

## RESPONSE TO THE FCA MILLS REVIEW

Review into the Long-Term Impact of AI on Retail Financial Services

# Professional Competency Standards for AI Governance in Financial Services: The Case for Practitioner Credentialing

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**Response to:** FCA Mills Review: Review into the Long-Term Impact of AI on Retail Financial Services

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## Executive Summary

The International Council for Derivative Trading (ICFDT) welcomes the FCA's Mills Review and its forward-looking examination of how AI will reshape retail financial services by 2030 and beyond. This submission focuses on a structural gap that the Review's four themes collectively point toward but do not yet name directly: the absence of a defined practitioner competency standard for the humans responsible for governing AI systems within regulated financial services firms.

ICFDT submits that the FCA's existing accountability frameworks, in particular the Senior Managers and Certification Regime (SMCR) and Consumer Duty, create meaningful obligations around AI oversight, but that those obligations cannot be effectively discharged in the absence of a professional standard defining what competent AI governance looks like at the practitioner level. Mandating accountability without defining competency produces a compliance posture without a compliance capability.

ICFDT administers the Chartered Financial Intelligence Architect (CFIA) designation, a practitioner credential developed specifically for investment professionals responsible for the governance, oversight, and strategic deployment of AI systems in investment management contexts. This submission argues that the FCA's emerging AI governance framework would be materially strengthened by formal recognition of practitioner-level AI governance credentials as a mechanism through which firms can demonstrate, and regulators can verify, that their oversight obligations are staffed by verifiably competent professionals.

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## 1. About ICFDT

The International Council for Derivative Trading (ICFDT) is a professional credentialing body for the derivatives and structured products industry. ICFDT administers the Certified Futures and Options Analyst (CFOA) designation and the Chartered Financial Intelligence Architect (CFIA) designation. The CFOA is a specialist credential for professionals engaged in futures, options, and structured derivatives across trading, risk management, and compliance functions. The CFIA,

launched in 2026, addresses the governance of AI and machine learning systems within investment management organizations.

ICFDT's perspective on the Mills Review is informed by direct experience of the professional competency gap that AI deployment has created within investment management. The firms that ICFDT engages with, across hedge funds, asset managers, family offices, and wealth management organizations, consistently report that their professionals responsible for AI oversight lack access to a recognized standard against which to develop, benchmark, and demonstrate the relevant competencies. The CFIA was developed to address this gap. This submission draws on that experience to offer the FCA a practitioner-level perspective on the accountability and governance questions the Mills Review raises.

## **2. The Competency Gap in AI Accountability Frameworks**

### ***2.1 SMCR and the limits of accountability without competency***

The SMCR requires Senior Management Function holders to take responsibility for the activities, business areas, and management functions of their firms, including, as the FCA has confirmed, functions that are materially influenced by AI systems. SMF24 (Chief Operations) and SMF4 (Chief Risk) are the functions most commonly designated as accountable for AI-related operational and risk management. The SMCR framework is well-designed for this accountability purpose: it creates a named individual who is responsible for an outcome and who can be held to account when that outcome is inadequate.

The framework does not, however, define the competency standard that a meaningful discharge of AI oversight responsibility requires. An SMF holder designated as accountable for an AI-driven investment process cannot meaningfully discharge that accountability unless they possess, or have access to professionals who possess, specific knowledge of AI system behavior, failure modes, interpretability requirements, model lifecycle governance, and the regulatory obligations that flow from the FCA's own expectations and from the EU AI Act for UK-EU cross-border operating firms.

The Treasury Select Committee's January 2026 report identified this gap explicitly, recommending that the FCA publish guidance on 'accountability and the level of assurance expected from senior managers under SMCR for harm caused through the use of AI' by the end of 2026. ICFDT submits that such guidance would be most effective if it included a reference framework for the practitioner-level competencies that meaningful AI oversight requires, alongside the structural accountability mechanisms SMCR already provides.

### ***2.2 Consumer Duty and the explainability obligation***

The Consumer Duty's outcome-focused framework requires firms to ensure that their products and services deliver good outcomes for retail customers, and to be able to demonstrate that they have done so. Where AI systems play a material role in product design, customer segmentation, advice processes, or claims handling, this demonstration obligation implies a capacity to understand, explain, and audit AI system behavior at a level sufficient to answer the FCA's questions and to identify where AI outputs may be producing poor outcomes for consumers.

The FCA's AI Live Testing initiative and the Supercharged Sandbox both create environments in which firms work directly with the regulator to assess AI system behavior. The implicit assumption of these initiatives is that the firm-side participants possess the technical and governance knowledge necessary to engage meaningfully with that assessment process. In practice, the professionals nominated to participate in these exercises frequently possess either technical AI knowledge without investment or regulatory context, or investment and regulatory knowledge without AI governance competency. Neither profile is adequate on its own.

### ***2.3 The agentic AI acceleration of the competency gap***

The Mills Review correctly identifies agentic AI as the development most likely to reshape retail financial services by 2030. ICFDT submits that agentic AI systems, which can independently initiate multi-step actions on behalf of consumers or firms, represent a qualitative escalation of the competency gap identified above. A human overseer of a recommendation algorithm requires knowledge of model behavior, interpretability, and bias. A human overseer of an agentic AI system that can autonomously execute financial transactions, conduct due diligence, or manage a portfolio on behalf of a client requires all of those competencies plus a sophisticated understanding of agent goal structures, failure cascades, boundary conditions, and the specific accountability obligations that arise when autonomous AI action causes consumer harm.

The professional infrastructure to produce competent overseers of agentic AI systems in financial services does not currently exist at scale. No curriculum, no examination, and no recognized credential currently defines what an investment professional qualified to oversee an agentic AI financial services system looks like. The gap between the regulatory accountability requirements that agentic AI will create and the professional standards available to meet them is substantial and will widen further as deployment accelerates. The Mills Review represents an opportunity for the FCA to act ahead of that widening rather than in response to a failure.

## **3. The Case for Practitioner Credential Recognition**

### ***3.1 How professional credentialing supports regulatory accountability***

Professional credentialing has historically played a significant role in financial services regulation by providing a verifiable, market-recognized standard against which firms, regulators, and clients can assess practitioner competency. The CFA designation, while not a regulatory requirement, has become a de facto standard for investment management professionals precisely because it provides a structured, examination-based, and independently assessed competency benchmark that the regulatory framework can reference without mandating.

A practitioner-level AI governance credential performs the same function for the AI oversight obligations that SMCR and Consumer Duty create. Firms with CFIA-credentialed professionals in AI oversight roles can demonstrate to FCA examiners that those roles are staffed by individuals who have been assessed against a defined body of knowledge that maps directly to the governance functions the FCA expects to see performed. Firms without such a benchmark are reduced to asserting competency without any independent verification mechanism.

### ***3.2 The CFIA body of knowledge and its alignment with FCA expectations***

The CFIA curriculum is organized across seven domains, each corresponding to a core competency area that the FCA's own AI governance expectations implicitly require. The five most directly relevant to the Mills Review's themes are as follows.

**AI Systems Literacy and Organizational Design (Modules 1 and 2):** Covers AI maturity frameworks, human-AI teaming structures, large language model architectures, design patterns, and the strategic governance of AI vendor relationships. This domain equips the oversight professional to understand the systems they are responsible for governing, which is a prerequisite for any meaningful accountability under SMCR.

**Investment Data Infrastructure and Signal Integrity (Module 3):** Covers market data architecture, research data governance, knowledge management systems, and the data quality controls that determine whether AI system inputs are reliable. Consumer Duty's requirement to demonstrate good outcomes is undermined if the AI systems producing those outcomes are drawing on ungoverned or biased data inputs.

**Model Risk, Regulatory Compliance, and AI Governance (Module 5):** Covers model risk management principles, interpretability and explainability methods, the FCA's own regulatory framework as it applies to AI-driven investment processes, the EU AI Act's obligations for high-risk AI systems, and cybersecurity dimensions of AI governance. This is the domain most directly aligned with the FCA's examination priorities and Consumer Duty compliance obligations.

**Vendor Strategy and Build/Buy Architecture (Module 6):** Covers AI vendor due diligence, third-party dependency governance, and procurement risk management. As the FCA and Treasury Select Committee have both identified, concentration in AI provision among a small number of large technology firms creates systemic exposure that investment firms cannot manage without specific vendor governance competency.

**AI Leadership, Ethics, and Fiduciary Duty (Module 7):** Covers the specific accountability obligations that arise when AI plays a material role in decisions affecting consumers or clients, the business case for governance investment, and ethics frameworks as applied to financial AI systems. This domain is most directly relevant to the Consumer Duty's requirement for firms to demonstrate good outcomes and to take responsibility for AI-influenced consumer harm.

### ***3.3 Institutional adoption as a governance quality signal***

ICFDT submits that the FCA's emerging AI governance framework would benefit from a mechanism by which firms can demonstrate that their AI oversight functions are staffed by credentialed professionals, analogous to how SMCR's Senior Managers requirement creates a named accountability chain. This need not take the form of a mandatory credential requirement. The FCA's principles-based approach is better served by a positive recognition framework: identifying practitioner-level AI governance credentials as a relevant indicator of oversight

competency in the context of SMCR accountability assessments, Consumer Duty compliance reviews, and AI Live Testing participation.

Such recognition would create a market incentive for investment firms to credential their AI oversight personnel without imposing prescriptive requirements that risk becoming outdated as AI capabilities evolve. It would also give FCA examiners a reference point for assessing whether AI oversight functions are staffed appropriately, without requiring the FCA itself to define the curriculum or examination standards that competency requires.

#### **4. Recommendations to the Mills Review**

ICFDT submits the following recommendations for the FCA's consideration in the context of the Mills Review's fourth theme: how financial regulators may need to evolve to ensure that retail financial markets work well as AI deployment advances.

**Recommendation 1:** The FCA should include in its guidance on SMCR accountability for AI oversight, expected by end 2026 per the Treasury Select Committee's recommendation, a reference to practitioner-level AI governance credentials as a relevant indicator of competency for the individuals designated as responsible for AI-influenced business functions under SMF24 and SMF4.

**Recommendation 2:** The FCA should establish a framework for recognizing practitioner-level AI governance credentials, analogous to how the FCA references other professional designations in its supervisory guidance, to provide firms with a verifiable mechanism for demonstrating oversight competency without imposing prescriptive credentialing requirements.

**Recommendation 3:** In its forward-looking work on agentic AI governance, the FCA should engage with professional credentialing bodies, including ICFDT, to ensure that the competency frameworks being developed at the practitioner level are aligned with the accountability obligations that agentic AI systems will create, particularly in advance of the EU AI Act's high-risk classification review in August 2026.

**Recommendation 4:** The FCA should consider including AI governance credential recognition in the criteria for AI Live Testing participation, as a mechanism for ensuring that firm-side participants in direct regulatory engagement are equipped to engage meaningfully with the governance and accountability dimensions of the testing process.

#### **5. Conclusion**

The FCA's Mills Review correctly identifies that the pace of AI deployment in retail financial services is approaching an inflection point that requires proactive regulatory thinking. ICFDT submits that the professional standards infrastructure required to support the FCA's accountability and governance expectations is a critical and currently underdeveloped component of the policy response to that inflection point.

The SMCR creates accountability. Consumer Duty creates outcome obligations. The AI Live Testing initiative creates a collaborative testing environment. What is missing is the professional standard that equips the named accountable individuals with the verifiable competency to discharge their obligations meaningfully. Practitioner-level AI governance credentials are the mechanism through which that standard can be established, recognized, and developed in step with the evolution of AI capabilities.

ICFDT would welcome the opportunity to engage further with the FCA and the Mills Review team on the role of professional credentialing in the regulatory framework for AI governance in financial services. We are available for bilateral engagement at any point in the Review process.

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### **About ICFDT**

The International Council for Derivative Trading (ICFDT) is a professional credentialing body administering the Certified Futures and Options Analyst (CFOA) and the Chartered Financial Intelligence Architect (CFIA) designations. Further information is available at [icfdt.com](http://icfdt.com). Correspondence regarding this submission may be directed to [info@icfdt.com](mailto:info@icfdt.com).

The CFIA academic framework is documented in: Clark, M. (2026). *Governing Algorithmic Capital: Principal-Agent Theory, AI Accountability Gaps, and the Case for the Chartered Financial Intelligence Architect (CFIA)*. ICFDT Working Paper ICFDT-RP-2026-02. Social Science Research Network.