CBA accelerates AI deployment amid regulatory and board scrutiny

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Commonwealth Bank CEO Matt Comyn said its directors and regulators are closely scrutinising the widening deployment of artificial intelligence, as the bank attempts to get on the front foot to ensure it can realise the benefits of the emerging technology while avoiding privacy pitfalls.

CBA is using AI across a broad range of areas, from fraud detection to targeting what products to sell to customers, and Mr Comyn said developing AI skills is a "huge priority" as the financial services industry is reshaped by data analytics.
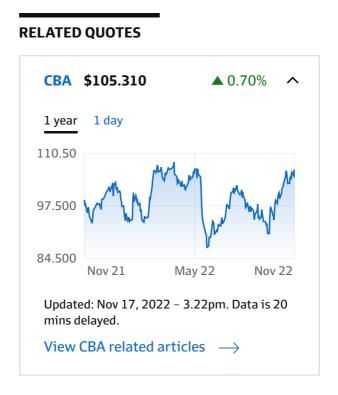

CBA chief executive Matt Comyn: "Nobody likes the thought of unsupervised models making a whole range of different decisions." **Louise Kennerley**

A year ago, CBA led a $134 million investment into artificial intelligence platform H20.ai [https://www.afr.com/technology/cba-aims-to-be-ai-superpower-with-us100m-tech-plunge-20211105-p596bx], which hosted an event at CBA in Sydney on Monday to showcase its capabilities. CBA is using around 450 machine learning models,

which use big customer data sets to make decisions, and has around 1000 staff using AI tools provided by H20.ai.

Although Australia lacks a specific regulatory framework for artificial intelligence, Mr Comyn said CBA is working with governments and regulators to ensure AI can be adopted and trusted by customers.

"There is an enormous amount of interest, as you would expect, both from directors on the board of the Commonwealth bank, and other stakeholders including regulators, and that is a focus and priority for the team," he said.

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110.50

97.500

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Issues being scrutinised by regulators, including the Australian Prudential Regulation Authority [https://www.afr.com/link/follow-20180101-p5br12], include "how [AI] models are supervised, how we manage for a whole range of things to ensure there is explainability, no bias, and that we understand drift," Mr Comyn said. (Drift refers to the potential for machine learning models to decay over time.)

CBA uses AI in its 'customer service hub' to inform conversations with customers, including when to offer new products, retail deals, such as cheap fuel, and access to government benefits.

The dirty secret of AI is it fails more often that it succeeds in the real world

— Ed Santow, UTS

It uses AI in 'know your customer' (KYC) processes, to identify scams, and to manage fraud, where it has found AI models are 25 per cent more effective than

traditional technology.

The technology is also being developed to measure carbon emissions in households and businesses, and for customer credit assessments.

At the same event, former Human Rights Commissioner Ed Santow [https://www.afr.com/link/follow-20180101-h1cej1], now a professor of responsible technology at the University of Technology Sydney (UTS), said companies developing AI must "have deep knowledge that expands beyond the technical, to understand legal, ethical and social implications – which is quite a big task".

"The dirty secret of AI is it fails more often than it succeeds in the real world, and we need to upskill, so we can engage with it more effectively," he said.

Mr Comyn said recent company hacking had heightened focus on data security and privacy, but "there are certainly ways that can be done very safely to deliver high-quality service and measurable improvements in outcomes".

"Nobody likes the thought of unsupervised models making a whole range of different decisions," he said. "We have to be very prudent and thoughtful about exactly how we deploy models and, as you would expect, there are a lot of framework and policies and frameworks inside a large financial institution to make sure that is really well managed."

The European Union and United States are considering specific AI laws; the EU's Artificial Intelligence Act [https://www.afr.com/link/follow-20180101-h1anyy] is set to come into force next year.

Professor Santow said while there are gaps in Australian law – including privacy, where legal principles were created 40 years ago before the potential for AI was understood – he urged regulators to better enforce existing law to ensure companies are meeting their obligations.

"The law does apply – it needs to be applied," he said. "It is just as unlawful to discriminate against someone using an abacus and a human making a decision, as it is using the most sophisticated form of neutral network, or anything in between."