

Select Committee on Adopting Artificial Intelligence (AI)

Finance Sector Union Submission

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Finance Sector Union

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About the FSU

The FSU is a registered employee organisation representing approximately 22,000 members across the banking and finance sector throughout Australia. FSU members work in banking, insurance, superannuation, financial planning and finance. Our membership is predominately female, many of whom are engaged in part-time and casual employment.

The FSU is a democratic organisation with representative governance by elected officials and volunteer members. The FSU is a member-led organisation in which rank and file members are elected to honorary official positions to governing bodies within the Union. This includes the National Congress which is the supreme governing body of the Union.

National Congress has the management and control of the affairs of the Union and is comprised of predominately volunteer members. These members are elected by the wider membership to represent their interests. They are not paid officials.

The FSU is proud of its long history representing members to achieve better wages and fairer conditions.

Our members are committed to higher integrity in the finance sector and see their role as advocates for a better industry.

The finance sector is at the forefront of technological change, and our members view this as an opportunity to lead in the ethical adoption of AI in a way that benefits workers and our community. In February this year, the FSU National Executive considered the impact on workers in the finance sector and developed the Union's position on AI which we will discuss in this submission.

Introduction

AI is already present in the finance sector and the adoption of AI continues to increase. The primary position of the FSU is that the benefits of AI should be returned to workers and their families. This might occur through time or through financial benefits. The development, enhancement and proliferation of AI and machine learning models should not under any circumstances lead to those same benefits being returned to businesses without workers being the first to benefit.

FSU has seen a significant increase in the utilisation of AI technologies in the sector. In many cases, AI companies are preparing and selling these technologies to employers on the basis of the cost savings

to business measured in human worker units. This trend devalues workers and fails to consider the adoption of AI in a way that centres workers and ethical outcomes.

Dr John Keynes in his seminal works, *A Tract on Monetary Reform* and *Treaties of Money* wrote that the technological advancement and productivity gains of the 1920s would shortly lead to workers enjoying shorter working weeks and other social dividends. It is more than 100 years since this was first proposed and the technology being considered is far more advanced than was even science fiction at the time. The workers of Australia are still waiting for those dividends and shorter working weeks.

We stand on the precipice of an opportunity for the Australian Government to fulfill those long overdue promises through the regulation and social distribution of the benefits of this generation's emerging and disruptive technology.

The issues facing finance workers

AI technologies already play a significant role in the finance sector.

The use of these technologies by finance sector employers is growing rapidly and today includes:

- Compliance – risk assessment, fraud detection;
- Lending – credit scoring, loan assessment, customer interactions;
- Customer service – handling routine enquiries through to providing financial advice;
- Claims management – claims processing, underwriting, insurance fraud detection;
- Staff management – shift rostering, surveillance, and productivity management.

These uses are expanding rapidly. We are seeing employers planning to have AI-based technologies write computer code, draft legal documents, and analyse data to determine the quality and sentiment of engagements with customers (and potentially staff) in the near future.

We are deeply concerned about the lack of accountability that is presently shown by companies in the sector for the use of these technologies. Where AI does not select a worker for a job interview or allocates shifts in a call centre that a worker cannot fulfill because of caring responsibilities, this shows a lack of consideration for humanity that these technologies are trying to control, and the bias against the needs of workers and the complexities of their lives.

These programs tend to have a flattening effect which is inconsistent with the objects and intentions of the Fair Work Act 2009 in providing flexibility and accommodations to workers in the workplace.

Key Risks

Job losses due to automation

It is clear that as more roles that are currently performed by AI there will be a shifting demand for the types of roles that are required to be performed by humans. While there is some discussion that AI will create more roles in technology, it is unlikely that the people from the roles replaced by AI will be able to move into these newly created roles.

It is also clear that certain categories of jobs are far more susceptible to impacts from AI. These tend to be roles with relatively lower education and training requirements. This means that the impacts of AI may be disproportionately felt by people with particular education and experience levels, who may find it more difficult to obtain other employment. There is also a risk that these impacts will be felt more by people of lower socioeconomic groups, worsening inequality.

Transparency and Explainability

A function of AI is that decisions and analysis are performed by AI using metrics which are not easily accessible to those impacted by the decisions. This means that these decisions cannot be interrogated or explained to those impacted by them.

This also introduces the risk of biases being part of AI decision making. The concern is that with a lack of transparency, it may never be known that biases are forming part of the decision-making process. This makes it impossible to control for these biases and ensure that decisions are being made with a proper basis.

In an industrial context, this risks exacerbating the current information disparity between workers and employers. With decisions being made in a more opaque way, workers will have less visibility of the rationale for decisions and therefore a reduced ability to understand and challenge them.

This risk is exacerbated when AI is used in spaces where people congregate online, like social media platforms and even professional networking spaces. The concentration of people, without moderation of content that is produced through the use of AI can manipulate or even wholly alter the actions of those people.

There is also the risk of improper surveillance through AI, especially where there is no clear ability to determine what is being monitored and how the information gained through any monitoring is being used.

Quality of outputs

A challenge of working with AI is that the human users need a certain level of knowledge to determine whether the AI outputs are accurate and appropriate. When people with this expertise are replaced by AI, that important oversight function is being lost. Also, as there is less expert human input to AI, there is a risk that it will become less intelligent and accurate over time.

This introduces substantial risk, especially where AI is being used in decision-making which has a regulatory or compliance impact. There is also the risk that the inputs used create AI behaviours do not accord with the values of the organisation. For example, where sales outcomes are prioritised, this may lead to improper lending practices.

Inadequate regulation

The development and use of AI has exceeded the ability of our current regulatory frameworks to govern it. Much of our regulation does not contemplate a situation where AI acts as an advisor and decision-maker, and the pace at which these technologies are being developed will pose an ongoing challenge for regulation to contain its use.

The FSU is concerned with the use of AI in the surveillance and management of workers. Our industrial relations laws do not consider that decisions made in respect of a worker's employment could be made by AI. This has consequences across all areas of a worker's employment.

In the finance sector, this is particularly evident where a major change giving rise to consultation obligations is made using AI which cannot be fully interrogated. In this circumstance, there is a serious risk that workers will not be able to obtain a full understanding of the proposed change in order for them to properly engage in consultation.

These issues are compounded where decisions are made regarding disciplinary action against a worker, or the termination of a worker's employment. The protections that workers have against unfair dismissal and adverse action are challenged where AI is used by employers in making these decisions. Where current legal protections require a contemplation of what was in the mind of a decision-maker, this is not possible where the decision was either made by AI, or significantly informed by AI.

It is clear that there needs to be legislative reform to address the impacts of AI on working people. At a minimum, the FSU believes that no decisions with adverse consequences on working people should be made using AI. It is essential that where decisions are being made on the lives of workers, those decisions are made by human beings in a way that workers are able to understand, interrogate and challenge.

Benefits of AI

It is clear that the increasing adoption of AI will change the nature of work which has the potential to create technology and specialist roles in using AI. There is also the potential for AI to deal with the more mundane elements of work, freeing up workers to spend time on the more complex and interesting tasks.

There are efficiency gains to be had from the use of AI, but in our political and economic environment, the challenge will be to ensure that workers benefit from those gains and they do not just further increase corporate profits.

Increasing use of AI also has the potential to bring about improvements in how we do our work. From better delivery of training, to more efficient work systems, AI can assist us to improve flexibility and efficiency.

Those promises made to workers about a future with less work, and more productivity can be realised without compromising on the values of transparency and community that are embedded in the foundation of our Commonwealth.

Finance Sector Union Priorities

The Finance Sector Union understands that AI is now a part of the finance sector in Australia. Our view is that AI must be regulated and utilised to ensure that:

- Technology enhances the dignity of work and our members;
- Workers receive their fair share of efficiencies generated by AI;
- The risks of AI are addressed by employers before the introduction of new technologies; and
- Transparency and accountability are the highest priorities in any use of new technologies.

The FSU is keen to work with Government, employers and other civil society organisations to ensure that the increasing use of AI benefits workers and our community.