METODO GIURIDICO — IUS ET RATIO
Italian Journal of Law & Case Law • International English Edition (Rome, Italy)
ISSN 3103-7305
DIAMOND OPEN ACCESS • ENGLISH EDITION

SEC. I • DOCTRINAL ESSAY (DOUBLE-BLIND) • BANKING & FINANCIAL LAW
Vol. 1, Issue 3 (2026) • Art. 7349 • pp. 1–17 • §§ 1–58

Artificial Intelligence in Banking Supervision and Human Oversight in Banking ADR

Original Italian Title: Intelligenza artificiale in vigilanza bancaria e riserva umana ABF

Federico Palumbo [Co-Scientific Director]
Attorney at the Rome Bar — Co-Scientific Director of Metodo Giuridico
Author Profile & Bibliography: https://www.metodogiuridico.it/en/authors/federico-palumbo/
Published: November 25, 2026 • Double-Blind Peer Reviewed (ANVUR Sec. I) • Full Text: pp. 1–17 (§§ 1–58)

ABSTRACT
The deployment of artificial intelligence across prudential supervision and alternative dispute resolution follows two distinct trajectories in Italy. On the supervisory side, continuous digital auditing and predictive tools under Article 54 of the Consolidated Banking Act intersect with DORA resilience duties, AIaaS outsourcing contracts, and the Bank of Italy Communication of 17 July 2026, exposing vulnerabilities tied to ICT third-party concentration. On the customer-protection front, structural explainability and fairness gaps in automated credit scoring conflict with Article 22 GDPR (Schufa), Fundamental Rights Impact Assessments under Article 27 AI Act, and the constitutional reserve of human decision-making. Against this backdrop, the Bank of Italy Regulation of 3 September 2026 confines AI tools supporting Banking and Financial Ombudsman secretariats to closed-network analytics on anonymized decisions, echoing comparative benchmarks in the UK, Singapore, the US, and Australia.

HOW TO CITE THIS PAPER (OSCOLA 4TH ED. / THE BLUEBOOK 21ST ED.)
OSCOLA: Federico Palumbo, 'Artificial Intelligence in Banking Supervision and Human Oversight in Banking ADR' (English edn, 2026) 1(3) Metodo Giuridico (ISSN 3103-7305) Art 7349, 1–17 <https://www.metodogiuridico.it/2026/11/25/ia-vigilanza-bancaria-abf-banca-italia/en/> DOI: 10.5281/zenodo.24539172 accessed 25 November 2026.

Bluebook: Federico Palumbo, Artificial Intelligence in Banking Supervision and Human Oversight in Banking ADR, 1 Metodo Giuridico, no. 3, Nov. 25, 2026, art. 7349, at 1 (Eng. ed.), https://www.metodogiuridico.it/2026/11/25/ia-vigilanza-bancaria-abf-banca-italia/en/ (https://doi.org/10.5281/zenodo.24539172).

Persistent DOI:	**10.5281/zenodo.24539172 (https://doi.org/10.5281/zenodo.24539172) — CERN DataCite / Zenodo**
Canonical URL:	https://www.metodogiuridico.it/2026/11/25/ia-vigilanza-bancaria-abf-banca-italia/en/
Italian Original:	https://www.metodogiuridico.it/2026/11/25/ia-vigilanza-bancaria-abf-banca-italia/
AEA JEL Codes:	K22 (Business and Securities Law); G21 (Banks • Depository Institutions • Micro Finance Institutions • Mortgages); L86 (Information and Internet Services • Computer Software)
EU EuroVoc:	MT 2416 financial institutions and credit • law of banking [521]; financial legislation [560]; artificial intelligence [3030]
Key Case Law ECLI:	**ECLI:EU:C:2023:957 • ECLI:IT:CASS:2021:14381CIV • ECLI:IT:COST:2011:218**

DIAMOND OPEN ACCESS • CC BY-NC-ND 4.0 INTERNATIONAL • ZERO APC
© 2026 Federico Palumbo. Authors retain copyright and publishing rights without restrictions. Distributed under Creative Commons Attribution-NonCommercial-NoDerivatives 4.0 International (CC BY-NC-ND 4.0). Immediate zero-embargo self-archiving of this Version of Record (VoR) in institutional repositories (SSRN, OpenAIRE, Zenodo, University CRIS) is expressly permitted.

SCAN PERMALINK

Metodo Giuridico
Ius et Ratio • ISSN 3103-7305

IN-DEPTH ANALYSIS • CIVIL LAW & BANKING & FINANCIAL LAW

ISSN 3103-7305 • 25 NOVEMBER 2026

Artificial Intelligence in Banking Supervision and Human Oversight in Banking ADR

Dual trajectory across continuous digital auditing, AIaaS contracts and DORA resilience, high-risk credit scoring, and the ancillary remit of Banking and Financial Ombudsman secretariats

RESEARCH DOSSIER

JURISDICTION
Italy & EU (Civil Law)

SUBJECT AREA
Civil Law & Banking & Financial Law

KEY PROVISIONS
Regulation (EU) 2024/1689 of 13 June 2024 (AI Act) • Regulation (EU) 2022/2554 of 14 December 2022 (DORA) • Regulation (EU) 2016/679 of 27 April 2016 (GDPR)

APPROACH
Systematic & Case-Law Analysis

JEL: K22, G21, L86 • EuroVoc: 521, 560, 3030 • Reading 10 min

Federico Palumbo • Attorney at the Rome Bar ISSN 3103-7305

LEGAL PRINCIPLE / EDITORIAL HEADNOTE

The use of algorithmic systems in banking supervision and in support of the Banking and Financial Ombudsman remains lawful only where grounded in statutory authority, technical intelligibility, and full human decisional accountability.

KEY TAKEAWAYS

01 Continuous digital auditing expands the inspection remit under Article 54 of the Consolidated Banking Act while imposing proportionality limits against total surveillance and DORA safeguards over outsourced AIaaS contracts.

02 In credit scoring, Bank of Italy Occasional Paper no. 721 (October 2022) recorded zero external XAI disclosures to customers (0%) and no historical bias mitigation — a pre- Schufa empirical baseline to be closed ahead of the FRIA deadline on 2 December 2027.

03 The Regulation of 3 September 2026 restricts AI within ABF secretariats to isolated networks and anonymized decisions, while the Data Protection Authority Opinion of 28 May 2026 recommends monitoring under Article 35(9) GDPR and reserves review under the AI Act.

04 Comparison with the United Kingdom, Singapore, the United States, and Australia confirms the necessity of separating preparatory support from accountable human adjudication, preventing any covert algorithmic influence.

ABSTRACT

Artificial Intelligence in Banking Supervision and Human Oversight in Banking ADR – The deployment of **artificial intelligence in banking supervision** and out-of-court dispute resolution follows two distinct trajectories in Italy. On the supervisory side, **continuous digital auditing** and predictive tools under Article 54 of the Consolidated Banking Act intersect with DORA resilience duties, AIaaS outsourcing contracts, and the Bank of Italy Communication of 17 July 2026, exposing vulnerabilities tied to ICT third-party concentration. On the customer-protection front, structural explainability and fairness gaps in automated credit scoring conflict with Article 22 GDPR (*Schufa*), **Fundamental Rights Impact Assessments under Article 27 AI Act**, and the constitutional reserve of human decision-making. Against this backdrop, the Bank of Italy Regulation of 3 September 2026 confines AI tools supporting Banking and Financial Ombudsman secretariats to closed-network analytics on anonymized decisions, echoing comparative benchmarks in the UK, Singapore, the US, and Australia.

COMPARATIVE & EUROPEAN LEGAL FRAMING

Institutional & EU Nexus: Under Articles 51, 53, 54, and 128-*bis* of the Italian Consolidated Banking Act (Legislative Decree no. 385/1993), the Bank of Italy combines prudential supervision with institutional support to the Banking and Financial Ombudsman (*Arbitro Bancario Finanziario*, ABF), operating within DORA, the GDPR, Law no. 132/2025, and Article 74(6) of the EU AI Act. **Comparative Common Law Lens:** Whereas the EU consolidates financial-sector AI market surveillance within existing prudential authorities and pairs it with administrative-law algorithmic legality (*riserva di umanità*), the United Kingdom relies on sector-specific principles, the United States distributes oversight across SEC, CFTC, and CFPB, and Australian post-*Robodebt* scholarship advances the *AI Golden Rule* and strict ODR governance safeguards.

01. INTRODUCTION: THE DUAL TRAJECTORY OF AI BETWEEN PRUDENTIAL SUPERVISION AND CUSTOMER PROTECTION

The legal regulation of financial automation experiences a striking paradox. While the market moves toward unified computational ecosystems, the legal order bifurcates into two conceptually asymmetric regimes. On one side stands the entry of **artificial intelligence in banking supervision**, where predictive models reshape the structure of prudential oversight. That shift also introduces new constraints of **digital operational resilience** across technological supply chains. On the other side emerges individual customer protection, where automated creditworthiness assessment and out-of-court dispute support confront the **reserve of human decision-making** and the legal intelligibility of determinations.

§ 2 Reading this dichotomy merely as a coexistence of public efficiency and private safeguards would be reductive. Both trajectories converge before the very same national banking authority. Today, the Bank of Italy must harness the potential of *SupTech* while supervising **outsourcing to major technology platforms**. Simultaneously, it directly operates document-analytics software supporting the secretariats of the Banking and Financial Ombudsman (ABF). The 2026 regulatory season allows testing the structural soundness of this dual balance.

§ 3 Normatively, the framework builds on the supervisory powers set out in the Consolidated Banking Act. Alongside that core sit the European regime on financial-sector digital operational resilience, the General Data Protection Regulation, and the AI Act. The compliance timeline of the latter for standalone high-risk systems has moreover been deferred to **2 December 2027**. Domestically, Law no. 132/2025 affirms the strictly instrumental role of algorithmic technologies vis-à-vis human judgment. The resulting architecture calls for a unified systematic interpretation.

§ 4 This inquiry therefore proceeds along four interconnected axes. First, it examines the transition to continuous digital auditing, AI as a Service supply contracts, and internal control safeguards. Second, it evaluates empirical gaps in credit scoring against Article 22 GDPR and Fundamental Rights Impact Assessments. Third, it scrutinizes the **Bank of Italy Regulation of 3 September 2026** in light of algorithmic administrative pathologies and covert algorithmic influence. A comparative assessment of non-European jurisdictions and two litigation stress-tests conclude the analysis.

02. ARTIFICIAL INTELLIGENCE IN BANKING SUPERVISION: FROM TRADITIONAL INSPECTION TO CONTINUOUS DIGITAL AUDITING

2.1 — The Circularity of Articles 51, 53, and 54 TUB Across SupTech , Continuous Auditing, and Historical Data Limits

§ 5 In classical banking law, supervision rested on a sharp temporal break between periodic off-site reporting and episodic on-site inspections. As Alberto Urbani explains (*Rivista di Diritto Bancario*, 2026) [D1], *SupTech* solutions dissolve this rigid division. Automation integrates Articles 51, 53, and 54 of Legislative Decree no. 385 of 1 September 1993 into a **dynamic circularity of controls**. Data transmitted by intermediaries feed near-real-time analytical engines capable of flagging managerial anomalies and steering on-site inspections.

§ 6 Ex-post checking thus gives way to **continuous digital auditing** and **predictive inspection** techniques. Ongoing acquisition of data streams allows the authority to run data-mining algorithms and generate early-warning indicators. Such tools reconstruct granular audit trails across an institution's entire operations, overcoming the limits of sample-based verification. Banking fact-finding no longer stops at a static snapshot of accounts, but intercepts the evolving trajectory of corporate risks.

§ 7 The breadth of the statutory wording supports this digital extension of investigative powers without distortion. Article 54(1) TUB authorizes the Bank of Italy to "carry out inspections at banks and at entities to which they have outsourced corporate functions and require the production of documents and records deemed necessary". Today, that prerogative covers access to **outsourced software architectures**, training logs, and model decision paths. Inspection authority thus follows the banking function wherever allocated, neutralizing contractual shields interposed between supervised entities and ICT vendors.

§ 8 Reliance on computational models nonetheless introduces a methodological vulnerability that Urbani identifies as the **fragility of historical time series**. Every predictive algorithm learns correlations from past data and projects their validity forward. Consequently, under macroeconomic shocks or unprecedented structural discontinuities, the model may reproduce latent biases and lose discriminatory power. Procedurally, effective **adversarial inspection safeguards** must also be preserved. Because findings may ground corrective orders or sanctions, the supervised entity must be able to examine the logic behind flagged anomalies via full query traceability.

§ 9 Article 5 TUB establishes a further systemic boundary on expanding supervisory data streams, intersecting with the **principle of proportionality** underlying Europe's risk-based banking supervision (codified for the SREP in Article 97 of Directive 2013/36/EU) and the inspection modularity criteria highlighted by Urbani. Because supervision pursues sound and prudent management, the frequency and granularity of data extraction must remain proportionate to each intermediary's risk profile and never degenerate into **total surveillance** infringing entrepreneurial freedom or covert portfolio co-management. Constitutional balance therefore requires an **AI-assisted, never AI-driven** inspector: automated computation sets investigative priorities, while legal qualification of facts remains firmly entrusted to the human officer.

2.2 — DORA Digital Operational Resilience, AIaaS Contracts, Vendor Lock-In, and Corporate Governance Duties

§ 10 On the supervised intermediaries' side, deploying advanced models amplifies operational vulnerabilities along the technology chain. In coherence with regulatory supervision under Article 53(1)(d) TUB covering "corporate governance, administrative and accounting organization, as well as internal controls and remuneration and incentive systems", the Bank of Italy issued its **Market Communication of 17 July 2026**, aligning Regulation (EU) 2022/2554 (DORA) with artificial intelligence in banking supervision across six operational pillars: governance (RAF updates, technological expertise, and vendor oversight), cyber hygiene and network segmentation, ICT and cloud asset inventories, prioritized vulnerability and patch management, human-supervised anomaly monitoring, and DORA testing under Articles 24 and 25, with a board report due by **31 December 2026**.

§ 11 The domestic framework aligns with coordinated action by the **European Central Bank** within the Single Supervisory Mechanism, whose **2026–2028 Supervisory Priorities** place digital operational resilience, DORA implementation, and AI strategies at the core of prudential oversight. Already in its ***Guide on outsourcing cloud services to cloud service providers* of 16 July 2025**, the ECB detailed non-binding expectations for significant institutions' cloud outsourcing – covering third-party-hosted AI workloads – focusing on provider concentration, subcontracting chains, and exit strategies; subsequently, through its **supervisory letter of 7 July 2026** addressing AI-enabled cyber threats from frontier models, the ECB required board-approved cyber action plans by 31 October 2026 while deferring the annual IT Risk Questionnaire to February 2027.

§ 12 Across both levels, the organizing criterion is the **principle of proportionality under Article 4(1) DORA**, expressly invoked by the Bank of Italy Communication of 17 July 2026 so that expectations scale with cost-benefit balance, institutional size, risk profile, and service complexity. That safeguard carries substantive weight: without genuine size-calibrated implementation, compliance burdens across AI governance, testing, and ICT controls could paradoxically drive smaller intermediaries into even deeper reliance on global cloud hyperscalers.

§ 13 The concrete scale of these risks is borne out by the figures reported by the Bank of Italy during its parliamentary hearing of 5 November 2026. In 2025, the Italian financial system experienced **101 major operational events**, corresponding to 137 notifications. The first nine months of 2026 already recorded 68 events generating 92 notifications, of which **nearly 60 per cent** were attributable to third-party providers. DORA registers further map a network of 3,600 providers across five subcontracting tiers, covering 9,600 contracts worth over 2.6 billion euros annually, led by 19 EU-designated critical ICT third-party providers.

§ 14 This technological dependence receives a detailed civil-law framing in Costanza Morato's study of **AI as a Service (AIaaS)** contracts (*Contratto e impresa*, 2026)[D2]. In banking, acquiring predictive capabilities no longer passes through purchasing local software, but through remote multi-tenant cloud access. Morato distinguishes three delivery layers: turnkey inference services via API, custom model-development environments, and computing infrastructure. As outsourcing deepens from AutoML modules to managed services, the intermediary cedes direct governance over weights and model updates to the vendor.

§ 15 From a contract-classification standpoint, a sharp divergence emerges between the unitary notion of **ICT services** in Article 3(1)(21) DORA and domestic civil-law contract categories. Dedicated infrastructure and bespoke algorithm development tend to fall within the Italian **contract for services (*appalto di servizi*) under Article 1655 of the Civil Code**, as the vendor assumes an organizational, result-oriented obligation tailored to the bank's specifications. Standardized API delivery instead escapes nominate types, constituting an **atypical contract or linked contractual arrangement** subject to the merit-of-interests review under Article 1322(2) of the Civil Code, where remote platform enjoyment is inseparably fused with vendor-controlled evolutionary maintenance and continuous retraining – a civil-law distinction affecting compliance risk allocation without diluting EBA outsourcing duties transposed by Bank of Italy Circular no. 285/2013, which preserve the supervised institution's undivided accountability.

§ 16 Bargaining asymmetry vis-à-vis global cloud hyperscalers thus creates an acute threat of **vendor lock-in**. Because standard-term protection under Article 1341 of the Civil Code proves inadequate in business-to-business relations, Morato invokes two external correctives: abuse of **technological dependence** under Article 9 of Law no. 192/1998 and Article 13 of the Data Act (Regulation (EU) 2023/2854) against unfair data-access terms. As Morato clarifies, the latter targets asymmetries over training data but requires judicial concretization and does not cover general liability exclusions. Prudentially, Articles 29 and 30 DORA add mandatory pre-contractual assessment of **critical-provider substitutability** alongside compulsory clauses on incidents, security training, and EU standard contractual clauses.

§ 17 This contractual vulnerability confirms Urbani's institutional warning concerning major non-European platforms. When a technology provider dictates unilateral, opaque terms, the organizational subordination underpinning indirect supervision breaks down, endangering **sound and prudent management under Article 5(2) TUB**. Direct managerial duties follow. As Carlo De Gennaro highlighted in this Journal regarding directors' liability for artificial intelligence[D3], maintaining **adequate organizational arrangements under Article 2086 of the Civil Code** prohibits delegating risk governance to external black boxes.

§ 18 Existing AIaaS agreements therefore require timely renegotiation before year-end. Banks must secure unrestricted audit rights, **verifiable exit plans**, complete log retention, and effective portability of training datasets.

CORPORATE GOVERNANCE DELIVERABLES BY 31 DECEMBER 2026

Ahead of the Bank of Italy Report required by the Communication of 17 July 2026, boards of directors must approve a comprehensive inventory of AI models and third-party tools in use, extend the Risk Appetite Framework and DORA perimeter to model risks, map subcontractors down to lower tiers, evaluate vendor lock-in under Article 29 DORA, and embed exit, audit, and incident-reporting clauses compliant with Article 30 DORA and Circular no. 285/2013.

2.3 — Algorithmic Bureaucracy, Digital Stress Tests, and Anti-Money Laundering in Technical Discretion

§ 19 The expansion of computational models inside banking operations feeds what Urbani terms **algorithmic bureaucracy**. Whenever internal functions automate synthetic scores and alert traffic lights, managerial choices tend to flatten into ratifying numerical indices. A hazardous **illusion of security in digitalized stress tests** follows. If liquidity or credit simulations rest on historical datasets lacking crises

comparable to emerging shocks, apparent mathematical precision can mask genuine capital vulnerabilities. Systematically, automated technical verification cannot replace the forward-looking assessment of capital adequacy and risk governance entrusted to managing bodies.

§ 20 The same tension surfaces in anti-money laundering regarding retention and reporting obligations under Article 36 of Legislative Decree no. 231/2007. Automated systems excel at spotting recurring statistical anomalies, yet struggle to interpret the lawful economic context of complex corporate transactions. That limitation encourages **defensive over-reporting**, flooding financial intelligence units with redundant unfiltered alerts. Preserving **directors' technical discretion** therefore prevents business judgment from collapsing into formal obedience to an algorithm: every high-impact prudential or reputational choice requires reasoned critical review.

REGULATORY INSTRUMENT	OPERATIONAL SCOPE	DEADLINE / KEY THRESHOLD	PRINCIPLE / OPERATIONAL IMPACT
Arts. 5, 51, 53, 54 TUB	Information, regulatory, and inspection supervision	Continuous oversight and third-party outsourcer access	AI-assisted inspector; ban on total surveillance
Reg. (EU) 2022/2554 (DORA) & Lgs. Dec. 23/2025	ICT operational resilience and AIaaS contracts	19 EU critical providers; 3,600 providers mapped in Italy	Lock-in review under Art. 29 and clauses under Art. 30 DORA
Bank of Italy Comm. 17 July 2026	Digital resilience and advanced AI expectations	Board report due by 31 December 2026	Six areas: RAF/governance, cyber hygiene, cloud assets, patches, monitoring, DORA tests
Reg. (EU) 2024/1689 & Reg. (EU) 2026/1744	High-risk credit systems and sectoral authority	Deferral to 2 December 2027 (Annex III)	Art. 14 human oversight, Art. 27 FRIA, Bank of Italy market surveillance

03. ALGORITHMIC CREDIT SCORING ACROSS SCHUFA , OCCASIONAL PAPER NO. 721, THE AI ACT, AND FRIA

3.1 — Extending Article 22 GDPR in Schufa and the Invalidity of Opaque Consent

§ 21 In creditworthiness assessment, a direct conflict arises between predictive automation and individual rights. Protection rests on Article 22(1) GDPR, granting the right "not to be subject to a decision based solely on automated processing, including profiling, which produces legal effects concerning him or her or similarly significantly affects him or her". For years, market operators bypassed this bar by splitting the chain: a credit bureau generated the statistical score while the lender signed the refusal.

§ 22 The **CJEU *Schufa* judgment**[1] dismantled that device by reuniting the provision's three cumulative conditions: existence of a decision, automated profiling basis, and significant impact. The Luxembourg judges clarify that calculating a probability rate itself constitutes a decision under **Article 22 GDPR** whenever it decisively drives loan refusal. As Luljeta Plakolli-Kasumi notes[D4], clauses shifting final choice onto the bank previously trapped customers in a liability void, now closed by full **transparency of meaningful logic** under Article 15(1)(h) GDPR.

§ 23 Domestically, the European approach converges with the principle laid down by the **Italian Supreme Court of Cassation, Civil Division**, on reputational rating[2]. The Supreme Court holds that data subjects' consent cannot be valid where the execution scheme of the algorithm and its weighted elements remain undisclosed. Lack of prior transparency thus triggers the **invalidity of opaque consent** and deprives processing of any legal basis: formal market acceptance cannot cure an original disclosure defect.

§ 24 Applied to lending underwriting, combining *Schufa* with domestic case law sharply narrows the derogations under Article 22(2) GDPR. Neither contractual necessity nor consent can validate an opaque model lacking access to the decisive drivers of the score. Prospective borrowers must further be guaranteed an effective **right to human review** and contestation of adverse outcomes. Opacity ceases to serve as a protected corporate prerogative and becomes a ground of unlawful processing.

3.2 — Empirical Gaps in Italian Models According to Occasional Paper No. 721

§ 25 The depth of the original gap between legal standards and banking practice emerges clearly from Bank of Italy **Occasional Paper no. 721**[D5], published in **October 2022** on **38 machine-learning models** deployed by ten leading Italian credit intermediaries. The chronological distance must be stated explicitly: the survey predates the December 2023 *Schufa* ruling by over a year and precedes the enactment of the AI Act, and therefore cannot be read as a direct snapshot of 2026 compliance; yet, absent a subsequent public supervisory census of comparable scope, it remains the primary **empirical baseline** for gauging structural vulnerabilities across the market. Even then, systems appeared operationally mature – with 61 per cent already in live production and a prevalence of decision-tree algorithms over neural networks – while pairing such adoption with a deep asymmetry in governance and customer-facing transparency.

§ 26 Explainability figures revealed a sharp split between internal controls and external protection: although **92 per cent of models** applied post-hoc techniques – chiefly Shapley values and feature-importance indices – confined to internal validation committees and supervisory dialogue, explanations delivered to external customers stood at **zero per cent**. None of the surveyed banks translated internal diagnostics into intelligible reasons for rejected applicants, impeding the exercise of human-intervention and contestation rights under Article 22(3) GDPR.

§ 27 Statistical fairness and outsourcing findings proved equally critical. Only 46 per cent of systems ran fairness checks, relying exclusively on the formal method of fairness through unawareness, which stripped protected attributes from inputs without neutralizing indirect correlations carried by proxy variables such as residence or spending patterns. Corrective mitigation against bias embedded in historical data was wholly absent, compounded by broad third-party dependence: **47 per cent of models** involved external providers and **8 per cent** resorted to double outsourcing, heightening data-drift exposure.

> ***A credit model technically explainable only to internal inspectors remains legally opaque to the affected customer, turning the promise of statistical fairness into a refusal shielded from adversarial challenge.***

3.3 — High-Risk Classification, Human Oversight, and FRIA Under Articles 14 and 27 AI Act

§ 28 The shortcomings documented in the Occasional Paper no. 721 baseline carry direct enforcement weight under Regulation (EU) 2024/1689 (AI Act). Annex III, point 5(b), classifies systems evaluating natural persons' creditworthiness as **high-risk**, carving out fraud detection. Compliance with Article 14 AI Act on **effective human oversight** therefore applies: systems must be "designed and developed in such a way, including with appropriate human-machine interface tools, that they can be effectively overseen by natural persons during the period in which they are in use".

§ 29 Paragraph 4 of the same article defines the operational reach of such oversight. The overseer must hold real authority "to decide, in any particular situation, not to use the high-risk AI system or to otherwise disregard, override or reverse the output of the high-risk AI system". The rule also mandates full awareness of automation bias. As Giulia Taraborrelli and Luca Megale observe (*Giornale di diritto amministrativo*, 2026)[D6], the provision prohibits rubber-stamping scores, demanding instead genuine comprehension of model limits and reasoned dissent power.

§ 30 Preventively, deploying banks must perform a **FRIA under** Article 27 AI Act, assessing risks "to fundamental rights that the use of such system may produce". The assessment details business processes, frequency of use, affected consumer groups, oversight controls, and complaint channels. Findings must be notified to the competent authority and coordinated with the **impact assessment under Article 35 GDPR** to avoid duplication while keeping non-discrimination distinct from data protection.

§ 31 Temporally, **Regulation (EU) 2026/1744** deferred obligations for standalone Annex III high-risk systems to **2 December 2027** and, as reported by the Bank of Italy in its parliamentary hearing of 5 November 2026, from that date the Institute will operate in full as market surveillance authority for the credit sector. That deferral authorizes no inertia in the **algorithmic governance of credit**, as Article 22 GDPR principles and risk-control duties already bind intermediaries today and anticipate the European standard.

04. AI SUPPORTING THE BANKING AND FINANCIAL OMBUDSMAN: THE 3 SEPTEMBER 2026 REGULATION, THE DATA PROTECTION AUTHORITY OPINION, AND THE RESERVE OF HUMAN DECISION-MAKING

4.1 — Quasi-Judicial Administrative Nature of the ABF, Secretariat Functions Under the 3 September 2026 Regulation, and Data Protection Authority Findings

§ 32 In proceedings before the Banking and Financial Ombudsman (ABF), the Bank of Italy acts in its own capacity as data controller of analytical support systems. Established under Article 128-bis(2) TUB, under which procedures "must in all cases ensure speed, cost-effectiveness of dispute resolution, and effectiveness of protection", the Ombudsman operates through independent panels assisted by technical secretariats. Its organizational framework still rests on CICR Resolution no. 275 of 29 July 2008.

§ 33 The **Italian Constitutional Court**[3] excluded the judicial nature of ABF panels. While deciding according to law in adversarial proceedings, they exercise an **administrative adjudicatory function** lacking binding enforcement force and *res judicata* effect. Decisions operate through reputational pressure on intermediaries, leaving full recourse to ordinary courts unimpaired. Preparatory automation in-

side secretariats must therefore be scrutinized primarily under administrative legality and data-protection law.

§ 34 On those premises, the **Bank of Italy Regulation of 3 September 2026** (Official Gazette no. 215/2026) governs closed-network applications without external connectivity across five specific functions. First, full-text search tools scan complaints filed over the preceding decade to draft technical reports, excluding Articles 9 and 10 GDPR data from search keys. Second, dedicated models extract dates, amounts, and intermediaries to screen admissibility and the ten-year *ne bis in idem* bar.

§ 35 Third, machine-learning algorithms run **semantic clustering** exclusively on already anonymized panel decisions, extracting hierarchical tags and distinguishing typical rulings (**centroids**) from divergent ones (**outliers**). Fourth and fifth are anonymization verification prior to publication and aggregate spatio-temporal flow monitoring, relevant amid the **21 per cent surge in ABF complaints** concerning payment fraud in 2025. The Regulation specifies that such statistical analytics do not trigger automatic supervisory inspections.

§ 36 As to technical safeguards, the Regulation sets three differentiated retention periods. Files on member appointment and removal are retained for twenty years, whereas ABF case files remain for thirty years in internal archives and five years on the portal. Data processed inside algorithmic analytics applications are kept for **ten years** from complaint filing to verify historical reliability. Periodic training, retraining overseen by lawyers and data scientists, version tracking, and portal notices subject to Article 2-*undecies* of the Italian Privacy Code complete the regime.

§ 37 In the preamble to the Regulation, the Bank of Italy excludes high-risk classification by invoking the carve-out under Article 6(3) alongside Recital 61 AI Act, which exempts systems used in ADR proceedings for purely ancillary administrative tasks – such as document anonymization or case-file management – that do not affect adjudication in individual cases. On data-protection compliance, the draft Regulation instead incorporates adjustments reached during informal consultations with the staff of the Italian Data Protection Authority (Article 25 GDPR). In its **Opinion of 28 May 2026** (doc. web 10259660), the Authority granted favourable clearance limited to GDPR and domestic Privacy Code compliance, recommending periodic updates to the impact assessment under Article 35(9) GDPR with input from panels and parties, while entering an **express reservation on the AI Act** pending its full entry into application.

4.2 — Algorithmic Legality, Covert Influence, Administrative Pathologies, and the Reserve of Human Decision-Making Under Law No. 132/2025

§ 38 The non-interference clause underpinning the ABF Regulation must be tested against administrative-court jurisprudence. In the line of authority forged by the **Council of State (*Consiglio di Stato*)** between 2019 and 2020[4][5][6], the technical rule embedded in software operates as a general administrative act subject to transparency, reasonableness, and full judicial review. From this follow the duty to translate technical formulas into intelligible legal rules, the unenforceability of vendor trade secrets, and non-exclusive human verification.

§ 39 Those guarantees are reinforced by **Veneto Regional Administrative Court (*TAR*) Judgment no. 1845/2025**[7], which bars grounding automated decision-making in generic self-organization powers. Invoking Article 14 of Law no. 132 of 23 September 2025 – as previously noted by this author in this

Journal regarding AI in public administration under Law no. 132/2025[D7] – the court upholds **algorithmic legality**: every computational tool requires an explicit statutory basis and acts strictly instrumentally under human accountability.

§ 40 The decisive test of the non-interference clause nonetheless lies on the unresolved boundary, operative from 2 December 2027, between the preparatory carve-out and high-risk status under **Annex III, point 8, AI Act**, which encompasses systems intended to assist judicial authorities and alternative dispute resolution bodies in researching and interpreting facts and law. Rather than treating the 3 September 2026 Regulation as a monolith, its five functions must be disaggregated: whereas full-text search over prior filings, structured extraction of dates and amounts for *ne bis in idem* screening, anonymization support, and aggregate flow monitoring sit comfortably within the preparatory exception of Article 6(3) and Recital 61 AI Act, **semantic clustering** of anonymized rulings occupies far more exposed terrain. By ranking precedents along a statistical hierarchy of *centroids* and *outliers* ahead of the technical report, machine learning does not merely sort files but frames the panel's pre-understanding, conferring implicit authority on the majority line and fuelling the cognitive hazard of **automation bias** highlighted by Giulia Taraborrelli and Luca Megale under Articles 3, 24, and 97 of the Constitution.

§ 41 In our view, semantic clustering can remain lawfully sheltered inside Article 6(3) AI Act beyond 2027 only if regulatory design converts the absence of automated adjudication into verifiable procedural guarantees matching the dual claim to ***AIxplainability*** articulated by Antonino Ripepi (*Giurisprudenza Italiana*, 2026)[D8] for non-deterministic adaptive-weight models: **knowability** of the technical architecture balanced against trade secrets, and concrete **intelligibility** of the logic applied. Averting **covert algorithmic influence** inside preparatory tasks requires three binding safeguards: full **traceability of automated queries** under Article 9 of Presidential Decree no. 62/2013 (aligned with the evidentiary burden borne by whichever body adopts technological opacity), neutral presentation of both *centroids* and *outliers* in secretariat reports without presumptive hierarchy, and an active duty on panels to supply autonomous legal reasoning whether departing from or confirming the clustered precedents.

§ 42 The same accountability rationale clarifies legal pathologies whenever digital support oversteps its ancillary remit. Framing the **algorithmic administrative act** as an ordinary procedural species in which software remains a mere *instrumentum*, Giovanni Gallone and Angelo Giuseppe Orofino (*Giurisprudenza Italiana*, 2026)[D9] ground public-body attribution in **organic identification** via the deciding officer and objectification of intent in setting operational rules, preserving a perpetually reversible functional meta-autonomy while treating technical portal barriers as breaches of good-faith and cooperation duties under Article 1(2-*bis*) of Law no. 241/1990.

§ 43 A rigorous graduation of defects follows, serving as a benchmark for reviewing technical fact-finding as well: radical **nullity (voidness *ab initio*)** strikes only the absence of an authorizing act legitimizing deployment of the IT system, whereas failure to formalize computational criteria in a predicate act, missing human directives, or evasion of the human reserve ordinarily trigger **annulment for statutory infringement**, complemented by intrinsic logic defects and scrutiny of **unsuitability of the tool and data quality** demanding periodic software calibration. Institutionally, the lack of a fully independent horizontal national authority – criticized by Ilaria Speziale (*Contratto e impresa*, 2026)[D10] with respect to the government-steered designation of AgID and ACN under Article 20 of Law no. 132/2025 against

Article 70 AI Act – places an even heavier burden on the Bank of Italy and the Data Protection Authority to police the boundary between preparatory support and collegiate human judgment.

COURT & DATE	REFERENCE	RELEVANT LEGAL PRINCIPLE
Constitutional Court 21 July 2011	Order no. 218	The ABF performs a non-binding administrative adjudicatory function operating reputationally without precluding ordinary courts.
Council of State 8 April 2019	Judgment no. 2270	An algorithmic rule carries legal force as an electronic administrative act requiring intelligible translation and full judicial review.
Council of State 13 December 2019	Judgment no. 8472	Establishes intelligibility with unenforceability of vendor trade secrets, non-exclusive human intervention, and algorithmic non-discrimination.
Council of State 4 February 2020	Judgment no. 881	Reaffirms human accountability to the competent authority and places technical verification of algorithmic logic on the administration.
Cassation, Civil Div. 25 May 2021	Order no. 14381	Consent to an algorithmic rating system is void where its execution scheme and weighted factors remain undisclosed.
CJEU 7 December 2023	Case C-634/21	Automated calculation of a credit score constitutes a decision under Article 22 GDPR when it decisively conditions bank lending.
Veneto TAR 21 October 2025	Judgment no. 1845	Automated administrative decisions require explicit primary statutory authority and compliance with the human reserve under Article 14 of Law no. 132/2025.

05. COMPARATIVE PERSPECTIVES: THE EUROPEAN UNION ALONGSIDE THE UNITED KINGDOM, SINGAPORE, THE UNITED STATES, AUSTRALIA, AND ODR MODELS

5.1 — Modular Transplantability of the AI Act and FinTech Supervisory Models Across the US, the UK, and Asia-Pacific

§ 44 The tensions identified in the Italian system come into sharper focus when measured against the three leading regulatory models outside the European Union, beginning with Van Thanh Hoang and Ngoc Mai Nguyen's comparative diagnosis[D11] of the AI Act as a **modular architecture** with uneven portability. While risk tiers, documentation duties, and regulatory sandboxes travel readily across borders, the most protective core of the European model – **rights-operability**, namely the individual's practical ability to challenge an algorithmic decision before an independent body – resists legal transplantation.

§ 45 It is along this exact fault line that the **United Kingdom** and **Singapore** diverge from European codification: the British model favours a pro-innovation approach entrusted to sectoral regulators without a single horizontal AI statute, while Singapore relies on voluntary technical validation tools and sandboxes centred on the AI Verify platform, gaining operational agility at the expense of lower individual enforceability of remedies.

§ 46 In financial regulation specifically, Ádám Köteles[D12] contrasts multi-agency fragmentation in the **United States** – where FinTech oversight is divided across SEC, CFTC, and CFPB at federal and state levels, fostering experimentation while multiplying compliance overlaps – with European harmonization through PSD2, MiFID II, EBA, and Article 74(6) AI Act, which consolidates market surveillance over regulated intermediaries within existing **financial supervisory authorities**. One technical hurdle flagged by Köteles nevertheless cuts across all three models: reliance on non-traditional data, such as geolocation and social metadata, frequently outpaces supervisors' immediate verification capacity, demanding controlled testing and **risk-calibrated regulatory proportionality**.

5.2 — Post- Schufa Credit Scoring and the Robodebt Lesson: From Automation Bias to the AI Golden Rule

§ 47 Remedial effectiveness returns to the foreground in Plakolli-Kasumi's banking analysis[D4] following *Schufa*. Purely nominal human involvement cannot remove a decision-making process from Article 22 GDPR. European courts require active evaluation by officers equipped with competence, authority, diligence, and independence from the statistical score. Neither trade secrets nor indemnity clauses between bureau and lender can therefore block access under Article 15(1)(h) GDPR.

§ 48 In common law public administration, Australia's ***Robodebt*** affair examined by Benedict Sheehy and Yee-Fui Ng[D13] provides a mirror warning. That automated welfare debt-recovery system struck thousands of vulnerable citizens while breaching legality, procedural fairness, and public accountability. The two scholars distinguish the **technical black box**, tied to model complexity, from the more insidious **legal black box**, which arises whenever opacity prevents articulating legal reasons and paralyses judicial challenge.

§ 49 To overcome this twin opacity, Sheehy and Ng highlight the **AI Golden Rule** piloted in Australian immigration and veterans' administration. That **regulatory design** restricts automated routing strictly to fully favourable decisions grounded in certain criteria. Every adverse, refusal, or discretionary outcome is routed to accountable human officials governed by ordinary administrative law. The parallel with Article 14 of Law no. 132/2025 and the ABF Regulation is direct: every restrictive determination requires an identifiable, challengeable human decision-maker.

5.3 — Generative Artificial Intelligence, Hallucination Risks, and Consumer ODR System Design

§ 50 In consumer dispute resolution, comparative evidence empirically supports the design of the ABF Regulation. Vivi Tan, Jeannie Paterson, and Julian Webb[D14] investigate generative AI in Online Dispute Resolution (**ODR**) for small-value consumer claims. Large language models exhibit structural vulnerability to legal hallucinations: on direct queries concerning judicial precedents, cited benchmarks record error rates between **58 per cent** (GPT-4) and **88 per cent** (Llama 2), alongside strong susceptibility to user misconceptions and North American jurisdictional drift.

§ 51 Even Retrieval-Augmented Generation (**RAG**) architectures anchored in commercial legal databases do not eliminate that risk. Moving beyond narrow definitions limited to fabricated cases, the authors count every legal assertion unsupported by its cited source. Measured against that forensic standard, specialized legal research platforms still exhibit hallucination rates between **17 and 33 per cent**. Such margins are incompatible with adjudicating or preparing banking disputes and reinforce cautions already issued to UK courts regarding public chatbots.

§ 52 Read alongside the Bank of Italy Regulation of 3 September 2026, these findings validate Italy's conservative model. ABF secretariats bar external connectivity and limit automation to full-text search and clustering over anonymized decisions under multidisciplinary oversight. Tan, Paterson, and Webb nonetheless stress a further constraint of **institutional design**: an ODR portal lacking genuine human mediation safeguards risks deterring consumers in low-value claims and widening informational asymmetry vis-à-vis banks.

JURISDICTION	REGULATORY MODEL	CREDIT & ADR SAFEGUARD	COMPARATIVE VULNERABILITY
European Union / Italy	Risk-based codification (AI Act, DORA, GDPR, Law 132/2025)	FRIA, Art. 74(6) Bank of Italy oversight, isolated-network ABF	Coordination complexity between AgID/ACN and sectoral supervisors
United Kingdom	Pro-innovation principles administered by sectoral regulators	Financial conduct supervision without a unified AI statute	Potential horizontal protection gaps over third-party vendors
Singapore	Technical testing and assurance framework (AI Verify)	FinTech regulatory sandboxes and voluntary validation	Lower individual rights-operability compared to EU remedies
United States	Multi-agency federal/state supervision (SEC, CFTC, CFPB)	Ex-post enforcement against deceptive and credit practices	Regulatory fragmentation and overlapping compliance burdens
Australia	Principles-based governance, AI Golden Rule, and ODR design	Automation confined to favourable outcomes; GenAI/RAG caution	Robodebt lesson on public liability for adverse automated outcomes

06. CRITICAL ASSESSMENT, APPLIED STRESS-TESTS, AND INSTITUTIONAL OUTLOOK

6.1 — What Remedies and Evidentiary Burdens Govern Litigation Over Outsourced Scoring and ABF Decisions?

§ 53 In litigation over outsourced scoring and ABF claims, the **burden of proof rests on the intermediary and the data controller**. Neither may invoke a vendor's trade secret to block access under Article 15 GDPR or evade proving effective human intervention.

§ 54 A first stress-test concerns **mortgage refusal based on outsourced credit scoring**. Where a bank adopts a third-party score without individualized reasons, counsel may demand access to decisive criteria under Article 15(1)(h) GDPR. That remedy concurs with Article 22 GDPR objections under *Schufa*[1] and nullity of consent given on opaque terms under Cassation case law[2]. In light of Occasional Paper no. 721, the bank must prove substantive non-discrimination checks beyond stripping protected at-

tributes. As a matter of **distinguishing**, this heightened regime **does not apply** to fraud filters excluded from Annex III or preliminary alerts leaving independent human underwriting intact.

§ 55 A second stress-test examines ABF claims over **payment fraud** (+21 per cent in 2025) processed via admissibility filters and cluster groupings. Where a claimant fears that **covert algorithmic influence** flattened an atypical case inside the secretariat report, counsel may demand query traceability and full legal reasoning. A strict **distinguishing** nevertheless separates authoritative acts annulled by the Veneto TAR[7] from non-binding ABF panel rulings[3]. Because ABF decisions carry no *res judicata* effect under Article 128-*bis*(3) TUB, the customer retains full ordinary civil recourse to challenge both contractual liability and calibration or data-quality flaws in anti-fraud controls.

§ 56 Effective advocacy therefore combines substantive pleas of nullity and breach of contract with evidentiary motions targeting access, model versions, technical calibration, and impact assessments.

LITIGATION CHECKLIST ON OUTSOURCED SCORING AND ABF CLAIMS

Upon credit refusal: serve an Article 15(1)(h) GDPR request covering decisive scoring drivers; challenge vendor trade-secret shields and the absence of effective human review under Article 22 GDPR; seek production of the DPIA and forthcoming FRIA. In ABF proceedings: document atypical factual features early vis-à-vis standardized precedents and, where warranted, file ordinary civil proceedings under Article 128-*bis*(3) TUB.

6.2 — Multi-Authority Governance Under Article 70 AI Act and Concluding Remarks

§ 57 The overall balance of this inquiry points to a decisive institutional test on the road to **2 December 2027**. As Ilaria Speziale noted in examining the interplay between Article 20 of Law no. 132/2025 and Article 70 AI Act, overlapping mandates across AgID, ACN, the Data Protection Authority, and banking supervision require binding **multi-authority coordination** protocols. Designating the Bank of Italy as market surveillance authority under Article 74(6) AI Act (Bank of Italy parliamentary hearing, 5 November 2026) preserves prudential continuity and requires, as Köteles observes, prompt reporting to the European Central Bank for Single Supervisory Mechanism matters, alongside structured coordination with the Data Protection Authority.

§ 58 Within the Banking and Financial Ombudsman, the durability of the Regulation of 3 September 2026 will hinge on periodic consultation of panels and parties recommended by the Data Protection Authority in DPIA reviews and on keeping semantic clustering within transparent, reversible safeguards. Viewed as a whole, the legal regime governing artificial intelligence in banking supervision and ABF remedies yields a clear unified standard: computational innovation legitimizes financial oversight only where AI-assisted inspections, **DORA-compliant AIaaS contracts**, and secretariat tools remain subordinate to **technical intelligibility of models** and **full human decisional accountability**.

AUTHORITIES & REFERENCES

Table of Authorities & References Cited

I. STATUTORY PROVISIONS

Regulation (EU) 2024/1689 of 13 June 2024 (AI Act) – human oversight, Fundamental Rights Impact Assessment (FRIA), high-risk creditworthiness systems, and sectoral market surveillance, with compliance deferred by Regulation (EU) 2026/1744 (Arts. 6, 14, 27, 70, 74 and Annex III, point 5(b)).

Regulation (EU) 2022/2554 of 14 December 2022 (DORA) – digital operational resilience for the financial sector, substitutability risk, and clauses for ICT and AIaaS third-party providers (Arts. 3, 5, 6, 24, 25, 29, 30 and Chapter V).

Regulation (EU) 2016/679 of 27 April 2016 (GDPR) – automated decision-making, profiling, access to meaningful logic, and data protection impact assessment (Arts. 15, 22 and 35).

Legislative Decree no. 385 of 1 September 1993 (Consolidated Banking Act) – sound and prudent management, information, regulatory, and inspection supervision, and ABF dispute resolution (Arts. 5, 51, 53, 54 and 128-bis).

Law no. 132 of 23 September 2025 – national framework on the instrumental use of artificial intelligence in public administration, the judiciary, and national authorities (Arts. 14, 15 and 20).

Regulation (EU) 2023/2854 of 13 December 2023 (Data Act) and Legislative Decree no. 23 of 10 March 2025 – unfair B2B data-access clauses (Art. 13 Data Act) and national alignment with DORA.

Bank of Italy Regulation of 3 September 2026 (Official Gazette no. 215 of 16 September 2026) – regulation governing personal data processing in support of the Banking and Financial Ombudsman.

Bank of Italy Communication of 17 July 2026 and Circular no. 285/2013 – supervisory expectations on digital operational resilience, advanced AI models, and outsourcing of corporate functions.

II. CASE LAW CITED

[1] **Court of Justice of the European Union (CJEU), Judgment of 7 December 2023, Case C-634/21 (OQ v. Land Hessen / Schufa)** OUTCOME: declared the reference admissible, dismissed inadmissibility objections, and brought decisive credit scoring within Article 22(1) GDPR. PARA.: paras. 35-39 and 43-63.

[2] **Italian Supreme Court of Cassation, Civil Division, Order no. 14381 of 25 May 2021** OUTCOME: upheld the first four grounds of appeal, quashed the impugned judgment, and remanded to the Tribunal of Rome due to invalid consent on an undisclosed algorithm. PARA.: sections VII-VIII.

[3] **Italian Constitutional Court, Order no. 218 of 21 July 2011** OUTCOME: declared the constitutional reference manifestly inadmissible for lack of standing of the Banking and Financial Ombudsman, classifying it as an administrative adjudicatory body without binding powers. PARA.: legal reasoning.

[4] **Council of State (Consiglio di Stato), Judgment no. 2270 of 8 April 2019** OUTCOME: upheld the appeal and first-instance claim, classifying decisional software as an electronic administrative act subject to intelligible legal translation and full judicial review. PARA.: paras. 8.2-9.

[5] **Council of State (Consiglio di Stato), Judgment no. 8472 of 13 December 2019** OUTCOME: dismissed the ministerial appeal, affirming intelligibility with unenforceability of vendor trade secrets, non-exclusivity through human intervention, and algorithmic non-discrimination. PARA.: paras. 13.1-16.

[6] **Council of State (Consiglio di Stato), Judgment no. 881 of 4 February 2020** OUTCOME: dismissed the appeal, reaffirming human accountability for authoritative decisions and the administration's burden of technically proving algorithmic operation. PARA.: paras. 9-12.

[7] **Veneto Regional Administrative Court (TAR), Judgment no. 1845 of 21 October 2025** OUTCOME: upheld the joined claims, annulling automated revocation and visa refusal while affirming the statutory reserve under Article 14 of Law no. 132/2025. PARA.: paras. 6.2-6.3 and 9.

III. LEGAL SCHOLARSHIP CITED

[D1] Urbani A., L'evoluzione della vigilanza ispettiva sulle banche al tempo della digitalizzazione del sistema finanziario e dell'avvento dell'intelligenza artificiale [The Evolution of On-Site Banking Supervision in the Age of Financial Digitalization and Artificial Intelligence], in Rivista di Diritto Bancario , April-June 2026, Issue II, Sec. I, pp. 85-111 – circularity of Articles 51, 53, and 54 TUB, shift to continuous digital auditing, historical time-series limits, sovereignty over cloud providers, and AI-assisted inspectors.

[D2] Morato C., AI as a Service (AIaaS): prime considerazioni intorno ad un nuovo contratto di impresa [AI as a Service (AIaaS): Preliminary Considerations on a New Commercial Contract], in Contratto e impresa , 2026, no. 3, pp. 838-886 – civil-law classification of cloud AIaaS contracts, interplay with DORA Articles 3, 29, and 30, Bank of Italy Circular no. 285/2013, vendor lock-in, and Article 13 Data Act.

[D3] De Gennaro C. , La responsabilità degli amministratori per l'intelligenza artificiale [Directors' Liability for Artificial Intelligence], in Metodo Giuridico , 5 May 2026 – analysis of organizational arrangements under Article 2086 of the Italian Civil Code and managerial liability in AI deployment.

[D4] Plakolli-Kasumi L., AI in the Banking Sector: Lessons from the Schufa Case , in Białostockie Studia Prawnicze , 2025, vol. 30, no. 3, pp. 155-166, DOI: 10.15290/bsp.2025.30.03.10 – joint accountability of scoring agencies and lenders, unenforceability of trade-secret shields, and substantive requirements for human intervention.

[D5] Bonaccorsi di Patti E., Calabresi F., De Varti B., Federico F., Affinito M. et al., Intelligenza artificiale nel credit scoring. Analisi di alcune esperienze nel sistema finanziario italiano [Artificial Intelligence in Credit Scoring: Analysis of Experiences in the Italian Financial System], Bank of Italy, Questioni di Economia e Finanza , no. 721, October 2022 – empirical survey of 38 banking ML models, 0% external XAI disclosure, fairness through unawareness, and double outsourcing.

[D6] Taraborrelli G., Megale L., Riserva di umanità nei procedimenti amministrativi automatizzati e effetto anticipatorio dell'AI Act [Human Decision-Making Reserve in Automated Administrative Proceedings and Anticipatory Effect of the AI Act], in Giornale di diritto amministrativo , 2026, no. 4, pp. 490-509 – distinction between constitutional human reserve and Article 14 AI Act human oversight, automation bias, and Digital Omnibus VII schedule.

[D7] Palumbo F. , Intelligenza artificiale nella pubblica amministrazione: la legge n. 132/2025 [Artificial Intelligence in Public Administration: Law No. 132/2025], in Metodo Giuridico , 29 October 2026 – reconstruction of Article 14 of Law no. 132/2025 on instrumental use, intelligibility, and the reserve of human decision-making.

[D8] Ripepi A., Trasparenza e accesso alle frontiere dell'amministrazione artificiale [Transparency and Access at the Frontiers of Artificial Administration], in Giurisprudenza Italiana , August-September 2026, pp. 1946-1950 – AIxplainability across knowability and intelligibility, query traceability under Article 9 Presidential Decree no. 62/2013, and covert algorithmic influence in preparatory tasks.

[D9] Gallone G., Orofino A. G., Il provvedimento algoritmico [The Algorithmic Administrative Act], in Giurisprudenza Italiana , August-September 2026, pp. 1935-1940 – software as procedural instrumentum, organic identification, taxonomy of nullity versus annulment, and periodic data calibration.

[D10] Speziale I., Le autorità nazionali per l'intelligenza artificiale. Prime riflessioni critiche [National Authorities for Artificial Intelligence: Preliminary Critical Reflections], in Contratto e impresa , 2026, no. 2, pp. 320-333 – critical independence assessment under Article 70 AI Act of designating AgID and ACN under Article 20 of Law no. 132/2025 and coordination with the Bank of Italy.

[D11] Hoang V. T., Nguyen N. M., When the EU AI Act Travels: Legal Transplantability and Modular Adaptation in Third-Country AI Governance , in Review of European and Comparative Law , 2026, vol. 66, no. 3, pp. 191-209, DOI: 10.31743/recl.20136 – assessment of the modular transplantability of the EU AI Act in the United Kingdom, Singapore, Japan, and Brazil.

[D12] Köteles Á., FinTech and Artificial Intelligence in Financial Services: Comparative Regulatory Challenges , in Perspectives of Law and Public Administration , 2026, vol. 15, no. 2, pp. 224-236, DOI: 10.62768/plpa/2026/15/2/03 – comparison of financial supervisory models in the United States, the European Union, and Asia-Pacific, including Article 74(6) AI Act.

[D13] Sheehy B., Ng Y.-F., The Challenges of AI-Decision-Making in Government and Administrative Law: A Proposal for Regulatory Design , in Indiana Law Review , 2024, vol. 57, pp. 665-700, DOI: 10.18060/28360 – analysis of the Australian Robodebt failure, legal black boxes, and the AI Golden Rule.

[D14] Tan V., Paterson J., Webb J. S., Generative Artificial Intelligence in Small Value Consumer Claims: Hallucination Risk, System Design, and Governance in Online Dispute Resolution , in University of New South Wales Law Journal , 2025, vol. 48(4), pp. 1257-1288, DOI: 10.53637/qkhj4842 – empirical GenAI hallucination rates and institutional governance design in consumer ODR systems.

FP

Federico Palumbo Attorney at the Rome Bar

Practises civil law, administrative law, and labour law. For Metodo Giuridico he authors in-depth analyses and case notes on the substantive and procedural aspects of civil and administrative litigation.