

AI regulation in the UK, EU and rest of the world

VinciWorks

The webinar will begin soon

**The webinar is being recorded and
you will receive the recording after
the webinar**

VinciWorks



Nick Henderson-Mayo
Director of Learning and Content
VinciWorks



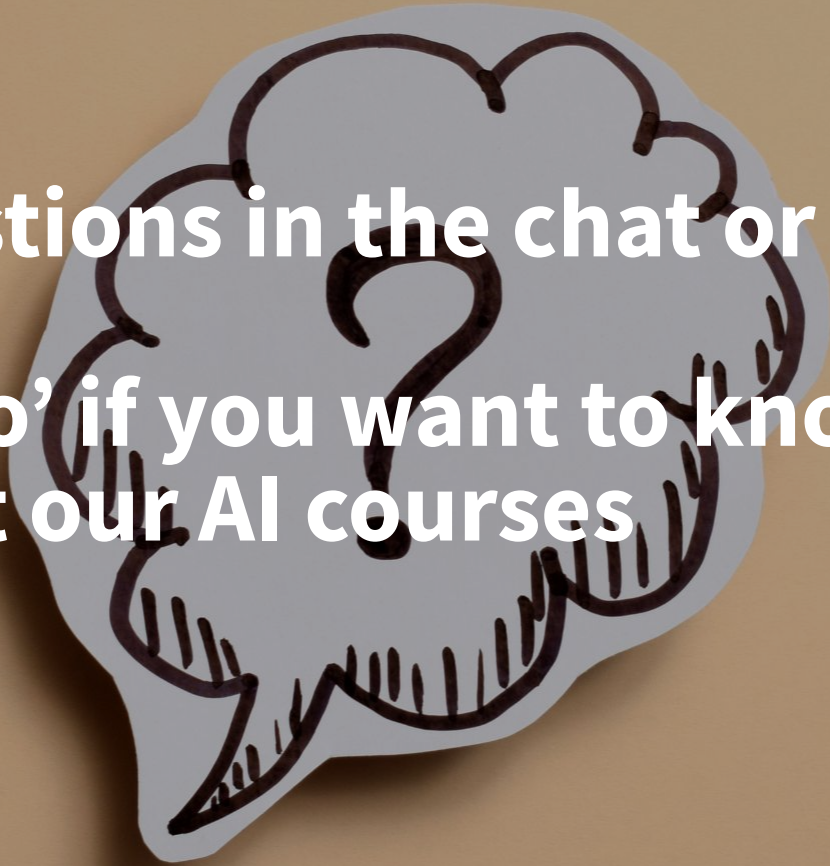
Shmuli Goldberg
Chief Marketing Officer and
Chief AI Evangelist
VinciWorks



Katherine Holt
AI Regulation and Legislation Expert
VinciWorks

Ask us questions in the chat or Q&A

**Write 'demo' if you want to know
more about our AI courses**



VinciWorks

The AI regulatory world today

- New EU AI Act in force - fines of up to €35 million
- US developments at the state and federal level
- Countries like China, Canada, Brazil, Japan and Australia also bringing in AI regulations

A nighttime photograph of the Houses of Parliament and Big Ben in London, illuminated against a dark sky. The River Thames is visible in the foreground. The text "What happened to the UK's AI Act?" is overlaid in white, bold, sans-serif font across the center of the image.

What happened to the UK's AI Act?

VinciWorks

No AI Act in the King's Speech

- Labour had been discussing AI regulation pre-election
- Similar plan to EU AI Act
- Developers required to take reasonable steps to prevent deepfakes
- Ban the use of deepfake content creation
- Sponsored by Dept. of Science, Innovation and Technology who are already sponsoring 2 King's Speech bills

Other relevant bills

- AI Bill was pushed out to make room for other laws
- Digital Information and Smart Data Bill
- Resurrects some of the UK GDPR changes dropped before the election
- Bill on cyber security coming too
- AI legislation could be brought back at any time, it is ready to publish

AI regulation - is it needed?



VinciWorks

The AI inflection point

- Evolved significantly over the last 10 years
- Started with cowboys and renegades
- New systems built without safeguards
- Now regulation is coming
- Next 10 years of AI is about:
 - Legal
 - Ethics
 - Compliance

The compliance risk if AI goes wrong

- Finance worker at a multi-national company tricked into sending £20m to fraudsters due to AI
- Phishing email sent to HK branch and scammers convinced them to join a video call
- But the CFO and others were all AI deepfakes
- Worker had suspicions after the email, but the call convinced them

AI fines under GDPR

- Spain fined tradeshow organisers €200,000 for imposing AI facial recognition
- Forced to upload an ID to gain access
- First UK fine against CRDNN fined £500,000 for using AI to make 19m marketing calls
- Royal Mail fined for using AI tool called Eloqua which didn't know how to stop sending emails to those who opted out

A hand-drawn brain made of crumpled black paper is the central focus. Blue circuit-like lines radiate from the brain, ending in small blue circles. On the right side, a hand with red-painted nails is holding a blue pen, appearing to draw or interact with the circuit lines. The background is a solid, muted brown color.

Poll 1:

Are you using any AI tools in your workplace?

VinciWorks

A hand with red nail polish holds a blue pen, pointing towards a crumpled piece of black paper that is shaped like a brain. The background is a solid light brown color. Several blue lines with circular endpoints are scattered around the brain, resembling a circuit board or neural network diagram.

Does this reflect your experience?

Tell us more about your answer in the chat

VinciWorks

What will a UK AI Act contain?

- Deepfakes banned
- Kitemark-style scheme to inform users if they are talking to an AI or human
- Possibly an independent regulator similar to the ICO
- Will AI become a licensed industry like nuclear or medicine?
- Currently only a voluntary agreement with developers and gov from Nov. 2023



Poll 2:

Do you think the UK's approach to AI regulation will help or hinder your adoption of AI?

VinciWorks

Download our guide to AI and Compliance.

Link in the chat now.



VinciWorks

What can AI tools do?

- Machine learning can detect anomalies, refine data and improve analytics
- Employ 'fuzzy' logic to reduce false positive matches
- Useful for due diligence and client verification
- AI can enhance CDD and KYC
- Greater range of customer data to be used and relied upon for due diligence

AI and fraud detection

- AI use in anti-money laundering and fraud
- Very useful in transaction monitoring and improve accuracy
- Can analyse customer transaction behaviour and make predictions
- Use NLP to interpret human-like language from unstructured sources

NLP and AI

- NLP and AI can better detect risk, scan for red flags and identify irregularities and issues
- AI can save time and labour
- Can tackle huge amounts of data to improve decision making and analysis
- AI - and the right tools - can offer a strategic edge



**Write 'Omnitrack' to know more
about our AI-enabled workflows**

**Write 'demo' if you want to know
more about our AI courses**

VinciWorks

Poll 3:

Are you affected by the EU's AI Act?

VinciWorks



**Download our guide to the EU's AI Act -
link in the chat now**

VinciWorks

The EU's AI Act

- Risk-based approach to AI regulation
- Four classes of AI risk
- Obligations on both providers and users of AI tools
- Some AI tools banned entirely
- Specific obligations on high risk AI systems
- Including documented testing, transparency and notification duties

AI Act risk levels

- Unacceptable risk - threat to people and banned
- Cognitive or behavioural manipulation banned
- Can't classify people on socio-economic status or via personality traits or facial recognition
- Can't use AI for subliminal techniques or predictive policing
- Bans use of AI in untargeted internet or CCTV scraping for database building
- Some exceptions for law enforcement

Other levels of risk

- Limited risk AI systems include ChatGPT and chatbots
- Subject to some transparency obligations
- Users must be informed they are interacting with AI systems, marking synthetic audio, video, text and images
- Low risk AI systems have minimal obligations, but companies must allow informed decisions

Will the EU AI Act help or hinder?

- Fierce debate over AI legislation
- Tension between protecting consumers and hampering innovation
- French President Macron against over-regulation
- European Commission think the act will create 'legal certainty' and enhance innovation

EU AI Act applications

- Similar to GDPR, AI Act involved regulators across 27 countries
- New experts will have to be hired and legal challenges are likely
- GDPR has been criticised for uneven enforcement
- AI Act could suffer a similar fate
- Each member state is to designate national supervisory authorities

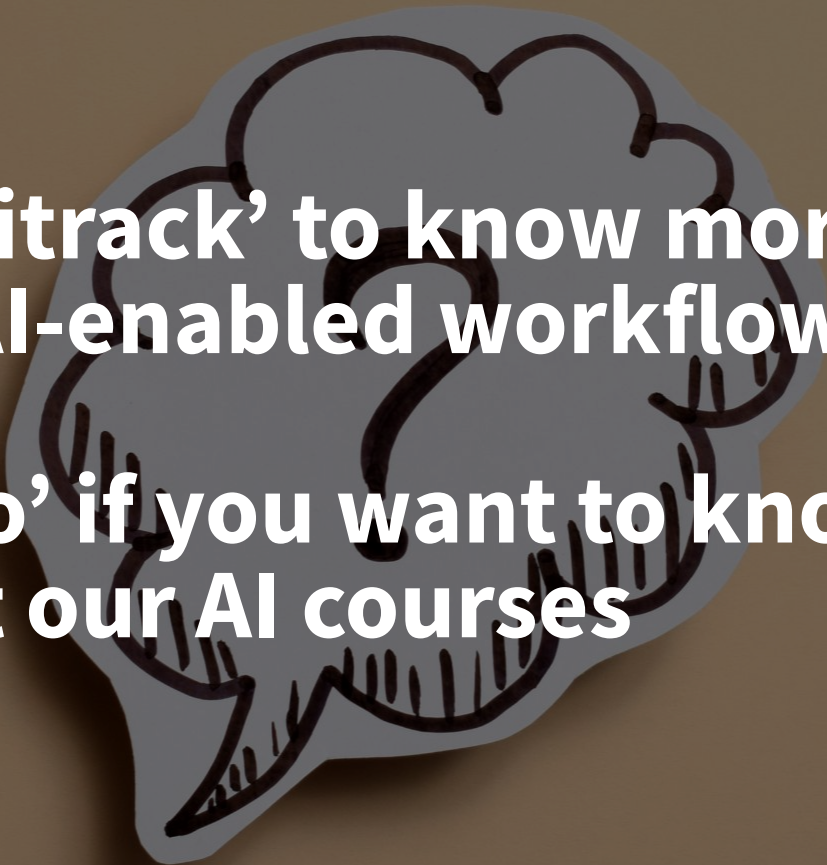
AI Act and GDPR

- ChatGPT and GDPR have come conflicts
- Should be upfront on how AI is used, especially in privacy policies and secondary processing
- Sharing with third party AI tools could be an issue
- GDPR requires human explanations for automated decision making
- Staff should know their AI obligations

Poll 4:

Has your organisation rolled out training on AI?

VinciWorks



**Write 'Omnitrack' to know more
about our AI-enabled workflows**

**Write 'demo' if you want to know
more about our AI courses**

VinciWorks

Penalties under the AI Act

- Fines can range from €7.5m to €35m, or 1.5% turnover to 7% turnover
- Penalties can also be for non-compliance, not just if something has gone wrong
- AI tools will have to disclose copyrighted material used for training
- Can't produce illegal content or hate speech

AI Act timeline

- 1 August 2024 - AI Act comes into force
- February 2025 - prohibitions on unacceptable risk AI
- August 2025 - obligations on general purpose AI like ChatGPT
- August 2026 - introduction of rules for high risk AI systems

Global impact of EU AI Act

- Any firm with exposure to AI activity in the EU is subject to AI Act
- Brussels effect - set the global standard for AI regulation
- EU keen to protect users' fundamental rights and freedoms
- Brussels (EU) and Sacramento (California) key capitals for AI regulation

AI regulation in the United States

VinciWorks

Federal AI regulation

- Sam Altman of Open AI pleaded Congress for regulation
- US NTIA looking for measures to ensure AI is “legal, effective, ethical, safe and otherwise trustworthy.”
- 2022 White House released blueprint for AI Bill of Rights - five key principles
- But it’s tricky to find bi-partisan agreement at the federal level

California AI regulation

- CA senate approved California AI Accountability Act
- Require state agencies to inform users about AI
- Seven AI-related bills being considered by CA
- Targets algorithmic discrimination
- Implement clear standards for powerful AI models
- Require watermarks on AI content
- Publish high level summaries of data sets

Other states' AI regulation

- Colorado passed AI legislation in May - Colorado Artificial Intelligence Act
- First state-level AI Act in the US
- Utah also enacted legislation creating limited obligations for private sector
- Requires disclosure of AI use

EU and California AI regulation

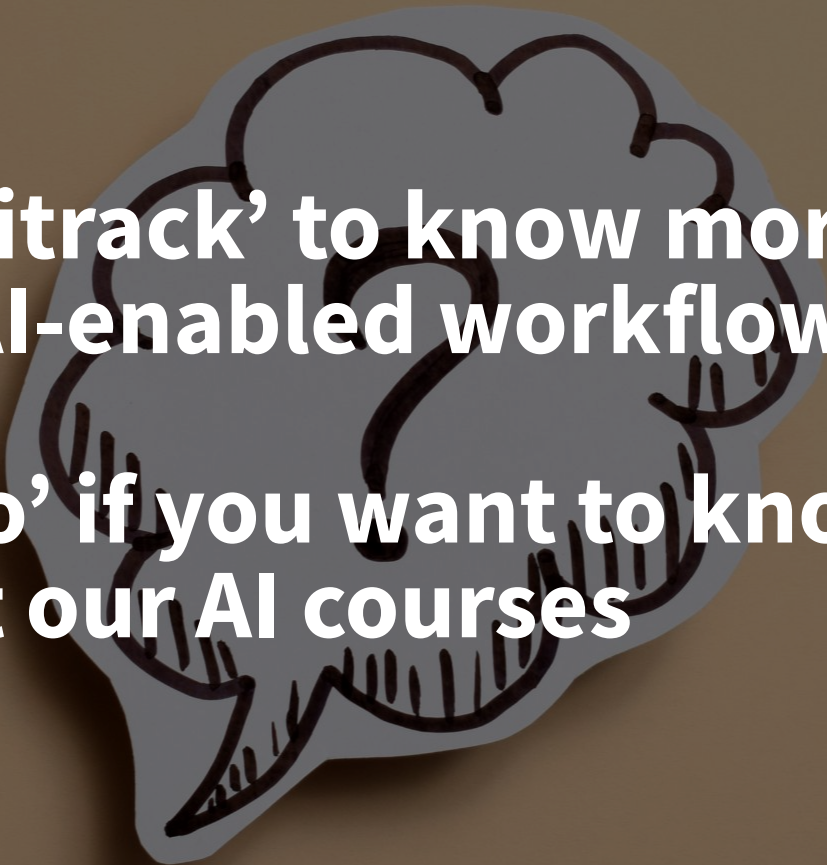
- EU opened a tech envoy office in SF in 2022
- EU AI Act addresses law enforcement, but CA not
- But CA watermarking bill could be stronger
- Both CA and EU take a risk based approach to AI
- CA bills around 70-80% of EU AI Act
- EU and CA are working together to collaborate on AI regulation

US penalties for AI breaches

- Federal Consumer Financial Protection Board fined a fintech company Hello Digit \$2.7m
- EEOC settles a lawsuit with iTutorGroup for \$365,000 on AI discrimination - rejected 200 applicants due to age
- New York case where lawyers fined \$5,000 for using ChatGPT to research cases which were fake

Poll 5:

Have you implemented procedures, training or other preventative measures to protect against compliance breaches by AI?



**Write 'Omnitrack' to know more
about our AI-enabled workflows**

**Write 'demo' if you want to know
more about our AI courses**

VinciWorks

Brazil AI regulations

- Brazil drafted first AI law in December 2022
- Shares similarities with the EU AI Act
- Aims to safeguard rights of people affected by AI
- Providers and users of AI tools required to establish internal structures to ensure safety of AI systems
- High risk AI systems need more stringent measures and conduct public AI impact assessments

China AI regulations

- China passed laws to address misuse of AI
- Regulated deepfake tech and stop misuse
- Mandates safety assessments for new AI products
- AI-generated content has to be truthful and accurate
- Content which is obscene or discriminatory banned
- AI service providers must take measures to prevent false information or harmful content

Japan AI regulations

- Japan has second largest IT sector
- Focused on an AI driven society
- Series of principles which government and companies must respect with AI
- Human-centricity, promoting education, data protection, safety, fair competition, fairness, accountability, transparency and innovation

Canada AI regulations

- Canada has federal legislation: Artificial Intelligence and Data Act (AIDA)
- Regulates trade of AI systems and mandates compliance officers to take measures to reduce risk of harm
- Public reporting of AI and prohibits specific practices around handling of data and AI which could cause harm

Australia and New Zealand AI regulations

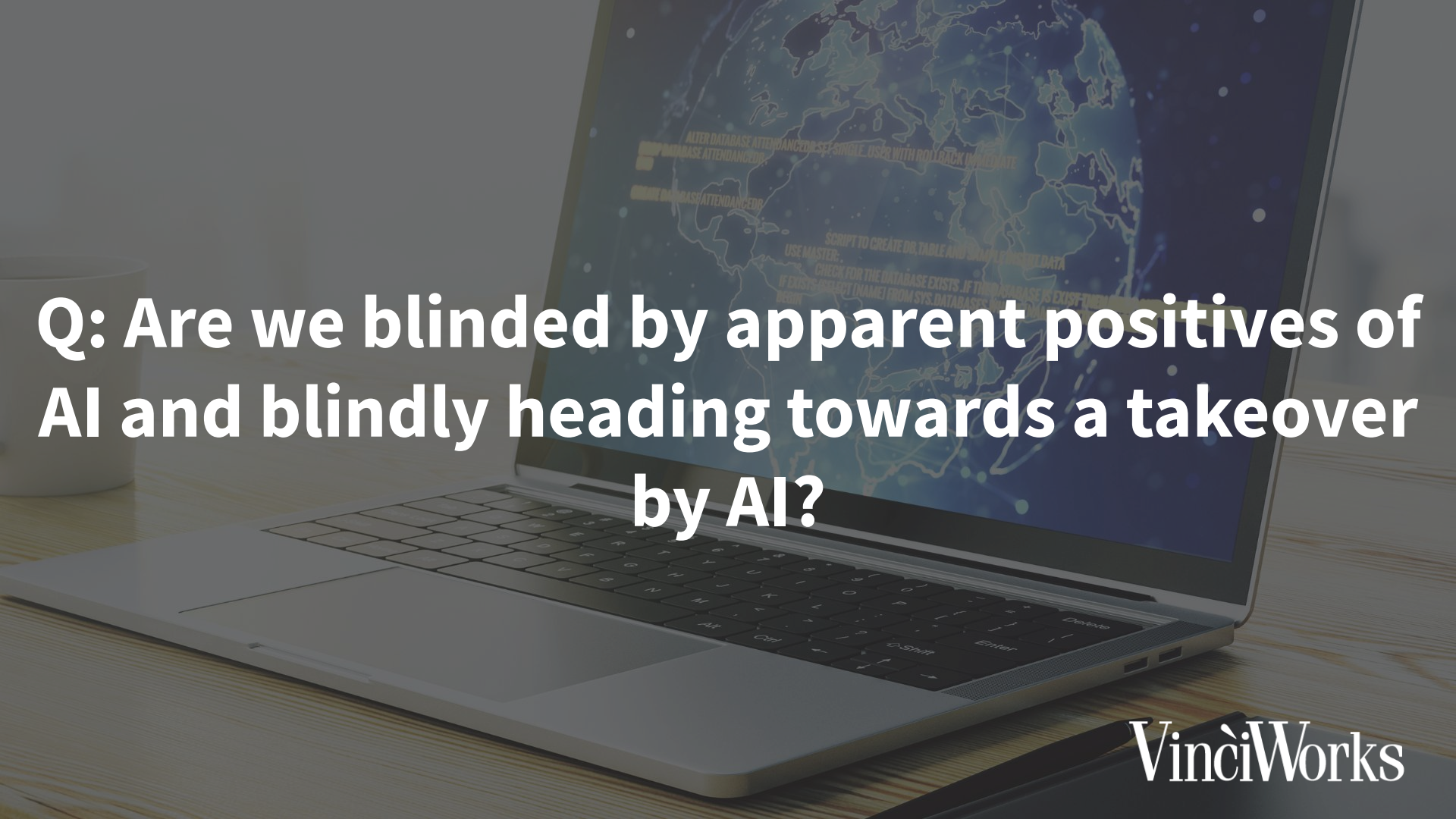
- Australian federal government intention to regulate AI with gaps in existing protections
- Considering AI risk classifications like in the EU
- Currently have a voluntary guide: 8 AI Ethics Principles of Australia
- New Zealand has voluntary guidelines to encourage ethical and transparent use of AI

Singapore AI regulation

- Personal Data Protection Act which has obligations on collection, use and disclosure of personal data using AI
- AI Verify - AI governance testing framework
- 11 internationally accepted AI ethics and principles
- AI Verify helps validate performance of AI systems against international standards

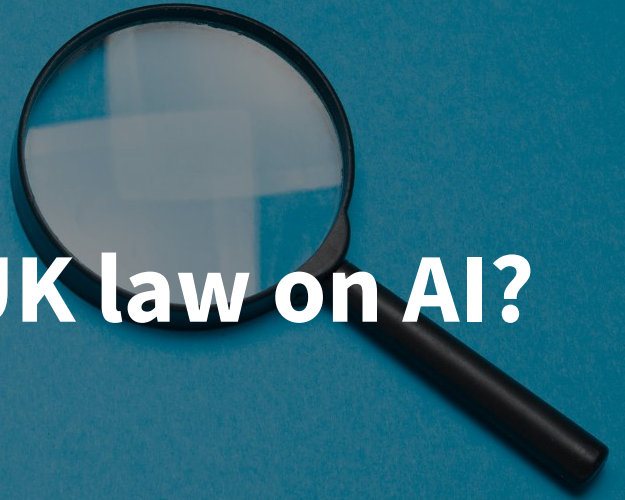
Other countries AI regulation

- South Korea, India and Switzerland - voluntary guidelines
- Sweden - AI framework on transparency, accountability and non-discrimination
- Finland - ethical AI programme
- Netherlands - considering AI regulation
- Spain - has a national strategy
- Italy - has voluntary guidelines

A laptop is shown on a wooden desk. The screen displays a world map with overlaid SQL code. The code includes: ALTER DATABASE ATTENDANCE SET SINGLE_USER WITH ROLLBACK IMMEDIATE; USE DATABASE ATTENDANCE; USE MASTER; SCRIPT TO CREATE OR TABLE AND SAMPLE INSERT DATA; CHECK FOR THE DATABASE EXISTS. IF THE DATABASE IS EXIST THEN; IF EXISTS (SELECT NAME FROM SYS.DATABASES WHERE NAME = 'ATTENDANCE');

Q: Are we blinded by apparent positives of AI and blindly heading towards a takeover by AI?

Q: What is the current UK law on AI?



A person wearing glasses is shown in profile, working on a laptop. The laptop screen displays a large blue padlock icon, symbolizing security or data protection. The background is slightly blurred, showing a desk with a coffee cup. The overall lighting is warm and focused on the person and their work.

Q: Who does the EU AI Act apply to?

VinciWorks



Q: How do we set up policies on the use of AI at work?

VinciWorks

A background image featuring a group of stylized human figures made of paper cutouts. They are arranged in a circle, holding hands. The figures are in shades of blue and orange. The central figure is orange, while the others are blue. The background is a light gray gradient.

Q: How can we use AI effectively in our organisation?

VinciWorks



www.vinciworks.com
enquiries@vinciworks.com
+44 (0) 208 815 9308

 **VinciWorks**

VinciWorks