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AI · TECHNOLOGY · GOVERNANCE

BOARD BRIEFING REPORT
EUROPEAN BANKING & FINANCIAL MARKETS

If AI Talks to the Client, Who Owns the Advice?

A Board Briefing Report on AI at the client interface, MiFID II, suitability and conduct accountability.

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01 SITUATION

A HYPOTHETICAL BOARD SCENARIO

The question is no longer only the text. It is the client's reasonable understanding.

ASSUME THE FOLLOWING

An AI-supported tool drafts a client communication. It explains a product, summarises portfolio risk, prepares a response to a client question or personalises a message for a client segment.

The message is reviewed, sent and later challenged.

> THE CLIENT SAYS
> *"This looked like a recommendation."*

> THE INSTITUTION SAYS
> *"It was only an AI-assisted draft."*

This scenario is generic and hypothetical. It does not describe any specific institution.

THE QUESTION THAT FOLLOWS

— Did the communication cross the line into advice?

— Can the institution evidence who owned suitability, fairness and accountability?

02 MANAGEMENT SUMMARY

Three orientating facts for the board.

01

AI at the client interface is a conduct question

AI in client communication is not only a technology matter. It touches suitability, fair communication, client understanding and accountability.

02

The internal label does not decide

A message labelled as “draft”, “text suggestion” or “product explanation” may still be understood by the client as a recommendation if it is presented as suitable or based on the client’s circumstances.

03

Answer quality matters

A strong answer is not “the AI only drafted the text”. A strong answer shows where the communication sits on the ladder from Draft to Explain to Recommend to Advise.

Sources: ESMA AI and Investment Services Statement, MiFID II, MiFID II Delegated Regulation.

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03 ANSWER QUALITY CALIBRATION

Governed communication status, not content status.

GREEN — DECISION-GRADE

Client-facing AI use cases are mapped.

Communication boundary is defined.

Each client journey has a named business owner.

Suitability and conduct checks are embedded.

Human review is substantive.

AI disclosure is applied where required.

Exact client message is reconstructable.

AMBER — PARTIALLY EVIDENCED

AI use cases are inventoried, but communication boundaries are incomplete.

Review exists, but differs across channels and products.

Suitability is checked, but not always linked to AI-generated wording.

AI disclosure is inconsistent.

Record-keeping exists, but exact message reconstruction is unreliable.

Ownership exists by product or channel, but not end-to-end.

RED — NOT DECISION-GRADE

“It was only a text suggestion.”

“The adviser reviews it before sending.”

“The tool does not give recommendations.”

“The client sees only approved content.”

“The chatbot only explains products.”

“The message is generic.”

“The model is provided by a vendor.”

“We have a disclaimer.”

GREEN is not a content status. GREEN is a governed communication status.

04 THE CLIENT COMMUNICATION LADDER

AI client communication is a ladder, not a single category.

01 DRAFT

AI formulates text. A human reviews, edits and owns the message before the client sees it.

BOARD TEST
Can we show who reviewed, changed and approved the message?

02 EXPLAIN

AI explains a product, risk, process or term in general language.

BOARD TEST
Is the explanation still general, or does it imply that the product is suitable for this client?

03 RECOMMEND

AI prepares or personalises a recommendation.

BOARD TEST
Would a reasonable client understand the message as based on their circumstances or as suitable for them?

04 ADVISE

AI communicates or supports communication of a personal recommendation.

BOARD TEST
Can we evidence the suitability assessment and reconstruct the advice?

AI can generate the words. It cannot own the advice.

05 WHO SHOULD ANSWER

AI can generate the words. The institution owns the client communication.

Business Owner	Owns the client journey, decision impact, suitability outcome and commercial context.
Head of Wealth / Retail / Investment Services	Owns the advisory model, client proposition and business conduct implications.
Compliance / Conduct Risk	Owns MiFID II interpretation, suitability controls and fair-clear-not-misleading review.
Legal	Owns regulatory classification, disclosure language and complaint defensibility.
Data Protection Officer	Owns GDPR transparency, profiling, lawful basis and Article 22 implications where relevant.
CIO / CTO	Owns platform integration, data flows, logging, model access and system controls.
CISO / Third-Party Risk	Owns vendor, data leakage, prompt-control, chatbot security and third-party dependencies.
Internal Audit	Independently reviews whether classification, review, record-keeping and evidence operate as designed.

06 EVIDENCE THE BOARD SHOULD REQUEST

Ten artefacts that make AI client communication verifiable.

01 **Client-Facing AI Inventory**
Where AI drafts, personalises, explains or communicates with clients.

02 **Communication Classification Map**
Classifies each AI-touched interaction as Draft, Explain, Recommend or Advise.

03 **Advice Boundary Assessment**
Why a message does or does not cross into personal recommendation.

04 **Suitability Evidence**
How client circumstances, objectives, risk tolerance, knowledge and experience are considered.

05 **Fair-Clear-Not-Misleading Review**
How AI-assisted wording is checked for accuracy, balance and comprehensibility.

06 **Human Review Evidence**
Who reviewed the message, what changed and whether review was substantive.

07 **AI Disclosure Evidence**
Whether clients are informed where AI transparency obligations apply.

08 **Client Message Reconstruction**
Exact message, version, channel, timestamp, approval path and data inputs.

09 **External-AI-Use Control**
How staff use of third-party AI tools for client communication is governed.

10 **Complaint Reconstruction Pack**
How the institution would reconstruct and explain the communication after a complaint, audit or supervisory question.

07 GOVERNANCE CHECK

WARNING SIGNALS

These answers may sound reassuring in a board meeting. They are not yet decision-grade.

“It was only a text suggestion.”
A text suggestion can become regulated client communication once reviewed, approved and sent.

“The adviser reviews it before sending.”
That helps only if review is substantive, evidenced and linked to suitability and conduct expectations.

“The tool does not give recommendations.”
The label does not decide. Presentation, client context and reasonable understanding matter.

“The client sees only approved content.”
Approved content still needs classification, ownership and reconstruction.

“The chatbot only explains products.”
Product explanation can drift into suitability framing if personalised or presented as appropriate.

“The message is generic.”
Generic language may be low risk, but personalisation, targeting, channel and wording can change classification.

“The model is provided by a vendor.”
Vendor involvement does not move the conduct obligation away from the institution.

“We have a disclaimer.”
A disclaimer helps explain the service. It does not decide the regulatory classification.

None of these statements is necessarily wrong. **They are simply not sufficient evidence for board-level reliance.**

08 PATH TO GREEN

Six conditions for governed client communication.

01

Client Communication Mapped

The institution knows where AI drafts, explains, personalises or communicates with clients.

02

Boundary Classified

Each communication type is classified as Draft, Explain, Recommend or Advise.

03

Suitability Controlled

Where communication crosses into advice, suitability is assessed, evidenced and owned.

04

Human Review Meaningful

Human review is role-based, documented and capable of changing the outcome.

05

Client Interaction Transparent

Where AI interacts directly with clients, AI's role is disclosed where required.

06

Communication Reconstructable

The institution can reproduce exactly what the client saw and explain why it was sent.

SUGGESTED NEXT QUESTION

Which AI-touched client communication would create the greatest conduct problem if a client later said: *"I understood this as advice"?*

EXECUTIVE QUESTIONS FOR EUROPEAN BANKING & FINANCIAL MARKETS

AI can generate the words.
It cannot own the advice.

A client does not experience a model, a policy or a committee. A client experiences a message.

SELECTED SOURCES

ESMA — Public Statement on AI and Investment Services, 30 May 2024.

ESMA — Supervisory Briefing on Understanding the Definition of Advice under MiFID II.

Directive 2014/65/EU — MiFID II.

Commission Delegated Regulation (EU) 2017/565.

Regulation (EU) 2024/1689 — Artificial Intelligence Act.

Regulation (EU) 2016/679 — GDPR.

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