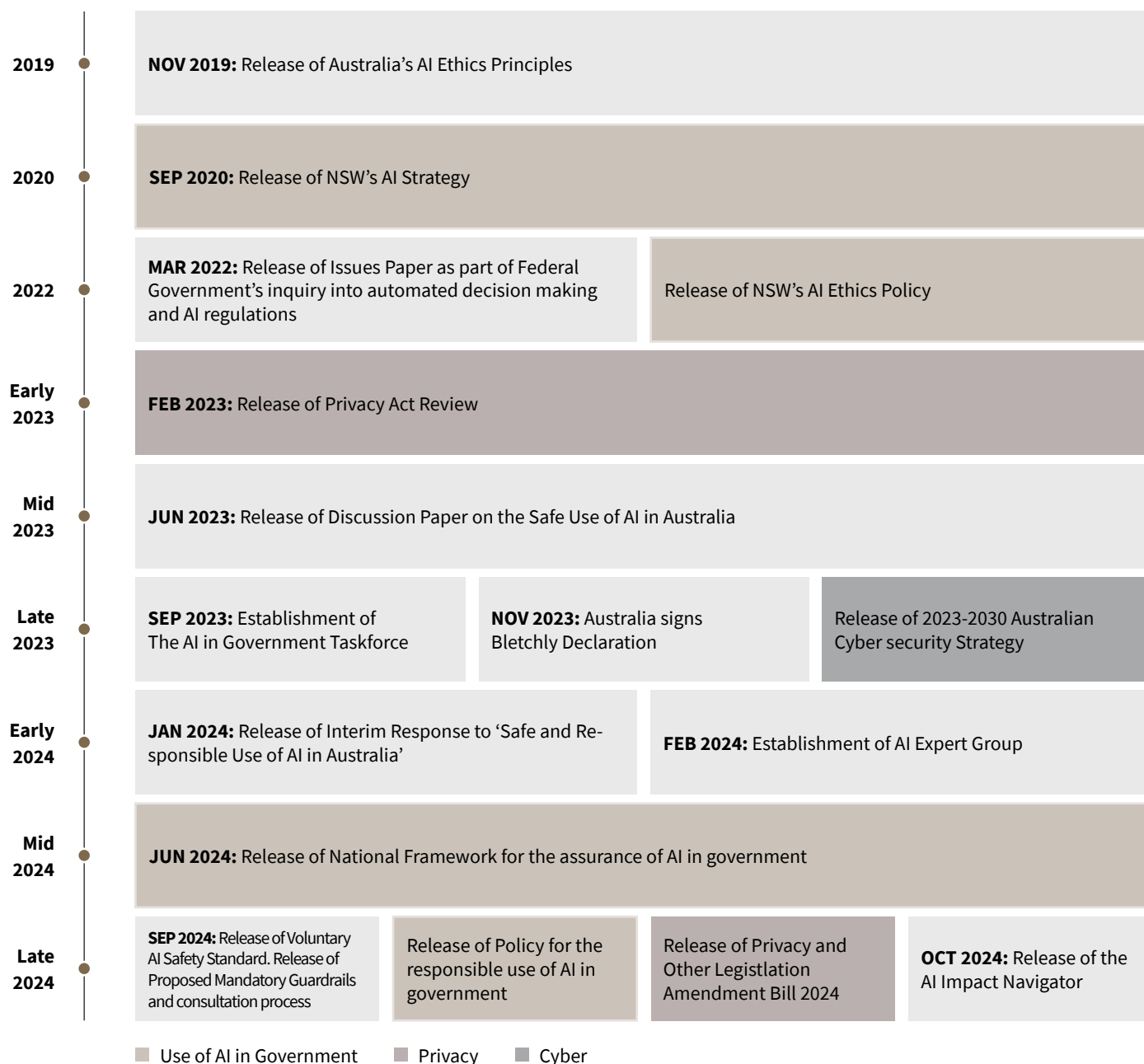

2019	**NOV 2019:** Release of Australia's AI Ethics Principles
2020	**SEP 2020:** Release of NSW's AI Strategy
2022	**MAR 2022:** Release of Issues Paper as part of Federal Government's inquiry into automated decision making and AI regulations — Release of NSW's AI Ethics Policy
Early 2023	**FEB 2023:** Release of Privacy Act Review
Mid 2023	**JUN 2023:** Release of Discussion Paper on the Safe Use of AI in Australia
Late 2023	**SEP 2023:** Establishment of The AI in Government Taskforce — **NOV 2023:** Australia signs Bletchly Declaration — Release of 2023-2030 Australian Cyber security Strategy
Early 2024	**JAN 2024:** Release of Interim Response to 'Safe and Responsible Use of AI in Australia' — **FEB 2024:** Establishment of AI Expert Group
Mid 2024	**JUN 2024:** Release of National Framework for the assurance of AI in government
Late 2024	**SEP 2024:** Release of Voluntary AI Safety Standard. Release of Proposed Mandatory Guardrails and consultation process — Release of Policy for the responsible use of AI in government — Release of Privacy and Other Legistlation Amendment Bill 2024 — **OCT 2024:** Release of the AI Impact Navigator

Legend: ▪ Use of AI in Government   ▪ Privacy   ▪ Cyber

Figure 9: AI regulation timeline

49. 'OECD AI Principles Overview', *OECD AI* (Web Page).
50. 'Australia's AI Ethics Principles', *Department of Industry, Science and Resources* (Web Page).

6.2 THE AUSTRALIAN GOVERNMENT'S PROPOSAL

In January 2024, the Australian Government concluded in its *Interim Response to Safe and Responsible AI Consultation* that '*Existing laws likely do not adequately prevent AI-facilitated harms before they occur, and more work is needed to ensure there is an adequate response to harms after they occur.*' In September 2024, the Australian Government released its Proposed Mandatory Guardrails.

The Proposed Mandatory Guardrails, if introduced, will see the mandatory imposition of 10 Guardrails on AI developers and deployers applicable to AI systems in high-risk settings. Designed to reduce the likelihood of harm occurring from the development and deployment of AI systems through the AI lifecycle, the guardrails take inspiration from a range of international approaches (including Europe's AI Act).

Despite consultations only being open for a month, over 300 submissions were made in response to the consultations on the Proposed Mandatory Guardrails.[51] As of March 2025, the status of the Proposed Mandatory Guardrails is currently under consideration by the Commonwealth Government.[52]

Additionally, in October 2024, the Australian Government commenced its *Review of AI and the Australian Consumer Law* to determine whether the technology-neutral Australian Consumer Law is suitable and appropriate for regulating AI-enabled goods and services. The Discussion Paper noted that the 'breadth of the challenges posed by AI cannot be addressed within a single legal domain' and highlighted the importance of the Australian Consumer Law as a 'framework for minimising potential AI-related consumer harms'.[53] As of January 2025, the consultation process for the Review has been completed.[54]

Current Australian Government position on AI regulatory approaches

The Commonwealth Government has yet to formally announce which regulatory option they will proceed with under these recommendations.

Under the Proposed Mandatory Guardrails, the Department of Industry, Science and Resources (**DISR**) have also put forward several regulatory options for consideration. This includes:

- taking a 'framework' approach which would introduce framework legislation, with associated amendments to existing legislation. DISR said this option '*takes advantage of the familiarity that businesses, people and regulators already have with Australia's existing regulatory regimes*', while keeping any new legislation to a limited scope for consistency; and

- introducing AI specific-legislation via a whole of economy AI-specific Act. DISR noted that limitations of this option include the potential of '*added complexity and duplicate obligations with existing legislative frameworks*', creating further regulatory coordination challenges across regulators in Australia.[55]

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51. '[Introducing Mandatory Guardrails for AI in High-Risk Settings: Proposals Paper'](#), *Department of Industry, Science and Resources* (Web Page).
52. Department of Industry, Science and Resources, [Mandatory guardrails for AI in high-risk settings: developers and deployers survey - Consult hub (Web Page)](#).
53. [Treasury (Cth), *Review of AI and Australian Consumer Law* (Discussion Paper, October 2024) 5.](#)
54. [Treasury (Cth), *Review of AI and the Australian Consumer* Law (Web Page).](#)
55. Department of Industry, Science and Resources (Cth), 'Safe and Responsible AI in Australia: Proposals Paper for Introducing [Mandatory Guardrails for AI in High-Risk Settings' (Proposals Paper, September 2024) 48.](#)

6.3   IS FURTHER AI REGULATION REQUIRED FOR THE FINANCE INDUSTRY?

All respondents to the KWM/Sapere survey that are subject to Chapter 7 of the Corporations Act raised concerns about the potential for AI-specific regulation to be imposed on the finance industry in the context of how heavily existing regulation already applies to the financial industry and its use of AI.

Much like other regulatory frameworks in Australia, the Australian financial services regime under Chapter 7 of the Corporations Act is designed to be technology-neutral and principles-based.[56]

Although ASIC has indicated its approval for mandatory guardrails in principle,[57] multiple regulators have already stated that the existing regulatory frameworks address the risks of Generative AI. For example, in a speech at the AFIA Risk Summit 2024, Australian Prudential Regulation Authority (**APRA**) executive board member, Therese McCarthy Hockey, stated:

'we believe our prudential framework already has adequate regulations in place to deal with generative AI for the time being. Our prudential standards may not specifically refer to AI but nor do they need to at the moment. They have intentionally been designed to be high-level, principles-based and technology neutral.'[58]

6.4   WHAT NOW?

As AI technology continues to develop, regulation must continue to evolve in a balanced manner to ensure protection against harm is carefully managed, while not discouraging organisations from making significant investments in AI to leverage the benefits that the technology can offer.

Whether law reform is necessary to adequately regulate AI in the financial services sector is a complex question. However, the majority of respondents to the KWM/Sapere survey were united on the following:

- **AI in the finance industry is already highly regulated**: the use of AI in the finance industry is already highly regulated (as demonstrated above) and many of the potential uses of AI are covered by existing rules and regulations that are designed to protect consumers, protect privacy and prevent discrimination.[59] Further regulation, especially economy-wide AI regulation, presents a significant risk of creating inconsistency (and competing regulatory demands) and increasing the regulatory burden on financial service industry members.

- **Principles-based regulation will impose a significant compliance burden**: principles-based regulation (as opposed to specific laws) will impose a significant compliance burden on the finance industry due to the need for individual companies to assess how the regulation will impact them and how it interacts with existing regulatory obligations. There are concerns that such regulation will disproportionality impact on the ability of AI Followers (especially those at the beginning of their AI journey and who do not have resources to fully address additional regulatory burdens) to compete with the AI Leaders.

- **Sector-specific guidance is the best approach**: rather than introducing AI-specific regulation, the Government should focus on issuing sector-specific guidance for the public and private sector relating to how AI can be used safely and responsibly. As outlined in the international jurisdiction table in Annexure 5, this approach has been successful in both Singapore and Hong Kong. This view, however, runs contrary to the views of the Senate Select Committee on Adopting Artificial Intelligence, which has recommended in its final report that the Australian Government proceed to introduce new, whole-of-economy, dedicated legislation to regulate high-risk uses of AI.[60]

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56. For the purposes of this section, references to the Australian financial services regime refer only to Chapter 7 of the Corporations Act. We have not considered any materials in relation to any Australian regulator other than ASIC for the purposes of this section, except where otherwise referred to in this section.
57. Australian Securities & Investments Commission, *Beware the Gap: Governance Arrangements in the Face of AI Innovation* (Report No 798, October 2024) 3: '[w]e support the Australian Government's Voluntary AI Safety Standard and intention to introduce mandatory guardrails ensuring testing, transparency and accountability for AI in high-risk settings.' Also see Introducing mandatory guardrails for AI in high-risk settings: Submission by the Australian Securities and Investments Commission (October 2024) 3: 'ASIC supports the introduction of ex ante regulatory measures to mandate guardrails for the use AI in high-risk settings'.
58. APRA, 'Member Therese McCarthy Hockey's Remarks to AFIA Risk Summit 2024' (Speech, 22 May 2024). The Reserve Bank of Australia's September 2024 Financial Stability Review included similar statements (see Reserve Bank of Australia, 'Financial Stability Review' (Review, September 2024) 43).
59. 'The best way to regulate AI might be not to specifically regulate AI. This is why', *Productivity Commission* (Web Page, 20 September 2024).
60. Senate Select Committee on Adopting Artificial Intelligence, *Select Committee on Adopting Artificial Intelligence (AI)* (Report, November 2024) 46-7 [2.172].

- **AI regulation should only address gaps in existing regulations**: if AI is to be specifically regulated it must only occur where there is a clearly identified harm or gap within the existing regulatory landscape. Accordingly, before the Australian Government imposes additional regulation on AI, it is imperative that a fulsome study is undertaken to determine where there is a gap in the existing regulation in relation to harms caused by AI, and only impose AI regulation to address those gaps (if any). To do otherwise would risk overregulation and a significant additional compliance burden, especially where regulation would apply to existing Narrow AI that has been in use for many years. Where possible, the Government should seek to amend or extend existing legislation to apply to AI, rather than introducing entirely new, AI-dedicated legislation. Where specific rules are required, they should be drafted in a manner that is 'technology-neutral', allowing for appropriate adaptability to the constantly evolving technology.[61]

- **Clear guidance is required on 'high-risk' uses of AI**: following the Select Committee's recommendation to introduce legislation that regulates high-risk uses of AI, clearer guidance as to what constitutes 'high-risk' uses is required. Although the Select Committee has recommended the creation of a non-exhaustive list of explicitly defined high-risk AI uses, the determination of whether a use of AI is 'high-risk' would still primarily follow a principles-based approach, leaving considerable uncertainty for users and developers.[62]

- **Balance any AI-specific regulation with innovation and investment**: the imposition of AI-specific regulation must be carefully balanced to ensure that it does not unnecessarily restrict investment and deployment by organisations and government in AI. Given the very significant benefits to the Australian economy and households that are potentially going to arise from the adoption of Generative AI by industry, the imposition of unnecessary ex-ante regulation is likely to slow the adoption of Generative AI, and reduce the scale and timing of those benefits.

61. 'The best way to regulate AI might be not to specifically regulate AI. This is why', *Productivity Commission* (Web Page, 20 September 2024).
62. Senate Select Committee on Adopting Artificial Intelligence, *Select Committee on Adopting Artificial Intelligence (AI)* (Report, November 2024) 47 [2.174].

ANNEXURE 1
ABBREVIATIONS AND GLOSSARY

Abbreviations	
AI	Artificial Intelligence (see Annexure 2)
GDP	Gross Domestic Product
OCR	Optical character recognition
ML	Machine learning
CGE	Computable general equilibrium
FTE	Full-time equivalent
AFIA	Australian Finance Industry Association

Glossary	
AI Follower	AI Followers are those participants in the finance industry who: • do not have a specific AI governance framework in place (although they may have extended or amended an existing risk management framework to address AI risks); or • are only testing or piloting one or more Generative AI solutions but have not implemented Generative AI solutions at scale in a significant way in their business.
AI Leader	AI Leaders are those participants in the finance industry who have both: • implemented a robust AI governance framework; and • implemented a significant number of Generative AI solutions at scale with more solutions in development and testing.
AI lifecycle	All events and processes that relate to an AI system's lifespan. This spans from inception to decommissioning, including its design, research, model development, training, deployment, integration, operation, maintenance, sale, use, and governance.
AI model	The raw, mathematical essence that is often the 'engine' of AI applications. Examples of AI models would include OpenAI's GPT-4o and Claude 3.5 Sonnet (or, more specifically, models known by such names as gpt-4o-2024-08-06 and claude-3-5-sonnet-20240620.)
AI system	An **AI system** is a machine-based system that, for explicit or implicit objectives, infers, from the input it receives, how to generate outputs such as predictions, content, recommendations, or decisions that can influence physical or virtual environments.[63] Different AI systems vary in their levels of autonomy and adaptiveness after deployment. For the purposes of differentiating an AI system from an AI model, the AI system is the ensemble of several components, including one or more AI models, that is designed to be particularly useful to humans in some way. Examples include products such as ChatGPT and Meta AI. See Annexure 2.
Developer	Organisations or individuals who design, build, train, adapt, or combine AI models and applications.
Deployer	Any individual or organisation that supplies or uses an AI system to provide a product or service. Deployment can be for internal purposes or used externally impacting others, such as customers or individuals.
Machine learning	Machine learning is a branch of AI that is characterised by its ability to analyse a large amount of data to classify things or to predict something without being explicitly programmed to do so. It is defined by the Australian Government as '*A mathematical construct that generates an inference or prediction based on input data or information*'.[64] It is not a single technology or application but rather a group of systems that are defined (at least in part) by the type of information used to train the model (eg labelled or unlabelled data) and the level of human involvement (eg supervised, unsupervised or semi-supervised).[65]
Narrow AI	A form of AI that focuses on machine learning models that use predetermined algorithms and rules to analyse data and make predictions, recommendations or decisions. See further at Annexure 2.

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63. This definition is used by the Australian Government and the OECD: see Department of Industry, Science and Resources (Cth), 'Safe and Responsible AI in Australia: Proposals Paper for Introducing Mandatory Guardrails for AI in High-Risk Settings' (Proposals Paper, September 2024) 8. See also OECD, *Recommendation of the Council on Artificial Intelligence* (OECD/LEGAL/0449, adopted 22 May 2019) and the OECD, E*xplanatory Memorandum on the Updated OECD Definition of an AI System* (OECD Artificial Intelligence Papers No 8, March 2024).

64. https://storage.googleapis.com/converlens-au-industry/industry/p/prj2f6f02ebfe6a8190c7bdc/page/proposals_paper_for_introducing_mandatory_guardrails_for_ai_in_high_risk_settings.pdf

65. More information about Machine Leaning and these subcategories can be found here: Sara Brown, 'Machine Learning, Explained' *MIT Sloan* (Web Page, 21 April 2021).

ANNEXURE 2
WHAT IS AI?

Despite AI being coined as a term in the 1950s, there is no internationally agreed definition of AI. For the purposes of this report, we adopt the definition used by the Australian Government[66] and the OECD:[67]

In looking at how the finance industry is using AI, it is important to distinguish between the use of 'Narrow AI' (also called 'Traditional AI' or 'Predictive AI') and 'Generative AI'. Both types of AI use machine learning combined with big data but have different objectives. They are explained in the table below:

An AI system is a machine-based system that, for explicit or implicit objectives, infers, from the input it receives, how to generate outputs such as predictions, content, recommendations, or decisions that can influence physical or virtual environments. Different AI systems vary in their levels of autonomy and adaptiveness after deployment.

	Narrow AI	Generative AI
Summary	Narrow AI focuses on machine learning models that use predetermined algorithms and rules to analyse data and make predictions, recommendations or decisions.	Generative AI focuses on machine learning models, particularly neural networks, to create new content (including text, code, images, sounds and videos) based on the data contained in its training datasets.
Objective	Predictions, recommendations, or decisions based on algorithms or training data.	Generating original content, most often from natural language prompts (text or audio).
Key Benefits	Better accuracy than Generative AI. Algorithmic based Narrow AI is more explainable.	Generation of new content. Creative.
Data Source	Often relies on an organisation's existing datasets but can be trained on external data.	Generally, primarily relies on external third party datasets used to train the underlying AI model (for example OpenAI's GPT 4-o). Increasingly likely to be supplemented by an organisation's existing datasets through processes such as Retrieval Augmented Generation (**RAG**).
Key Limitations	Typically provides a 'point' solution for a particular use case, and can't be used more generally or for solving novel scenarios.	Outputs are probabilistic and are not reliably accurate (the 'hallucination' issue). The way in which the model arrives at a particular output is not easily explainable. Risk of inaccurate, biased or discriminatory outputs given large volume of training data that will usually include a scrape of the internet.
	Note: The outputs of Narrow AI and Generative AI may be influenced by multiple factors such as the quality and quantity of training data, suitability of algorithms, model assumptions and how it is used.	
Common examples	Traditional fraud detection tools; weather forecasting; IBM Watson (healthcare); streaming platform recommendation algorithms (eg used by Netflix and Amazon); sales forecasting tools like Salesforce Einstein and SAP Analytics Cloud.	OpenAI's ChatGPT; Microsoft's Co-Pilot; Meta's Llama; GitHub's Co-Pilot; Anthropic's Claude; Google Gemini.

Source: Summary by KWM

It is also important to distinguish between general purpose Generative AI and purpose-built Generative AI:

- **General Purpose Generative AI:** These are Generative AI systems that are designed to be versatile in their application and can be used for a variety of tasks depending on the needs of the user.

- **Purpose-built Generative AI:** These are Generative AI systems that are designed for a specific purpose. For example, GitHub Copilot is an AI-powered code completion tool developed by GitHub in collaboration with OpenAI. Designed specifically for coding, it assists developers by suggesting code snippets, functions, and entire blocks of code as they write (effectively acting as a virtual pair programmer).

OpenAI's ChatGPT is general-purpose conversational AI that is designed for generating human-like text responses across a wide range of topics. It can be used to answer questions, to power chatbots, generate images, create content and more. Similarly, Microsoft's Copilot is designed to enhance productivity across the Microsoft 365 suite (including Microsoft 365 apps such as Microsoft Word, Microsoft Excel, Microsoft PowerPoint, Microsoft Outlook and Microsoft Teams) and can be used to create content, format documents, transcribe calls, translate, summarise emails, draft documents, prepare presentations and more.

66. Department of Industry, Science and Resources (Cth), 'Safe and Responsible AI in Australia: Proposals Paper for Introducing Mandatory Guardrails for AI in High-Risk Settings' (Proposals Paper, September 2024) 8.
67. OECD, *Recommendation of the Council on Artificial Intelligence* (OECD/LEGAL/0449, adopted 22 May 2019).
68. 'GitHub Copilot', *Github* (Web Page).

ANNEXURE 3
REVIEW METHODOLOGY

REVIEW METHODOLOGY

Between July and October 2024, KWM and Sapere surveyed and interviewed a number of participants in the finance industry (including banks and non-bank lenders, finance companies, fintechs, providers of vehicle and equipment finance, car rental and fleet providers, and other service providers in the finance industry). Participants were asked questions including:

• How is your organisation currently using AI systems and how do you intend to use AI systems within the next two years?

• Is your organisation using Generative AI?

• What are the key benefits of AI for your various business functions?

• How are you approaching the development of AI systems?

• What are the biggest challenges to developing and deploying AI systems within your organisation?

• What are the current cost savings and revenue impacts of AI to your organisation? What do you expect the future savings and impacts to be?

THE CGE MODEL

A computable general equilibrium (**CGE**) model is a sophisticated economic tool that helps explain how changes in one part of the economy can affect the entire economic system. That is, it is like a complex economic simulator that uses real-world data to create a virtual representation of an economy. It is designed to show how different parts of the economy interact with each other, including businesses, households, and the government. The model takes into account various factors such as prices, production, consumption, and trade. It can be thought of as a highly detailed economic game; where you can change certain rules or conditions and see how the entire system responds.

In this case we have used the Qaive General Equilibrium model (**QGEM**). It is a multi-region, multi-sector model that captures interactions between economies, markets, and industries, focusing on the flow of goods, services, and factors of production across regions and sectors.

QGEM is highly flexible and can be used to assess a wide range of policy interventions, including:

• trade policies (eg tariff changes, trade agreements)

• environmental policies (eg carbon taxes, emission trading schemes)

• fiscal policies (eg subsidies, taxes)

• structural reforms (eg changes in labour market regulations).

The model provides detailed results on sectoral output, trade flows, factor prices, and welfare impacts across regions, making it useful for both global and regional policy analysis.

QGEM is built based on well-known and accepted functional forms, combined with parameters and data that constitutes an approximation to the working structure of the global economy. The construction of QGEM draws initially on the GTAP7 model for the key structural definition,[69] which has been further enhanced as described below.

a. Multi-Regional and Multi-Sectoral Structure

QGEM divides the global economy into multiple regions (typically countries or groups of countries) and sectors (eg agriculture, manufacturing, services, etc). Each region produces and consumes a variety of goods and services, which are exchanged both domestically and internationally. Trade flows between regions are captured, allowing for the analysis of the effects of trade policies, such as tariffs and quotas.

QGEM is based on the most recent iteration of the Global Trade Analysis Project (**GTAP**) database, now in the 11th version with a base of 65 production sectors and 160 international regions, including 141 separately identified countries.

QGEM further extends the GTAP database by not only permitting highly flexible aggregations of the underlying 65 sectors and 160 regions, but also allowing for both custom disaggregation of sectors as required, and for disaggregation to include sub-national detail as required, including to structures such as state and territories, local government areas and commonwealth electoral divisions.

b. Input-Output Linkages

The model incorporates input-output linkages between sectors, meaning that each sector not only produces commodities but also consumes inputs from other sectors. For example, manufacturing may require agricultural products, energy, and services as inputs.

These linkages allow the model to capture the indirect effects of changes in one sector on others through supply chain relationships. Consequently, a change in one sector (eg a tariff reduction in agriculture) affects all other sectors and regions through changes in relative prices and income adjustments.

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69. See 'Global Trade Analysis Project', *Global Trade Analysis Project* (Web Page).

c. Factor Markets

Primary factors of production (such as labour, capital, land and the natural resource) are specified to have a range of mobility possibilities and supply assumptions, with prices (such as wages and rents) used to clear factor markets on a period-by-period basis.

Endowments are region-specific, with the model allowing for changes to endowments over time depending on the endowment and the specification of the modelling exercise. Notably, capital stocks vary from period to period based on depreciation and investment rates, while labour is determined by demographic inputs in the baseline and a comparative labour supply elasticity in policy simulations.

d. Representation of Trade

QGEM adopts the 'Armington assumption', which differentiates products by their region of origin. This assumption means that products are imperfect substitutes based on where they are produced (eg wheat from Australia is considered different from wheat from Canada), with the strength of this assumption varying from product to product.

Adopting this assumption allows for more realistic modelling of trade patterns and responses to policy changes, avoiding simple corner solutions.

The model also explicitly incorporates trade and transport margins, representing the costs of moving goods between regions. These costs are crucial for understanding the true impact of trade policies and infrastructure changes on global trade patterns.

e. Consumer Preferences, Government and Savings

QGEM includes the representation of households and governments by implementing a regional consumer agent and a regional government agent. Total factor income is allocated across the regional household, the regional government and savings according to a Cobb-Douglas specification.

Private demand is determined through a utility-maximising behaviour framework subject to a 'constant difference of elasticities' function. The government agent again is represented as a utility maximising agent, subject to a 'constant elasticity of substitution' function.

The model calculates changes in welfare (eg equivalent variation) based on changes in consumption, income, and prices, allowing for the assessment of the distributional effects of policies across households and regions as required.

ECONOMIC MODELLING

While investments into Generative AI are generally projected to be linear, the benefits that industry expect to extract from Generative AI adoption are not likely to be linear, growing faster as Australian finance businesses move up the adoption curve.

The potential financial benefits to the finance industry from the progressive adoption of Generative AI have been explored through a range of bottom-up estimates informed by the following research reports:

- Microsoft and Tech Council of Australia (2023), *Australia's Generative AI opportunity*

- McKinsey & Company (2023), *The economic potential of generative AI: The next productivity frontier*

- Citi (2024), *AI in Finance: Bot, Bank & Beyond*

Considering the feedback directly from AFIA members, and triangulating forecast impacts by the Tech Council of Australia and McKinsey, we have developed three scenarios regarding the direct productivity savings able to be generated through the adoption of Generative AI.

To understand the broader impact of these direct benefits, we modelled the economy-wide implications using a CGE model (as described in Annexure 3).

a. Timing and scale of savings from the adoption of Generative AI

The estimated savings are projected to be modest through to 2030, consistent with industry forecaster IBISWorld, who expects we will not see significant shifts in the use of labour in the short term. Wages will stay relatively flat and employment declining only modestly from 2025-2026 (see Figure 10 below). While not explicitly clear, presumably, these statistics have some preconceptions of technology use embedded in it, including Generative AI adoption.
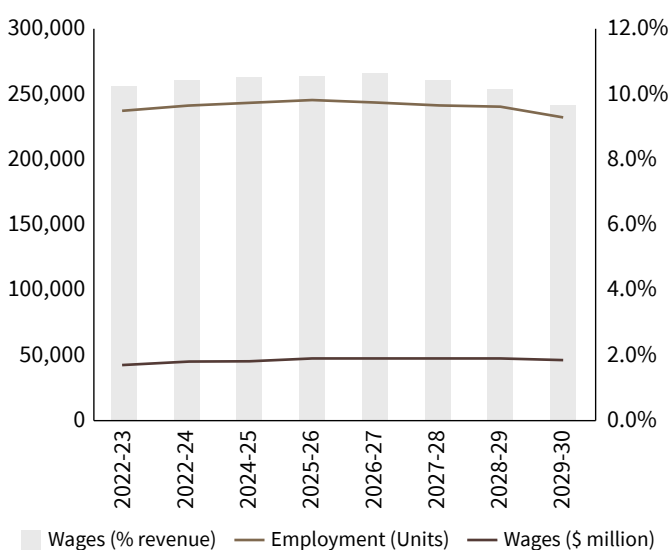
Figure 10: Current projections for wages and employment in the Australian finance industry (2023-24 to 2029-30)

Source: IBISWorld (2024, pp.77-78)

b. The finance industry's investment in Generative AI is projected to increase the industry's revenue

The modelling (see Figure 11 below) demonstrates that, in net present value (**NPV**) terms,[70] the finance industry's investment in Generative AI is projected to increase the finance industry's revenue by a cumulative total of $15.9 billion from 2025 to 2035 under the medium adoption scenario. The low adoption scenario would result in an increase in revenue of $12.2 billion, while the high adoption scenario would see a revenue increase of $19 billion (as cumulative totals).
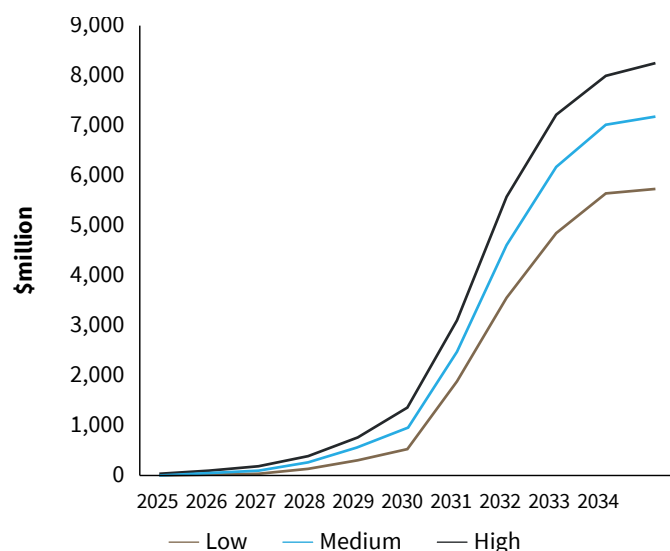

Figure 11: Changes in finance industry output under different Generative AI adoption scenarios over 2025-2035 (NPV, $2024)

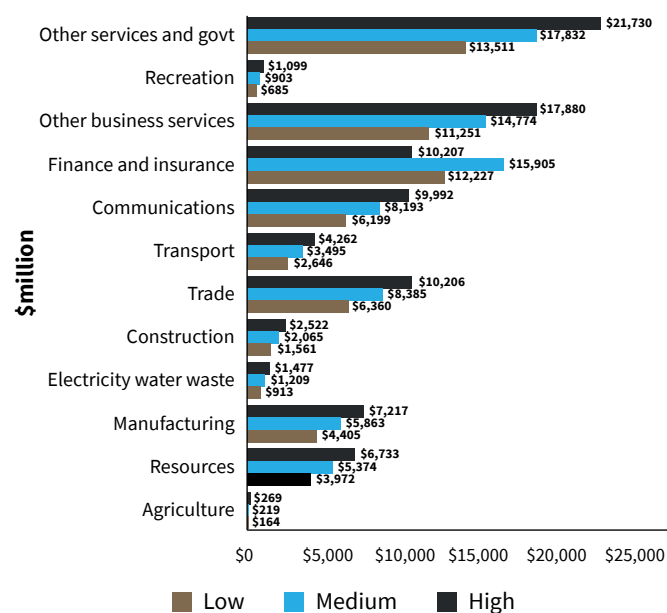The impact will cascade to other industries as shown in Figure 12 below over the same period.

Figure 12: Changes in industry output under different Generative AI adoption scenarios over 2025-2035 (NPV, $2024)

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70. Using a 7% discount rate.

c. The major savings will primarily be from a reduction in wages and employment

The major savings from adopting Generative AI will be in employment as Generative AI tools unlock capacity for employees to focus on greater value-add activities.[71] There will also be some additional employment in the finance industry to allow for developing and supporting these Generative AI tools.

In net terms, as shown in Figure 13 below, we are likely to see average employment across the economy grow by an average of 8,445 FTE jobs per annum under the low adoption scenario, an average of 11,077 FTE jobs per annum under the medium adoption scenario, and an average of 13,430 FTE jobs under the high adoption scenario. By 2035, we will see an additional net employment of 23,257 FTE jobs (low adoption scenario), 29,619 FTE jobs (medium adoption scenario) and 35,061 FTE jobs (high adoption scenario).
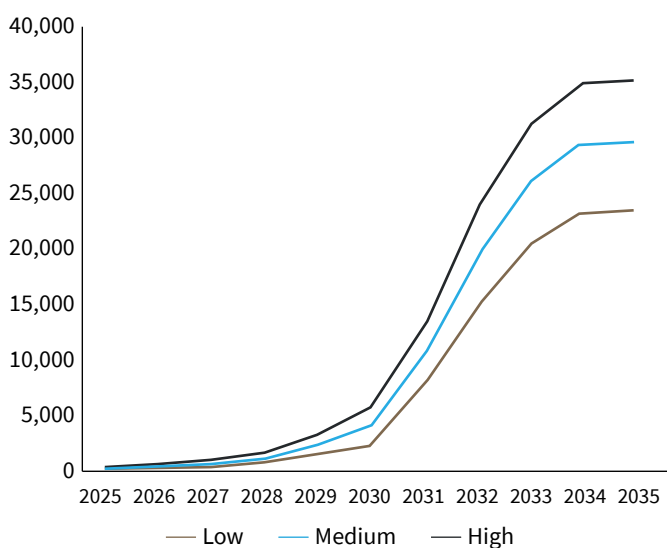
Figure 13: Changes in industry employment under different Generative AI adoption scenarios over 2025-2035 (average FTE per year)

d. The changes in the finance industry's value add to the Australian economy will be significant

The impact of the finance industry's adoption of Generative AI will be felt in terms of the value add generated, which collectively sum to gross domestic product (GDP). As shown in Figure 14 below, over the period 2025-2035, in NPV terms, the finance industry's adoption of Generative AI is projected to cumulatively add $37.2 billion to GDP (low adoption scenario), $48.9 billion (medium adoption scenario) and $59.5 billion (high adoption scenario).
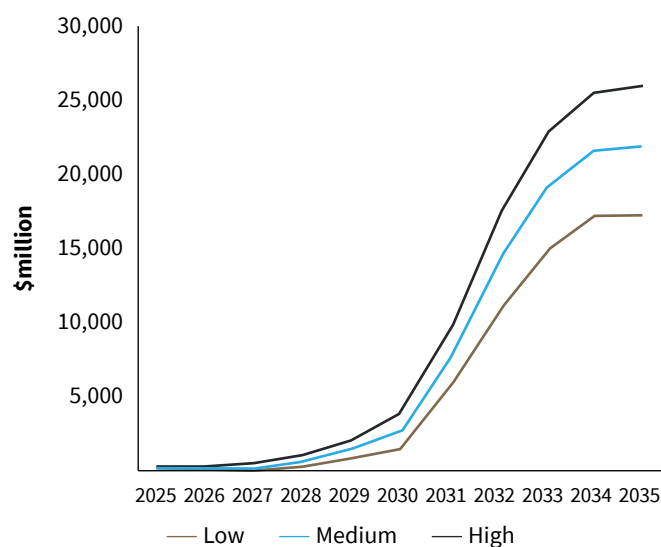

Figure 14: Changes in industry value add under different Generative AI adoption scenarios over 2025-2035 (NPV, $2024)

This increase in GDP would represent an increase, between $544 (low Generative AI adoption scenario) and $814 (high Generative AI adoption scenario) per capita annually in additional GDP in 2035.

e. This adoption would also contribute to a significant increase in household consumption

Household consumption is often seen as a more accurate measure of household welfare than income measures because it directly reflects the goods and services that households consume, which are the ultimate sources of utility. As shown in Figure 15 below, in NPV terms, over the period 2025-35, the finance industry's adoption of Generative AI is projected to cumulatively increase household consumption by $26.8 billion (low adoption scenario), $35.2 billion (medium adoption scenario) and $42.7 billion (high adoption scenario).
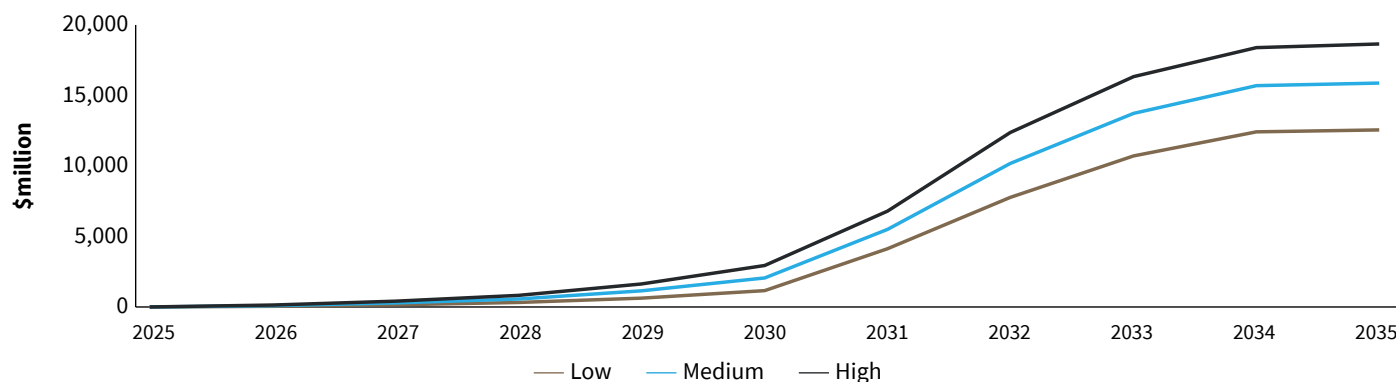

Figure 15: Changes in household consumption under different Generative AI adoption scenarios over 2025-2035 (NPV, $2024)

71. 'Latitude Financial CEO Bob Belan: A new year ahead for AI', *The Australian* (Web Page, 13 December 2024).

ANNEXURE 5
INTERNATIONAL COMPARISON

Summary of international regulatory AI landscape	
Europe* **(The AI Act)**	**Regulatory Approach:** Horizontal (cross-sectoral), risk-based legislation imposing prescriptive obligations on providers, deployers, importers and distributors of AI systems to be used or deployed in Europe. **More Detail:** Depending on the level of risk posed by an AI system, the AI Act imposes prescriptive obligations (ranging from bans for unacceptable risk AI systems to transparency obligations for limited-risk AI systems) on the providers, deployers, importers and distributors of AI systems (including specific obligations on General Purpose AI (**GPAI**) such as ChatGPT).
Singapore	**Regulatory Approach:** Government led voluntary principles and frameworks. **More Detail:** Singapore introduced a voluntary Model AI Governance Framework for the private sector (released 2019 and updated 2020) and a Model AI Governance AI for Generative AI.[74] This is complemented by AI Verify (a governance testing framework and toolkit for AI). This is supported by the National AI Intelligence 2.0 (first introduced 2019 and updated 2023). Additionally, in October 2024, the Cyber Security Agency of Singapore has released Guidelines and Companion Guide on Securing AI Systems.[75]
Hong Kong	**Regulatory Approach:** Vertical (sector specific and regulator/government led) principles-based guidance. **More Detail:** There is no overarching regulation governing AI – rather the focus is on existing legislation and regulator guidance. The Government has released an Ethical Artificial Intelligence Framework[79] and the '*Policy Statement on Responsible Application of Artificial Intelligence in the Financial Markets*'.[80] The Office of the Privacy Commissioner for Personal Data has published its '*Artificial Intelligence: Model Personal Data Protection Framework*'.[81]
UK*	**Regulatory Approach:** Vertical (sector specific and regulator led) principles-based guidance and regulation of AI within the relevant regulators' mandate. **More Detail:** Dubbed a 'pro-innovation' approach, the UK has proposed an approach that focuses on empowering existing regulators to take responsibility for AI in their sectors, to issue guidance and regulate the use of AI within their mandates. The UK has not announced that it proposes to adopt new AI specific legislation, to introduce a new regulator for AI or to adopt an AI specific liability regime.

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74. Singapore Digital, *Model Artificial Governance Framework* (Framework 2nd ed, 21 January 2020); AI Verify Foundation and IMDA, *Model AI Governance Framework for Generative AI: Fostering a Trusted Ecosystem* (Framework, 30 May 2024).

75. Cyber Security Agency of Singapore, *Guidelines and Companion Guide on Securing AI Systems* (Web Page).

79. 'Ethical Artificial Intelligence Framework', *Digital Policy Office* (Web Page).

80. Financial Services and the Treasury Bureau, *Policy Statement on Responsible Application of Artificial Intelligence in the Financial Market* (Policy Statement, 28 October 2024).

81. Office of the Privacy Commissioner for Personal Data (Hong Kong), *Artificial Intelligence: Model Personal Data Protection Framework* (Framework, June 2024).

Status	Approach to AI regulation by the finance industry
Mandatory - AI Act entered into force on 1 August 2024 with progressive implementation across the next 6 years. Companies involved with AI systems in (or that are intended to be used in) Europe must comply or risk significant penalties (up to €40m or 7% of turnover). The new Product Liability Directive came into force on 8 December 2024.[72]	The AI Act applies directly for financial service entities. However, there are only two high-risk AI systems that are expressed in the Act that are specific to the finance industry:[73] • AI systems intended to be used to evaluate the creditworthiness of natural persons or establishing their credit score with the exception of AI systems used for the purpose of detecting financial fraud; and • AI systems intended to be used for risk assessment and pricing in relation to natural persons in the case of life and health insurance. The AI Act expressly notes that existing union financial services law will continue to apply to financial services products.
Voluntary	The Monetary Authority of Singapore (**MAS**) has: • issued foundational principles for the use of AI in the financial products and services via the 'Principles to Promote Fairness, Ethics, Accountability and Transparency (FEAT) in the Use of Artificial Intelligence and Data Analytics in Singapore's Financial Sector';[76] and • launched the Veritas Initiative to enable financial institutions to evaluate their AIDA-driven solutions against FEAT principles.[77] This is supported by Veritas Toolkit v2.[78]
Voluntary	As of October 2024, the Government expects financial institutions to formulate an AI governance strategy; adopt a risk-based approach to the procurement, use and management of AI systems; and implement human oversight.[82] The Government and financial regulators will also work closely to provide a clear supervisory framework. The financial regulators, including the Hong Kong Monetary Authority have issued multiple guidance notes (including the foundational 'High-level Principles on Artificial Intelligence').[83]
Voluntary	The Financial Conduct Authority, the Prudential Regulation Authority and the Bank of England have published strategic approaches to AI that support the pro-innovation approach – stressing that they adopt a technology-agnostic approach to the supervision and regulation of AI/ML[84]. The Bank of England has recently launched an AI Consortium as a platform for public-private engagement to gather input from stakeholders on the capabilities, development and use of AI in UK financial services.[85]

72. European Commission, EU adapts product liability rules to digital age and circular economy (Web Page). The AI Product Liability Directive covers products like software, AI systems and product-related digital services.

73. Annex III, cl 5(b) and (c). Recital 58 provides '…AI systems used to evaluate the credit score or creditworthiness of natural persons should be classified as high-risk AI systems, since they determine those persons' access to financial resources or essential services such as housing, electricity, and telecommunication services. AI systems used for those purposes may lead to discrimination between persons or groups and may perpetuate historical patterns of discrimination, such as that based on racial or ethnic origins, gender, disabilities, age or sexual orientation, or may create new forms of discriminatory impacts. However, AI systems provided for by Union law for the purpose of detecting fraud in the offering of financial services and for prudential purposes to calculate credit institutions' and insurance undertakings' capital requirements should not be considered to be high-risk under this Regulation. Moreover, AI systems intended to be used for risk assessment and pricing in relation to natural persons for health and life insurance can also have a significant impact on persons' livelihood and if not duly designed, developed and used, can infringe their fundamental rights and can lead to serious consequences for people's life and health, including financial exclusion and discrimination.'

76. Monetary Authority of Singapore, Principles to Promote Fairness, Ethics, Accountability and Transparency (FEAT) in the Use of Artificial Intelligence and Data Analytics in Singapore's Financial Sector (Document, 7 February 2019).

77. 'Veritas Initiative', Monetary Authority of Singapore (Web Page, 26 October 2023).

78. 'veritas-toolkit (veritas-toolkit)', GitHub (Web Page).

82. Financial Services and the Treasury Bureau, Policy Statement on Responsible Application of Artificial Intelligence in the Financial Market (Policy Statement, 28 October 2024).

83. Hong Kong Monetary Authority, High-Level Principles on Artificial Intelligence (Correspondence B1/15C, B9/29C, 1 November 2019). See also, for example, Hong Kong Monetary Authority, Consumer Protection in Respect of Use of Big Data Analytics and Artificial Intelligence by Authorized Institutions (Correspondence B1/15C, B9/67C, 5 November 2019).

84. 'The Bank and the PRA's Response to DSIT/HMT: Update on Our Approach to AI', Bank of England (Web Page, 22 April 2024); Financial Conduct Authority, AI Update (Report, 22 April 2024).

85. 'Artificial Intelligence Consortium', Bank of England (Web Page).

Summary of international regulatory AI landscape	
US*	**Regulatory Approach:** Highly fragmented. The current federal approach is focused on vertical (sector specific and federal agency focused) principles-based guidance of AI. In contrast, a number of States have passed (or are currently debating) AI-specific regulation. **Federal Detail:** President Biden's (now-repealed) executive order 'Safe, Secure, and Trustworthy Artificial Intelligence' (**EO**) established a set of federal regulatory principles and priorities that directed the US Federal Government to safe use of AI and encouraged private entities to do the same. In response to the EO, the Department of Treasury issued '*Managing Artificial Intelligence-Specific Cybersecurity Risks in the Financial Services Sector*'.[86] The EO was revoked by the Trump administration on the basis it may be inconsistent with, or present obstacles to, the policy of the US to sustain and enhance America's global AI dominance in order to promote human flourishing, economic competitiveness, and national security.[87] **State Detail:** Utah has enacted disclosure requirements on entities using Generative AI tools with customers.[88] California also moved swiftly and has very robust protections.[89] Colorado's AI Act (which goes into effect in February 2026) imposes duties on developers and deployers of high risk AI systems.[90] Some jurisdictions, including California, Virginia and Texas, have or will allow residents to opt out of fully automated decision-making or profiling based on automated decisions.
Canada	**Regulatory Approach:** The federal approach is horizontal (cross-sectional), and outcome based. However, the province of Ontario has introduced sector-specific regulations. **Federal Detail:** Innovation, Science and Economic Development Canada has introduced the Voluntary Code of Conduct on the Responsible Development and Management of Advanced Generative AI Systems as a stopgap measure. The Code of Conduct requires developers and managers of advanced generative AI systems who voluntarily undertake to comply with the Code of Conduct to commit to ensuring accountability, safety, fairness and equity, transparency, human oversight and monitoring, and the validity and robustness of their AI systems. **Provincial Detail:** Ontario has recently passed legislation requiring employers making public job postings to disclose whether AI will be used in the hiring process.[93]

*The United Kingdom, European Commission and the USA have also signed the Framework Convention on Artificial Intelligence and Human Rights, Democracy and the Rule of Law which sets outs a risk-based approach to AI and primarily applies to public authorities. It will require signatories to take measures (including legislative measures) to effect to its terms. The AI Convention will come into will come into force after 5 states, including 3 Council of Europe states, have ratified the treaty.

86. Department of Treasury (US), 'Managing Artificial Intelligence-Specific Cybersecurity Risks in the Financial Services Sector' (Report, March 2024).
87. See January 23, 2025 Executive Order, 'Removing Barriers to American Leadership in Artificial Intelligence'.
88. See Senate Bill 149: Utah Artificial Intelligence Policy Act.
89. For example, see Senate Bill 942: California AI Transparency Act; Assembly Bill 2013: Generative AI: Training Data Transparency Act; Senate Bill 896: Generative Artificial Intelligence Accountability Act; and Assembly Bill 3030: Health care services: artificial intelligence.
90. See Senate Bill 24-205: Colorado Artificial Intelligence Act.
93. See Bill 194, Strengthening Cyber Security and Building Trust in the Public Sector Act, 2024.

Status	Approach to AI regulation by the finance industry
Federal: On 20 January 2025, the Trump administration revoked the EO.[91] **State:** Mandatory in some States.	As stated by the US Treasury Department, '*financial regulatory agencies generally do not issue regulations or guidance on specific technologies, but instead address the importance of effective risk management, governance, and controls regarding the use of technology, including AI, and the business activities that those technologies support*'.[92] Finance industry participants located in the States that have enacted AI laws may be subject to those laws (but they do not apply specifically to the finance industry).
Federal: Currently voluntary **Provincial:** Mandatory in Ontario	In a report published on 24 September 2024, the Office of the Superintendent of Financial Institutions (**OSFI**) and the Financial Consumer Agency of Canada (**FCAC**) stated that they aim to take a dynamic and proactive approach to AI regulation as the risk environment evolves. The OSFI and the FCAC noted that financial institutions are requesting further clarity and consistency in AI regulations and that many financial institutions are currently waiting for pending AI regulations and guidelines such as the AIDA and the OSFI E-23 – Enterprise-Wide Model Risk Management Guideline to come into force before committing to AI-related actions.[94]

91. Initial Rescissions Of Harmful Executive Orders And Actions – The White House (Web Page).
92. Department of Treasury (US), 'Managing Artificial Intelligence-Specific Cybersecurity Risks in the Financial Services Sector' (Report, March 2024) 21.
94. Office of the Superintendent of Financial Institutions, 'OSFI-FCAC Risk Report: AI Uses and Risks at Federally Regulated Financial Institutions' (Report, 24 September 2024).

AUSTRALIAN LEGISLATION AND REGULATION THAT LIKELY APPLIES TO GENERATIVE AI IN FINANCIAL SERVICES

General Australian laws and standards relevant to risks associated with the use of artificial intelligence in financial services	
Risk management, including model risk management	• APRA Prudential Standard - 3PS 221 Aggregate Risk Exposures[95] • APRA Prudential Standard – 3PS 222 Intra-group Transaction and Exposures[96] • APRA Prudential Standard – APS 220 Credit Risk Management[97] • APRA Prudential Standard – APS 221 Large Exposures[98] • APRA Prudential Standard – APS 222 Associations with Related Entities[99] • APRA Prudential Standard – CPS 220 Risk Management[100] • APRA Prudential Standard – CPS 230 Operational Risk Management (from July 2025)[101] • *Corporations Act 2001* (Cth)
Data protection/ privacy	• *Privacy Act 1988* (Cth) • *Competition and Consumer Act 2010* (Cth)[102]
Investor/ Consumer protection	• APRA Prudential Standard – APS 910 Financial Claims Scheme[103] • *Australian Security and Investments Act 2001* (Cth) • *Competition and Consumer Act 2010* (Cth) • *Corporations Act 2001* (Cth) • *National Consumer Credit Protection Act 2009* (Cth) • State and Territory Fair Trading Acts[104] • The Australian Consumer Law[105]
Disclosure	• APRA Prudential Standard – 3PS 310 Audit and Related Matters[106] • APRA Prudential Standard – APS 330 Public Disclosure[107] • *Corporations Act 2001* (Cth) • *Corporations Regulations 2001* (Cth)
Cyber-risk	• APRA Prudential Standard – CPS 234 Information Security[108] • *Privacy Act 1988* (Cth) • *Security of Critical Infrastructure Act 2018* (Cth) • *Corporations Act 2001* (Cth) • *National Consumer Credit Protection Act 2009* (Cth)

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95. [Banking, Insurance and Life Insurance (Prudential Standard) Determination No 2 of 2016: Prudential Standard 3PS 221 Aggregate Risk Exposures.](#)
96. [Banking, Insurance and Life Insurance (Prudential Standard) Determination No 3 of 2016: Prudential Standard 3PS 222 Intra-group Transactions and Exposures.](#)
97. [Banking (Prudential Standard) Determination No 14 of 2022: Prudential Standard APS 220 Credit Risk Management.](#)
98. [Banking (Prudential Standard) Determination No 15 of 2022: Prudential Standard APS 221 Large Exposures.](#)
99. [Banking (Prudential Standard) Determination No 7 of 2020: Prudential Standard APS 222 Associations with Related Entities.](#)
100. [Banking, Insurance, Life Insurance and Health Insurance (Prudential Standard) Determination No 1 of 2019: Prudential Standard CPS 220 Risk Management.](#)
101. [Banking, Insurance, Life Insurance, Health Insurance and Superannuation (Prudential Standard) Determination No 2 of 2023: Prudential Standard CPS 230 Operational Risk Management.](#)
102. See Part IVD Division 5, which provides privacy safeguards in relation to CDR data as part of the Consumer Data Right under this Act.
103. [Banking (Prudential Standard) Determination No 4 of 2023: Prudential Standard APS 910 Financial Claims Scheme.](#)
104. *Fair Trading (Australian Consumer Law) Act 1992* (ACT); *Fair Trading Act 1987* (NSW); *Consumer Affairs and Fair Trading Act 1990* (NT); *Fair Trading Act 1989* (QLD); *Fair Trading Act 1987* (SA); *Australian Consumer Law (Tasmania) Act 2010* (TAS); *Australian Consumer Law and Fair Trading Act 2012* (VIC); *Fair Trading Act 2010* (WA).
105. Schedule 2 of the *Competition and Consumer Act 2010* (Cth).
106. [Banking, Insurance and Life Insurance (Prudential Standard) Determination No 4 of 2016: Prudential Standard 3PS 310 Audit and Related Matters.](#)
107. [Banking (Prudential Standard) Determination No 1 of 2023: Prudential Standard APS 330 Public Disclosure.](#)
108. [Banking, Insurance, Life Insurance, Health Insurance and Superannuation (Prudential Standard) Determination No 1 of 2018: Prudential Standard CPS 234 Information Security.](#)

General Australian laws and standards relevant to risks associated with the use of artificial intelligence in financial services	
Governance (including Director's Duties)	• *Anti-Money Laundering and Counter Terrorism Financing Act 2006* (Cth) • APRA Prudential Standard – CPS 220 Risk Management[109] • APRA Prudential Standard – CPS 510 Governance[110] • *Australian Prudential Regulation Authority Act 1998* (Cth) • *Australian Securities and Investments Commission Act 2001* (Cth) • *Corporations Act 2001* (Cth) • *Financial Accountability Regime Act 2023* (Cth) • *National Consumer Credit Protection Act 2009* (Cth) • *Superannuation Industry (Supervision) Act 1993* (Cth)
Outsourcing/ third party risk	• *Anti Money Laundering and Counter Terrorism Financing Rules Instrument 2007 (No. 1)* • APRA Prudential Standard - CPS 231 Outsourcing[111] • APRA Prudential Standard – CPS 230 Operational Risk Management (from July 2025)[112] • *ASIC Market Integrity Rules (Futures Markets) 2017*[113] • *ASIC Market Integrity Rules (Securities Markets) 2017*[114] • *Corporations Act 2001* (Cth) • *National Consumer Credit Protection Act 2009* (Cth)
ICT management	• *ASIC Market Integrity Rules (Futures Markets) 2017*[115] • *ASIC Market Integrity Rules (Securities Markets) 2017*[116] • *Corporations Act 2001* (Cth)[117]
Market integrity/ market conduct	• APRA Prudential Standard – APS 116 Capital Adequacy: Market Risk[118] • APRA Prudential Standard – APS 210 Liquidity[119] • *ASIC Derivative Transaction Rules (Reporting and Clearing) Amendment Instrument 2024/416* • *ASIC Derivative Transaction Rules (Reporting) 2024* • *ASIC Market Integrity Rules (Capital) 2021*[120] • *ASIC Market Integrity Rules (Futures Markets) 2017*[121] • *ASIC Market Integrity Rules (Securities Markets) 2017*[122] • *Australian Securities and Investments Commission Act 2001* (Cth) • *Banking Act 1959* (Cth)

109. Banking, Insurance, Life Insurance and Health Insurance (Prudential Standard) Determination No 1 of 2019: Prudential Standard CPS 220 Risk Management.
110. Banking, Insurance, Life Insurance and Health Insurance (Prudential Standard) Determination No 1 of 2023: Prudential Standard CPS 510 Governance.
111. Banking, Insurance and Life Insurance (Prudential Standard) Determination No 6 of 2016: Prudential Standard CPS 231 Outsourcing.
112. Banking, Insurance, Life Insurance, Health Insurance and Superannuation (Prudential Standard) Determination No 2 of 2023: Prudential Standard CPS 230 Operational Risk Management.
113. ASIC Market Integrity Rules (Futures Markets) 2017.
114. ASIC Market Integrity Rules (Securities Markets) 2017.
115. ASIC Market Integrity Rules (Futures Markets) 2017.
116. ASIC Market Integrity Rules (Securities Markets) 2017.
117. See, inter alia, ss 912A(1)(ca), 912A(1)(d) and 912A(1)(h).
118. Banking (Prudential Standard) Determination No 9 of 2022: Prudential Standard APS 116 Capital Adequacy: Market Risk.
119. Banking (Prudential Standard) Determination No 13 of 2022: Prudential Standard APS 210 Liquidity.
120. ASIC Market Integrity Rules (Capital) 2021.
121. ASIC Market Integrity Rules (Futures Markets) 2017.
122. ASIC Market Integrity Rules (Securities Markets) 2017.

General Australian laws and standards relevant to risks associated with the use of artificial intelligence in financial services	
Prudential	• *Australian Prudential Regulation Authority Act 1998* (Cth) • *Banking Act 1959* (Cth) • *Bankruptcy Act 1966* (Cth) • *Insurance Act 1973* (Cth) • *Life Insurance Act 1995* (Cth) • *Superannuation Industry (Supervision) Act 1993* (Cth)
Operational resilience	• APRA Prudential Standard – CPS 190 Recovery and Exit Planning[123] • APRA Prudential Standard – CPS 230 Operational Risk Management (from July 2025)[124] • APRA Prudential Standard – CPS 900 Resolution Planning[125] • APRA Prudential Standard – SPS 232 Business Continuity Management[126] • *Corporations Act 2001* (Cth) • *Banking Act 1959* (Cth)
Incident reporting/ Liability	• *Anti-Money Laundering and Counter Terrorism Financing Act 2006* (Cth) • *Security of Critical Infrastructure Act 2018* (Cth) • *Corporations Act 2001* (Cth) • *National Consumer Credit Protection Act 2009* (Cth) • *Privacy Act 1988* (Cth)[127]
Competition	• *Australian Securities and Investments Commission Act 2001* (Cth) • *Competition and Consumer Act 2010* (Cth) • *Foreign Acquisitions and Takeovers Act 1975* (Cth) • The Australian Consumer Law[128]
Bias and Discrimination	• *Age Discrimination Act 2004* (Cth) • *State and Territory Discrimination laws*[129] • *Disability Discrimination Act 1992* (Cth) • *Racial Discrimination Act 1975* (Cth) • *Sex Discrimination Act 1984* (Cth)
Copyright	• *Copyright Act 1968* (Cth) • *Patents Act 1990* (Cth)

123. Banking, Insurance, Life Insurance, Health Insurance and Superannuation (Prudential Standard) Determination No 1 of 2023: Prudential Standard CPS 190 Recovery and Exit Planning.

124. Banking, Insurance, Life Insurance, Health Insurance and Superannuation (Prudential Standard) Determination No 2 of 2023: Prudential Standard CPS 230 Operational Risk Management.

125. Banking, Insurance, Life Insurance, Health Insurance and Superannuation (Prudential Standard) Determination No 4 of 2023: Prudential Standard CPS 900 Resolution Planning.

126. Superannuation (Prudential Standard) Determination No 4 of 2012: Prudential Standard SPS 232 Business Continuity Management.

127. Part IIIC outlines a notifiable data breach regime for eligible data.

128. Schedule 2 of the Competition and Consumer Act 2010 (Cth).

129. See, eg, A*nti-Discrimination Act 1977* (NSW)*, the Equal Opportunity Act 2010* (Vic)*, Equal Opportunity Act 1984* (WA)*, Anti-Discrimination Act 1998* (Tas), *Equal Opportunity Act 1984* (SA)*, Anti-Discrimination Act 1991* (Qld)*, Anti-Discrimination Act 1992* (NT) and *Discrimination Act 1991* (ACT).

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