

Paris, June 2025

<p>European Commission's Apply AI Strategy Consultation AI Working Group response</p>

Paris Europlace is the organization in charge of promoting and developing the Paris financial center. We are a privileged intermediary of European and French authorities, with which we maintain a continuous and constructive dialogue. Our aim is to promote financial markets to international investors, issuers and financial intermediaries to better finance the real economy and the energy transition. Paris Europlace gathers more than 600 members, including investors, sustainable finance entities, banks, financial market authorities, corporates, consulting firms.

1. European Momentum for Responsible AI Deployment

Paris Europlace thanks the European Commission's public consultation on its Apply AI Strategy, which marks a significant step in strengthening the EU's strategic position on artificial intelligence. The ambition to integrate AI into key sectors while upholding European values reflects a strategic commitment to innovation, sovereignty, and resilience. However, this ambition, illustrated by the entry into force of the Artificial Intelligence Act (AI Act), must now be translated into operational terms. The success of this shift notably depends on the ability of companies, researchers and public authorities to strike the right balance between innovation and ethics.

2. Effective Regulation in Practice: Overcoming Fragmentation and Delays

To be effective, the AI strategy must combine consistent regulation with practical support to ensure that innovation in the EU is not held back. While the AI Act provides an essential foundation, some uncertainty remains regarding its concrete implementation. Many businesses, especially in regulated sectors such as finance, still lack precise guidance to adapt their practices. This situation is exacerbated by some delays noted in the publication of technical standards, the slow designation of national competent authorities, and the absence of some key guidelines — such as those from the EBA — which hinder preparedness.

Moreover, the overlapping nature of European regulations applied to the financial sector, including the GDPR and the Data Act, creates legal uncertainty, particularly when processing personal data within high-risk AI systems. Without clearer guidance on how these frameworks interact, organizations face divergent interpretations and high adaptation costs that undermine their agility. A more integrated and sector-sensitive approach, supported by common interpretation tools and timely

regulatory support, would help reduce inconsistencies, facilitate compliance, and foster the responsible adoption of AI regulation in a consistent way across the EU.

3. Supporting Smaller Players and Building Capacity

It is also worth underlining that smaller organizations face a disproportionate regulatory burden, as requirements often assume access to significant legal and technical resources. Without targeted support, there is a real risk that SMEs may be excluded from the AI transition. Simplified or phased-in compliance mechanisms would help them participate without being overwhelmed. Capacity building through accessible and relevant training is also critical to foster a shared AI culture across all types of users, not only technical profiles.

4. Addressing Technical Challenges and Sector-Specific Models

In addition, AI deployment across sectors reveals important disparities in risk and explainability depending on model architecture. Generative AI, especially open-source large language models, raises concerns about traceability, hallucinations, and updated governance. Hybrid approaches such as retrieval-augmented generation show greater promises when supported by high-quality and trained datasets. Thus, developing sector-specific AI models, adapted to the realities and risks of each economic field, would enhance reliability and relevance.

5. Provide support through training, without creating additional complexity

Also, the development of AI cannot take place without an increase in skills, including among regulatory and supervisory authorities. The challenge is to disseminate an AI culture that is accessible to all profiles, not just technical ones. It's not a question of imposing a new standard of complexity, but of proposing simple, useful and targeted formats to facilitate the appropriation of tools and rules.

6. Strengthening Data Governance and Human Oversight

Last, reliable data remains a cornerstone of trustworthy AI systems. Many existing models lack transparency on the origin of their training data, limiting their applicability in sensitive contexts. The creation of certified, sector-relevant, and high-quality datasets—supported by strong public-private partnerships and robust governance frameworks—would improve trust and model performance across critical industries. At the same time, human oversight must remain central. Human-in-the-loop processes are essential to validate and contextualize AI outcomes, especially in high-impact environments.

Conclusion

The *Apply AI* strategy represents a unique opportunity to position Europe as one of the world leaders in artificial intelligence. Its success hinges on striking the right balance between regulation and innovation—ensuring ethical safeguards without stifling technological progress. This entails clarifying overlapping rules, reducing unnecessary complexity, and supporting stakeholders of all sizes through an approach rooted in openness, transparency, and pragmatism. By enhancing coherence among digital regulations and ensuring equitable access to quality infrastructure and data, the EU can position AI as a driver of both competitiveness and public trust. Paris Europlace is determined to remain at the disposal of the European authorities to contribute fully to this goal.