

Progress Together's Submission to the FCA Mills Review

Progress Together exists to ensure leadership roles in UK financial services are accessible to employees from all socio-economic backgrounds. As the FCA considers the long-term impact of advanced, generative and agentic AI on retail consumers, we urge explicit focus on socio-economic inequality as a structural conduct risk.

AI will not operate in isolation. It will inherit, interpret and scale the behavioural patterns embedded in historic financial systems. Without deliberate safeguards, AI risks converting structural disadvantage into faster, more scalable automated outcomes.

The question is not whether AI will transform retail financial services. It is whether it will do so in ways that narrow or widen socio-economic inequality.

Decisions about AI in financial services are already being made without the voices of people from lower socio-economic backgrounds. This is a serious risk. AI leadership must include people who understand the realities of socio-economic inequality, otherwise the technology will deepen existing divides. Achieving this demands swift action to build a far more representative senior workforce. [Progress Together has data on 210k employees across UK financial services](#). It shows employees from lower socio-economic background are progressing 16% slower than their peers. There is a distinct lack of socio-economic representation at the top.

Added to this, our report [Rise with AI](#), shows that the benefits of gen AI are not reaching the workforce uniformly. Employees from lower socio-economic backgrounds face limited access to AI tools and training, exacerbating existing inequalities. Only 38% of financial services employees from lower socio-economic backgrounds have access to AI tools, compared to 48% of their counterparts from higher socio-economic backgrounds. This gap threatens to widen disparities in career mobility and opportunity, particularly as roles most susceptible to AI-driven transformation, such as administrative and customer service positions, are predominantly occupied by employees from lower socio-economic backgrounds. This is not just a talent challenge, it could pose long-term strategic risks.

The structural risk landscape

AI promises personalisation, efficiency and expanded access. Yet consumers from lower socio-economic (SE) backgrounds face pre-existing structural constraints that materially shape how AI systems will interpret them:

- Income volatility and non-linear earnings patterns
- Thin or inconsistent credit histories
- Lower digital access and confidence
- Lower financial resilience and savings buffers
- Higher exposure to fraud and financial stress

Historic datasets, typically calibrated around more affluent behavioural norms, may interpret these patterns as “risky”, “anomalous” or “low value”.

The risk is rarely explicit discrimination. The risk is systemic exclusion by design.

Critical pressure points for consumer harm

1. Identity and onboarding

Digital KYC processes assume access to modern devices, high-quality connectivity and digital fluency. Lower-income consumers are more likely to experience failed verifications, repeated friction and automated fraud escalation. What appears to be neutral automation can disproportionately delay or restrict access.

2. Credit, pricing and access

AI models may:

- Misinterpret volatile income as instability
- Penalise thin-file or informal financial histories
- Reconstruct postcode-based or behavioural proxies
- Undervalue alternative indicators of reliability

This can result in systematic under-provision of credit, worse pricing or exclusion from mainstream products - outcomes that may be difficult for consumers to identify or challenge.

3. Customer support and escalation

This risks entrenching a two-tier system of service - where digitally fluent, financially secure consumers experience seamless personalisation, while those from lower socio-economic backgrounds encounter friction, delay and automated exclusion. Invisible barriers linked to income volatility, digital access, financial literacy and confidence risk becoming encoded into AI-enabled journeys, transforming structural disadvantage into systematic differential treatment.

Consumers least confident in navigating digital systems are also least likely to escalate or contest decisions.

4. Fraud, financial crime and protective controls

Consumers under financial stress are disproportionately targeted by AI-enabled scams. Simultaneously, automated fraud detection systems may over-correct - freezing accounts or blocking payments where behavioural patterns reflect economic vulnerability rather than criminal intent.

Protective systems designed to reduce harm can unintentionally compound it.

5. Governance and data blind spots

Firms frequently hold less complete, lower-quality behavioural data on low-income consumers. Third-party AI providers rarely test explicitly for socio-economic fairness. Limited socio-economic diversity within AI governance and data science functions further reduces the likelihood that emerging risks are identified early.

This creates “data blindness” to the financial realities of economically marginalised consumers.

Implications for the Consumer Duty

AI-related risks intersect directly with all four Consumer Duty outcomes:

- Products and Services – Eligibility frameworks may exclude non-standard income patterns.
- Price and Value – Proxy discrimination may generate worse pricing or reduced product access.
- Consumer Understanding – Automated communications may overwhelm consumers with limited digital or financial fluency.

- Consumer Support – Over-automation may restrict timely human judgement at moments of vulnerability.

AI therefore represents both a conduct risk and a delivery risk under the Duty.

Recommendations to the FCA

1. Recognise Lower SEB consumers as a heightened AI risk group

Set clear expectations that firms assess indirect discrimination linked to income volatility, digital deprivation and thin credit files.

2. Mandate explicit fairness and resilience testing

Require testing of:

- Irregular income sensitivity
- Postcode and proxy reconstruction risk
- Thin-file credit profiles
- Multi-channel accessibility
- Low digital literacy journeys

Excluding SEB variables is insufficient where models can reconstruct them through proxies.

3. Strengthen explainability and human redress

Require:

- Clear explanations for materially impactful automated decisions
- Low-friction human escalation routes
- Non-digital alternatives for essential services
- Transparent documentation of decision logic

4. Clarify governance accountability

Ownership under Senior Managers and Certification Regime (SMCR) of AI fairness risks, board-level oversight, and outcome-based management information that includes socio-economic and other diverse characteristics beyond age and sex. Safety of data collection environments should also be reinforced.

5. Use regulatory sandboxes to address inclusion gaps

Encourage safe testing space against socio-economic “edge cases” including income volatility, digital exclusion and financial stress scenarios.

6. Reinforce alignment with existing regulatory frameworks

AI innovation should clearly align with:

- Consumer Duty
- Equality Act (where socio-economic factors intersect with protected characteristics)
- ICO guidance on fairness, transparency and automated decision-making

Conclusion

AI will increasingly determine who can access financial services, on what terms and with what level of support. If unexamined, socio-economic inequality will not diminish, it will scale.

Clear regulatory expectations now can prevent embedded exclusion, strengthen consumer trust and ensure innovation is inclusive by design.