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Technology

SOURCE:

European Central Bank

ECB: Opinion on the Simplification of Harmonised Rules on Artificial Intelligence

- The ECB issued **Opinion** regarding the European Commission's proposal to **simplify the implementation of harmonised rules on artificial intelligence** under the EU Artificial Intelligence Act. The proposal forms part of the "**Digital Omnibus on AI**" initiative and aims to streamline the practical application of Regulation (EU) 2024/1689 while supporting innovation and competitiveness within the EU internal market.
- The ECB broadly **welcomes the objective of simplifying the regulatory framework** for artificial intelligence while maintaining high standards of protection for health, safety and fundamental rights. **From a financial supervision perspective**, the ECB notes that **credit institutions increasingly rely on both high-risk and general-purpose AI systems**, making a clear and efficient regulatory framework essential for ensuring compliance with both the AI Act and EU banking legislation. The ECB also highlights the importance of regulatory innovation pathways, such as controlled testing environments, which allow banks to experiment with AI solutions while enabling supervisors to assess risks related to operational resilience, model risk and data governance.
- A central theme of the opinion concerns **the delineation of institutional responsibilities**.

The ECB clarifies that tasks such as conformity assessments, enforcement and breach identification under the AI Act fall within the remit of market surveillance authorities rather than prudential supervisors. Nevertheless, the ECB emphasises the need for structured cooperation between these authorities and banking supervisors, given the potential overlap between AI regulation and existing financial services legislation.

- To improve supervisory coordination, **the ECB recommends establishing an explicit legal basis for reciprocal information sharing** between the ECB, national banking supervisors and market surveillance authorities. Such mechanisms would help avoid duplicative reporting requirements for credit institutions and support consistent supervision of AI-related risks.
- The opinion also addresses **the classification of AI systems in financial services**. The ECB proposes clarifying that generalised linear models, such as linear and logistic regression used in credit scoring, **should generally not be treated as high-risk AI systems** due to their transparency and established use in banking risk management. This clarification would reduce unnecessary compliance burdens while maintaining proportional oversight.

