Contents

List of Contributors	<i>page</i> ix
Foreword by Frank Pasquale	XV
Acknowledgements	xix
List of Abbreviations	xxi
Introduction: AI at the Intersection of Money and Power Monika Zalnieriute and Zofia Bednarz	1
PART I AUTOMATED BANKS	
1 AI in the Financial Sector: Policy Challenges and	
Regulatory Needs	9
Teresa Rodríguez de las Heras Ballell	
1.1 Setting the Scene: AI in the Financial Sector	9
1.2 Concept and Taxonomy: AI System and ADM	14
1.3 An Initial Review of the Policy and Regulatory Framework	
in the European Union	20
1.4 Concluding Remarks: Principles for the Responsible Use	
of AI in Decision-Making	26
2 Demystifying Consumer-Facing Fintech: Accountability for	
Automated Advice Tools	29
Jeannie Paterson, Tim Miller, and Henrietta Lyons	
2.1 Introduction: Money, Power, and AI	29
2.2 Aspiration and Application in Consumer-Facing Fintech	32
2.3 Regulation and Risk in Consumer-Facing Fintech	37

Contents

	2.4 New Regulatory Responses to the Risks of Automated	
	Financial Advice	44
	2.5 Conclusion	50
3	Leveraging AI to Mitigate Money Laundering Risks in the	
	Banking System	51
	Doron Goldbarsht	,
	3.1 Introduction	51
	3.2 Enforcement and Detection: The Cost of Non-compliance	52
	3.3 Leveraging AI for AML	56
	3.4 The Shift to a Risk-Based Approach	57
	3.5 Advantages and Challenges	58
	3.6 Conclusion	68
4	AI Opacity in the Financial Industry and How to Break It	70
4		70
	Zofia Bednarz and Linda Przhedetsky	
	4.1 Introduction	70
	4.2 Rules That Allow Corporate Secrecy to Exist	73
	4.3 Rules That Incentivise the Use of ADM Tools by Financial Entities	0 -
		81
	4.4 Can Corporate Secrecy Coexist with Consumer Rights?	06
	Possible Regulatory Solutions	86
	4.5 Conclusions	91
	PART II AUTOMATED STATES	
5	The Automated Welfare State: Challenges for Socioeconomic	
-	Rights of the Marginalised	95
	Terry Carney	
	5.1 Introduction	95
	5.2 Issues Posed by Automation and ADM	97
	5.3 Responding to the 'Power' of AI	106
	5.4 Towards AI Trust and Empathy for Ordinary Citizens	113
6	A New 'Machinery of Government'? The Automation of	
	Administrative Decision-Making	116
	Paul Miller	
	6.1 Introduction: ADM and the Machinery of Government	116
	6.2 Context	117
	6.3 Administrative Law and ADM Technologies	120
	6.4 Designing ADM Tools to Comply with the Law and	
	Fundamental Principles of Good Government	126
	6.5 Conclusion	134

vii

7	A Tale of Two Automated States: Why a One-Size-Fits-All Approach to Administrative Law Reform to Accommodate AI	
	Will Fail	136
	José-Miguel Bello y Villarino	130
	7.1 Introduction: Two Tales of the Automated States7.2 The Administrative Law of AI Systems That	136
	Replace Bureaucrats	138
	7.3 Regulating the Unseen Automated State	143
	7.4 Preparing for the Two Tales of the Automated State	148
8	The Islamophobic Consensus: Datafying Racism in Catalonia	152
	Aitor Jiménez and Ainhoa Nadia Douhaibi	
	8.1 Introduction	152
	8.2 Datafying Islamophobia	156
	8.3 Southern European Neoliberalism Fundamentals	162
	8.4 Conclusion	169
	PART III SYNERGIES AND SAFEGUARDS	
9	Law and Empathy in the Automated State	173
	Cary Coglianese	
	9.1 Introduction	173
	9.2 Implementation of the Automated State	175
	9.3 US Administrative Law and the Automated State	178
	9.4 AI and Good Governance in an Automated State	180
	9.5 Conclusion: The Need for Human Empathy	184
10	Sorting Teachers Out: Automated Performance Scoring and the	
	Limit of Algorithmic Governance in the Education Sector Ching-Fu Lin	189
	10.1 Introduction	189
	10.2 The Contested Algorithmization of Worker	109
	Performance Evaluation	191
	10.3 Sorting Teachers Out? Unpacking Houston Federation of	-91
	Teachers v Houston Independent School District	194
	10.4 Judicial Review as Algorithmic Governance? Controversies,	71
	Ramifications, and Critical Reflections	198
	10.5 Conclusion	203
11	Supervising Automated Decisions	205
	Tatiana Cutts	
	11.1 Introduction	205

	11.2 The Determinative Factor	206
	11.3 Individualism and Relevance	209
	11.4 Statistical Rules and Relevance	210
	11.5 Choice	212
	11.6 Group One: Predictions about Facts Other Than What the	
	Decision-Subject Will Do	216
	11.7 Group Two: Predictions about What the Decision-Subject	
	Will Do	218
	11.8 Safeguards	219
12	Against Procedural Fetishism in the Automated State	221
	Monika Zalnieriute	
	12.1 Introduction	221
	12.2 Existing Efforts to Tame AI Power	222
	12.3 Procedural Fetishism	225
	12.4 The New Social Contract for the Age of AI	232
	12.5 Conclusion	239