

# Fintech and Artificial Intelligence in Finance – COST CA19130



# Who are we?

The financial sector is the largest user of digital technologies and a major driver in the digital transformation of the economy. Financial technology (FinTech) aims to both compete with and support the established financial industry in the delivery of financial services. Globally, more than \$100 billion of investments have been made into FinTech companies and Artificial Intelligence (AI) since 2010, and continue growing substantially. In early 2018, the European Commission unveiled (a) their action plan for a more competitive and innovative financial market and (b) an initiative on AI with the aim to harness the opportunities presented by technology-enabled innovations. Europe should become a global hub for FinTech, with the economy being able to benefit from the European Single Market.

## JOIN US!

Members from  
**33 EU countries  
and 5 Partner  
countries**

**Over 150**  
individual  
members

Montly events

- **Virtual**
- **Hybrid**
- **In person**

# What are our objectives?

The Action will investigate AI and Fintech from three different angles: Transparency in FinTech, Transparent versus Black Box Decision-Support Models in the Financial Industry, and Transparency into Investment Product Performance for Clients. The Action will bridge the gap between academia, industry, the public, and governmental organizations by working in an interdisciplinary way across Europe and focusing on innovation.

01

The action aspires to improve transparency of AI supported processes in the Fintech space

02

The action aims to address the disparity between the proliferation in AI models within the financial industry for risk assessment and decision-making, and the limited insight the public has in its consequences by developing policy papers and methods to increase transparency

03

The action aims to develop methods to scrutinize the quality of products, especially rule-based “smart beta” ones, across the asset management, banking and insurance industries.

Join and  
contribute!

# How do we do it?

WG2

## WG2 – Transparent versus Black Box Decision-Support Models in the Financial Industry

Regulators need to ensure the transparency of rules and criteria used to judge the admissibility of decision algorithms employed by financial institutions, to avoid possible negative impact on the industry such as discrimination among market players. Thus, it is important that regulators and policy-makers have conceptual tools and research at their disposal to make quick and motivated decisions on how to regulate the use of data science techniques.

During this Action, working group 2 (WG2) will develop prototypes to demonstrate the application of quantitative methods to improve transparency for so-called “black box” models. The WG will also publish policy papers to suggest new regulation and guidelines for industry. Our objective is to lower, to the extent possible, the barriers to use more advanced methods.

In addition, our work will also address the issues of limited data and small-sample problems that arise in situations when the events of interest occur infrequently (e.g., defaults, fraud, etc.), providing solutions that will augment existing methods used in the financial industry. Furthermore, the WG will employ methods drawn from econometrics and statistics to transparently quantify and, to the extent possible, alleviate the impact of this problem on inference and prediction for financial decision making.

## WG1 – Transparency in FinTech

Working group WG1 stimulates discussion and awareness of transparency of Fintech applications. Modern Machine Learning, Blockchain analytics and Big Data Mining are in the focus of WG1 with the aim to propose transparent implementable solutions.

Fintech benefits are seen in reducing asymmetries of information and in improving efficiency but these can be hampered by poor applicability of computer generated mechanics. WG1 solutions provide signals for increased risks, generated by e.g. sampling biases, risk of fraud.

## WG3 – Transparency into Investment Product Performance for Clients

From overfitting to underperformance - There are very few active investment products that outperform their passive benchmarks consistently after fees. Even “smart beta” strategies offered by asset managers have systematically underperformed.

The need to uncover failed trials - The goal of this WG is thus to develop consistent and reliable methods, together with the necessary synthetic scenarios, for choosing investment products ex-ante and evaluating their performance ex-post.

Progress beyond the state-of-the-art

First, this WG will address the data availability challenge. The WG will collect time series data on investment products, their underlying assets and relevant market conditions (risk factors). Some of the data will be directly collected from exchanges and websites and it will be possible to freely exchange it within the network. Other parts of the data will be protected by IP from data vendors.

WG3



# How can you join us?

More information on participating in COST Actions, can be found [here](#).

If you are interested in our Action, and would like to join and contribute, please get in touch, following the steps [here defined](#).

Set \$wgLogos with the URL path to your own logo image

Page Discussion

## How to join

If you are interested in our Action, and would like to join and contribute, please get in touch, Join the Fintech and AI meet-up group and attend one of our COST events, e.g. the week

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- 4 Companies, Government Associations, Banks, other institutions
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### General interest

I am generally interested in being involved, but do not want to take on an official role. You a Also, please add your information and background to our COST FinAI member profiles as v

### For MC members of COST countries

- Fill in the [new joiner questionnaires and informations](#).
- Please also kindly schedule a meeting with the [MC members](#) of your country.
- Please also kindly get in touch with the Action Chair [Joerg Osterrieder](#) or the Action Vice
- Simultaneously, please add yourself to the [COST FinAI member profiles](#) and update the
- Finally, choose your working group (you need approval from the WG leaders)
  - [WG1](#)
  - [WG2](#)
  - [WG3](#)



[Home](#) > [COST Actions](#) > Participate in an ongoing Action

In opposition to many EU-funded projects, it is possible to participate in the 'openness' of COST Actions. There are the following options how

As a Management Committee (MC) Member

As a working group member

As a participant in Action activities

As a non-COST country participant

# Join and contribute!

meetup



## Fintech and Artificial Intelligence in Finance

📍 Zürich, Switzerland

👤 1,464 members · Public group

👤 Organized by [Joerg Osterrieder](#) and 36 others

Share: [f](#) [t](#) [in](#)

Manage group

Create event

### What we're about

Welcome to our group on Fintech and Artificial Intelligence in Finance.

### Organizers



[Joerg Osterrieder](#) and 36 others

[Message](#)

Join the [Fintech and AI meet-up group](#) and attend one of our COST events, e.g. the weekly virtual coffee session.

# What will you find here?

Periodic working meetings

In-person scientific events

Research papers

Online scientific events

Network of prestigious academics

Network of experienced practitioners

Financing opportunities (STSM, VMG, ITC)

# Now is the time!

# Join and contribute!

<https://fin-ai.eu/>

[https://wiki.fin-ai.eu/index.php/Main Page](https://wiki.fin-ai.eu/index.php/Main_Page)

[https://www.meetup.com/Fintech AI in Finance/](https://www.meetup.com/Fintech_AI_in_Finance/)