



FCA AI Input Zone - Good and poor practice in relation to artificial intelligence (AI) use cases in UK financial services

LMA Response – June 2026

Question 1: What have you done or seen that has enabled firms to successfully develop/ deploy safe and responsible AI use cases? For example, in terms of AI governance, considering the needs of different types of consumers or mitigating resilience risks. Please use specific examples wherever possible.

Across the LMA membership, the firms that appear to be making the most progress on safe and responsible AI are taking a pragmatic, structured approach. Some themes that are emerging are:

Bottom-up adoption

Firms achieving success with AI in the loan markets often start with constrained, lower-risk use cases focused on augmenting human decision making rather than aiming to remove humans from a process entirely. In practice, that means focusing on applications like document parsing, summarisation, credit monitoring or employee-level workflow improvements. In these cases, datasets are controlled and outputs are reviewed by experienced human users.

Practical use cases reported by loans market participants include:

- summarising earnings calls for research analysts
- generating briefing notes from internal and external data
- analysing market transactions to surface trends
- AI agents to complement existing operational processes

This approach allows firms to derive value while maintaining strong human oversight.

AI governance embedded within wider technology risk framework

Firms reporting success with AI deployments also are typically those where AI Governance is a function embedded within existing cybersecurity, compliance and IT control frameworks, rather than entirely separate risk functions. These firms exhibit trends such as:

- clear accountability and risk classification of each use case
- Retaining human-in-the-loop controls appropriate for the risk profile of the use case
- strict controls around data usage, particularly for external facing tools



- Strong vendor due diligence and ongoing oversight, by incorporating within and extending existing technology risk management frameworks

Dual exploration of near term gains and long term process redesign

While dependent on the scale and the resources of firm, those using AI at scale often engage a dual track approach to AI use case exploration. This consists of improving existing workflows via micro-automations (e.g. augmenting research, reporting, ESG analysis), while also actively exploring how AI can re-design end-to-end loan lifecycle processes and over time. These firms are also actively considering the impact of AI on the workforce and skills that will be required by the lending teams of the future. This involves both internal projects and partnerships with external vendors to explore newly emerging AI capabilities.

Collaboration is used to manage risk at a market level.

A key issue in loan markets is fragmentation across data, systems and vendors. Member firms, both practitioners and vendors, are increasingly working together on interoperability initiatives to address this fragmentation and unlock efficiencies at a market level.

Question 2: What have you seen that firms have done that has stopped them from successfully developing or deploying safe and responsible AI use cases and needs to improve? For example, in terms of AI governance, considering the needs of different types of consumers or mitigating resilience risks. Please use specific examples wherever possible.

Whilst all LMA members take a practical and risk-based view to AI development, some aspects of AI technology result in hurdles that can be challenging for firms to rapidly overcome:

Rapid evolution of AI tools

Rapid evolution of model capabilities can make it unavoidable that tools will evolve broader capabilities than initially intended, forcing firms to slow or constrain adoption to ensure that control frameworks keep pace with model capabilities and use cases.

Approval processes

Traditional software approval workflows can be time consuming to process. Given the proliferation of smaller AI use cases, firms have had to design AI use case approval workflows to avoid approval bottlenecks developing. This can be challenging to do while still remaining regulatory compliant. Firms that redesign their review processes to be both robust and responsive are better placed to realise the benefits of AI.

Availability of data sources

In loan markets in particular, the bespoke nature of the wholesale market makes it difficult to develop data sets to cover all scenarios, firms that have not been able to structure their data libraries for use by AI tools face greater headwinds to realise greater value from the technology.



Question 3: What themes and topics would you like to see addressed in our good and poor practice publication?

LMA members would welcome the FCA's input on best and poor practices on the topics below:

- Development of large datasets suitable for wholesale markets
- Development of AI benchmarks for wholesale markets use cases