



12 October 2021

Chairman Bill Foster and Ranking Member Anthony Gonzalez  
Task Force on Artificial Intelligence  
Committee on Financial Services  
House of Representatives  
Washington, DC

Dear Chairman Foster, Ranking Member Gonzalez, and Members of the Task Force on Artificial Intelligence

We write to you regarding the hearing on “Beyond I, Robot: Ethics, Artificial Intelligence, and the Digital Age,” to express our support for the work of the AI Task Force, and to urge you to move quickly to establish baseline standards in the financial services sector for AI to safeguard democratic values.<sup>1</sup>

The Center for AI and Digital Policy (CAIDP) agrees with the finding in the staff memo that “there is growing concern over the extent to which AI’s effects are fully known or understood when a system is implemented.”<sup>2</sup> Earlier this year, CAIDP submitted detailed comments to US financial agencies regarding the use of AI.<sup>3</sup> We emphasized that “financial institutions should be required to maintain AI systems that are transparent, provable, explainable, verifiable, and subject to third party auditing. A consumer of a financial service that is based on an AI-derived output should have the opportunity to meaningfully contest an adverse decision.”<sup>4</sup>

For example, in the realm of credit assessment, CAIDP identified a potential risk with the use of third-party AI techniques for loan applications and credit approval systems, including violations of the Equal Credit Opportunity Act (ECOA), the Fair Housing Act, and other federal statutes. We suggested “a solution to this could be a contractual clause in the service level agreement which obliges the third-party provider or developer to provide timely transparency reports with regards to the data sets and the parameters.”<sup>5</sup> CAIDP also proposed a strict human oversight process. We pointed to the OECD AI Principles,<sup>6</sup> which the United States endorsed in 2019, which state specifically:

- AI systems should be designed in a way that respects the rule of law, human rights, democratic values and diversity, and they should include appropriate safeguards – for example, enabling human intervention where necessary – to ensure a fair and just society.

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<sup>1</sup> *Beyond I, Robot: Ethics, Artificial Intelligence, and the Digital Age*, Task Force on Artificial Intelligence, Oct. 13, 2021, <https://financialservices.house.gov/calendar/eventsingle.aspx?EventID=408495>

<sup>2</sup> *Committee Memorandum from FSC Majority Staff*, at 1, Oct. 7, 2021, <https://financialservices.house.gov/uploadedfiles/hhrg-117-ba00-20211013-sd002.pdf>

<sup>3</sup> *CAIDP Statement to US Financial Agencies on Use of AI by Financial Institutions* (June 30, 2021), <https://www.caidp.org/app/download/8330222863/CAIDP-OCC-June2021.pdf>

<sup>4</sup> *Id.* at 2.

<sup>5</sup> *Id.* at 4.

<sup>6</sup> *Id.* at 6.



- AI systems must function in a robust, secure and safe way throughout their lifetimes, and potential risks should be continually assessed and managed.

There are additional considerations for the use of AI in the financial services sector. These include: (1) historical biases in financial data, (2) societal biases in credit scoring, (3) the black box nature of credit scoring systems, (4) the lack of regulation of data brokers, and (5) data breaches and identity theft.<sup>7</sup>

### **Artificial Intelligence and Democratic Values**

CAIDP’s recommendations for the regulation of AI in the financial services sector arose in the context of the extensive survey of national AI policies and practices in 30 countries we conducted in 2020.<sup>8</sup> CAIDP made several recommendations in the report *Artificial Intelligence and Democratic Values* that are relevant to the Task Force’s consideration of AI in the financial services sector:

- Countries must establish national policies for AI that implement democratic values
- Countries must ensure public participation in AI policymaking and also create robust mechanisms for independent oversight of AI systems
- Countries must guarantee fairness, accountability, and transparency in all AI systems
- Countries must commit to these principles in the development, procurement, and implementation of AI systems for public services

### **Universal Guidelines for AI**

The CAIDP also agrees that there need to be clear principles for the ethical use of AI. Several years ago, working with computer scientists and human rights advocates, scientific societies, and legal experts, we developed the *Universal Guidelines for AI*.<sup>9</sup> Our aim was to outline a set of basic principles for the use of Artificial Intelligence. As we wrote “The rise of AI decision-making implicates fundamental rights of fairness, accountability, and transparency. Modern data analysis produces significant outcomes that have real life consequences for people in employment, housing, credit, commerce, and criminal sentencing.” We said that the primary responsibility for AI systems must reside with those institutions that fund, develop, and deploy these systems.

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<sup>7</sup> See, e.g., Charlton McIlwain, *AI has exacerbated racial bias in housing. Could it help eliminate it instead?*, Technology Review (Oct. 20, 2020), <https://www.technologyreview.com/2020/10/20/1009452/ai-has-exacerbated-racial-bias-in-housing-could-it-help-eliminate-it-instead/>; Will Douglas Heaven, *Bias isn’t the only problem with credit scores—and no, AI can’t help*, Technology Review (June 17, 2021), <https://www.technologyreview.com/2021/06/17/1026519/racial-bias-noisy-data-credit-scores-mortgage-loans-fairness-machine-learning/>; Abi Tyas Tungall, *The 57 Biggest Data Breaches in History (Updated for 2021)*, Upguard (Sept. 9, 2021), <https://www.upguard.com/blog/biggest-data-breaches>

<sup>8</sup> *Artificial Intelligence and Democratic Values* (CAIDP 2020), <https://www.caidp.org/aisci-2020/>.

<sup>9</sup> The Public Voice, *Universal Guidelines for Artificial Intelligence*, <https://thepublicvoice.org/ai-universal-guidelines/>



The Universal Guidelines for AI included a dozen principles, from obligations for fairness and accuracy to actual prohibitions on such practices as secret profiling and the Chinese social credit score, which we referred to as “unitary scoring” to make clear the unique problem of a government issued score that would impact the rights and opportunities of citizens.

More than 300 leading experts, 60 organizations – including the AAAS, the ACM, and the IEEE – in more than 40 countries endorsed the Universal Guidelines for AI. The UGAI has provided the foundation for recommendations to national governments and international organizations developing AI strategies. We are especially pleased to see concrete proposals to prohibit social scoring in such recent policy initiatives as the AI Act of the European Union and the UNESCO Recommendation on the Ethics of AI.

We hope that the recommendations contained in the Universal Guidelines will be considered by the Task Force on AI as work on AI policy goes forward.

**“Everyone Should be Treated Fairly”**

Dr. Eric Lander and Dr. Alondra Nelson wrote recently, “Powerful technologies should be required to respect our democratic values and abide by the central tenet that everyone should be treated fairly. Codifying these ideas can help ensure that.”<sup>10</sup> The President’s science advisors are correct. We urge the AI Task Force to begin the work of codifying democratic values for AI in our nation’s law.

Thank you for your consideration of our views. We ask that this statement be entered into the hearing record.

Marc Rotenberg  
CAIDP President

Lorraine Kisselburgh, PhD  
CAIDP Board Member  
ACM TPC Inaugural Chair

Karine Caunes, PhD  
CAIDP Global Program Director

Merve Hickok  
CAIDP Chair  
AI Ethicist

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<sup>10</sup> Eric Lander and Alondra Nelson, *Americans Need a Bill of Rights for an AI-Powered World*, Wired (Oct. 8, 2021), <https://www.wired.com/story/opinion-bill-of-rights-artificial-intelligence/>