



City Week 2024 Keynote

'AI for Innovation'

Good morning ladies and gentlemen...

I'm Chris Hayward, the Policy Chairman and political leader of the City of London Corporation – the governing body of the Square Mile – and it's a real pleasure to welcome you all to Guildhall this morning for day two of City Week 2024!

My thanks to Maurice Button, Chief Executive of City Week, for organising another terrific gathering.

Across City Week, over 1,000 delegates from all corners of the globe are convening to discuss the issues facing the financial services sector: capital markets, climate change, digital assets, and – the reason for this session – AI.

It is vital that we get financial services right – the global economy depends on it.

Here in the United Kingdom, a report published today by the City of London Corporation in partnership with TheCityUK, shows that financial and professional services contributed a record £110 billion in taxes in 2023.

That's 12% of all tax receipts – enough to fund the government's education budget.



A thriving financial and professional services sector helps drive economic growth, create jobs, and boosts prosperity, so we must get it right.

And AI is the next step forward...

[PAUSE]

Six months ago, I stood in this exact spot looking out on a crowd similar to this one.

Half of the Cabinet, global business leaders, and world-leading academics were gathered to usher in a new era in human exploration – the inaugural AI Safety Summit.

The evening was a landmark occasion. A profound moment when humanity recognised the dangers that uncontrolled AI could exhibit, but also a realisation of the unexplored potential that AI holds.

In my remarks that evening, I stressed that...

‘AI holds transformative possibilities. Every job and industry, every city and country will be changed by AI.

Whether it’s education or innovation, transport or technology, our world will change. But the question we all want answered is ‘what will that world look like?’



Today, I want to reflect on how we can support financial services to safely harness the opportunities of AI to accelerate innovation.

[PAUSE]

Thanks to our brilliant scientists, researchers, investors and entrepreneurs, the United Kingdom's AI sector is booming.

AI contributes 3.7 billion pounds to the UK economy. Employs 50,000 people. Supports 3,000 dedicated British AI businesses.

UK AI scaleups secured nearly double the funding compared to France, Germany, and the rest of Europe combined.

Financial and professional services are leading the way with AI adoption and investment.

For example, Bank of America uses AI to provide customers with a virtual financial assistant that delivers real-time financial advice and personal finance insights.

Prudential uses AI for personalised financial planning and insurance, supporting financial goals.

While HSBC's Financial Crime team uses an in-house rule-based AI system for identifying unusual and suspicious activities – helping to reduce fraud, which is better for the customer and better for investors.



Across the entire financial ecosystem, AI technologies are raising productivity, developing new products, and improving customer experiences.

Taken together, AI presents a tremendous opportunity to boost economic growth, enhance financial security, and create new jobs – a panacea to our current struggles.

But realising the full promise AI holds – accelerating innovation within the sector and wider society – is dependent on the technology being trusted. Without trust, AI will not be adopted.

And there are three elements to building trust: safety, equity, and regulation.

Firstly, safety. Not only must the technology be safe to use, but we should actively be deploying AI to strengthen our security – particularly when it comes to our finances.

Just yesterday, we at the City Corporation announced our AI innovation challenge to support the development of novel AI solutions to tackle fraud and cyber security threats to businesses across financial and professional services.

Secondly, equity. We must avoid installing AI technologies with biases that could be worsened by algorithms, harming users.

The best way to safeguard against inequalities is by having a workforce that is reflective of its customers.



According to the Alan Turing Institute, less than 25% of AI and data science roles are filled by women.

The City Corporation is bridging the AI skills gap with a 'Women Pivoting to Digital Taskforce'. We are bringing together businesses, government, and third sector organisations to support mid-career women into tech and AI roles.

This work is being supplemented by a report that we will be launching in a couple of weeks' time that takes a granular look at how different sub-sector workforces within financial and professional services will be impacted by AI.

We want to know how investment banks, retail banks, fintech, insurance, asset management, legal services, and more will be impacted and how we can respond so that the workforce is suitably skilled for the AI revolution.

Thirdly, for AI to be trusted we need proportionate regulation.

A globally coherent approach to AI regulation is vital for avoiding additional, unnecessary burdens for businesses, whilst also protecting consumers and maintaining their trust.

With the inherent cross-border nature of the digital economy and technology such as AI, this coordination is integral to sustainable success.



So what role can the UK play?

As a global leader in AI, we should be invested in shaping the regulatory landscape. Where necessary, we will need proportionate, agile, respected regulation.

The City Corporation welcomes the British Government's innovative approach to AI regulation.

However, government will need to carefully balance the UK approach with other jurisdictions to ensure international coherence.

We will need a principles-based approach that guides the sector's actions, but is sufficiently flexible so that it doesn't stifle innovation.

In short, we need regulation that has been developed in partnership. Partnership with industry. Partnership with other governments.

The City Corporation looks forward to continued engagement with the government and regulators. Working together, we can all ensure the UK remains at the forefront of AI innovation.

[PAUSE]



Now, I began my remarks by telling you the story of how the inaugural AI Safety Summit began with a conference dinner in this very room.

I mentioned that story because six months on from that historic meeting here and at Bletchley, the President of the Republic of Korea and our Prime Minister have today launched the second global AI Summit in Seoul.

A journey that spans the world, bringing the best minds together to expand opportunity by harnessing AI began here, in this room, where you are sat now.

Just as the Paris Agreement unveiled a breakthrough consensus on climate change, and the Bretton Woods Conference laid the foundations for a global economic stability, in time, this Safety Summit will be seen as the turning point in the history of AI.

So let us continue to work together. Push the boundaries of the possible. Engage on AI safety, AI equity, and AI regulation. And shape Artificial Intelligence to accelerate innovation in financial and professional services, and for society as a whole.

Thank you and enjoy City Week 2024.

ENDS. Check against delivery.