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Technology

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[Bank for International Settlements](#)

BIS: In Data We Trust? Emerging Policy and Supervisory Approaches to AI Data Use in Financial Services

- The paper provides a **comprehensive overview** of how regulators and supervisors are **addressing data-related risks arising from the growing use of artificial intelligence (AI), particularly generative AI (gen AI)**, in financial services. AI is **increasingly embedded in core financial activities** such as credit underwriting, payments and insurance: its effectiveness depends heavily on large, diverse datasets used across the **AI lifecycle** - from model training to deployment and monitoring.
- Consequently, **data management has become a critical determinant** of both operational performance and financial system stability. However, longstanding issues - such as fragmented data architectures, inconsistent data quality and siloed systems - remain significant barriers to AI adoption and are amplified by gen AI's scale and complexity.
- The paper identifies **four key regulatory themes** shaping supervisory approaches: data privacy, data quality, data security and data governance. **Data privacy** frameworks emphasise lawful processing, consent, purpose limitation and individuals' control over personal data, but these principles are difficult to operationalise in AI systems that rely on vast and sometimes opaque datasets. **Data quality** is equally critical, as inaccurate or biased data can lead to unreliable or discriminatory outcomes. **Data security** risks - such as cyberattacks, data breaches and model manipulation -

are heightened by increased reliance on third-party providers and cloud infrastructure. Overarching these areas, robust **data governance** is essential to ensure accountability, transparency and compliance throughout the AI lifecycle.

- **Supervisory responses largely build on existing frameworks** rather than introducing entirely new rules. Authorities rely on cross-sectoral data protection regimes and established financial standards (eg risk data aggregation, model risk management and operational resilience). **Current approaches are often non-prescriptive**, using guidance, thematic reviews and best-practice sharing. While early convergence is emerging across jurisdictions, supervisory expectations remain uneven.
- The paper highlights **several unresolved challenges**, including tensions between AI capabilities and data protection requirements, limited transparency in third-party data supply chains and regulatory fragmentation across jurisdictions. To address these issues, it recommends **more tailored supervisory guidance on data governance, enhanced oversight of third-party dependencies and stronger coordination between financial and data protection authorities**. Ultimately, the objective is to support AI-driven innovation while safeguarding consumer protection, operational resilience and financial stability.

