



## Official Launch of the 9th Edition of the Prize “Ethics & Trust in Finance”

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### Keynote address

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Thanks Paul and Josina. Good afternoon – or good morning – to you all.

#### **Digital footprint, is it a servitude or a service?**

As we all know, not one of our digital footprints ever gets lost: every “click” or move gets registered and used.

What for? In the first place, of course, to feed advertising, the so called “personalized” or “behavioural” advertising which is supposed to nudge us toward our next buy. It has given rise to a billion-dollar industry. You probably have in mind “The Age of Surveillance Capitalism”, a famous book<sup>i</sup> which denounces this industry as a decisive negative turning point in our socio-economic system.

I am more down-to-earth: I’ve always had the impression that this advertising just doesn’t work! Seeing again and again the same ad during days or weeks: not only is it uninteresting, but it also is irritating. So, what’s the use? I was happy to read an article by a professor at the IE Business School, Enrique Dans, a well-known Spanish business innovation *guru*: (I quote)

“a model which has generated huge amounts of money for the companies that sell advertising, but hasn’t translated into more sales... The result is that brands waste their advertising budgets, we feel spied on, and all this just so that a few companies and intermediaries that dominate this market can make a fortune...The only solution for advertisers is to go back to basics. They need to forget surveillance and return to contextual ads... depending on the content... and on time... but without storing our data... We have to get rid of hostile advertising models that only benefit the handful of parasitic companies that profit from it and make the marketing managers - who believe they are reaching new customers – *understand* that they are wasting their money”<sup>ii</sup> (end of quote).

If this is true, then the whole profit-driven operation built around data tracking may be falling down soon! Or perhaps some new privacy regulations may forbid its use.

Of course, behaviour tracking is also done for other purposes, which can be of a higher social value, let’s say for example: weather forecast, illness prevention or contagion tracking. In fact, there are purposes where people may have a *moral duty* to contribute personal data for the common good. It all depends on the purpose. And we can’t forget a most worrying kind of behaviour surveillance: State-controlled, political or military oriented tracking, whether to oppose and armed invasion – as is happening in Ukraine – or trying to influence voters in an election, or spying on political opponents.

Whatever the purpose of tracking, the fact is that the amount of accumulated data is growing at an exponential pace. The sheer physical volume of data centres and their energy consumption is a growing concern.

The use of big data is inseparable from the kind of software which allows to map the huge amount of information held in data centres: *the algorithm*. These software systems have come to be called “Artificial Intelligence”, a name which holds a certain mythological inflation. One famously sagacious technology expert, Luc Julia, creator of SIRI, Apple’s voice-controlled personal assistant, has written a book called “There is no such thing as Artificial Intelligence”<sup>iii</sup>. A Spanish science philosopher, Alfredo Marcos, writes perhaps more precisely: (quote)

“An artificial intelligence system has something to do with intelligence, but what intelligence it has comes from the human being, it is not artificial, and what is artificial in it is absolutely not intelligent”<sup>iv</sup> (end of quote).

The name AI was used more than 70 years ago with the first large computers, but the software has undergone disruptive change in the last ten years with “machine learning” and “deep learning” networks, where traditional deterministic algorithms are replaced by probabilistic or statistically based software. These new generation algorithms are fed with *solutions*, and the system can be “trained” on how to reach them. No doubt, these developments allow for huge progress, from automatic maintenance systems to medical diagnose or credit ratings.

But the question remains: *when* is a decision left to be taken by the machine process? *Which* decision? By *whom*? More than about privacy, the real difficult ethical questions arise when you consider, not the purely technological device or software, but the *system* around it, which includes the people who design the software and those who command its use. And these questions must be asked also of course when dealing with “delegated decision systems” in finance, as we are doing this afternoon.

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I'll stop here. I am not a specialist. Any of you probably knows more about digitalization. So why have Josina and Paul asked me to address you today?

Perhaps because I was involved in the Prize as a member of the Jury right from the beginning.

Or maybe, because I have been trying during my whole active life to understand how ethics and business decisions intermingle, how ethical principles and business constraints interact, not in ideal terms, but in the real world.

Third reason, and this is probably more directly to the point: during the last two years, I led an interdisciplinary seminar called, precisely, "Digital Footprint, Servitude or Service?", at the *Fundación Pablo VI*, a Catholic think-tank in Madrid, with a group of economists, sociologists, philosophers, technology specialists and practitioners. The debates are published in book form in Spanish. A summary can be found in English on the Foundation's website<sup>v</sup>. Let me give you a glimpse on the conclusions.

*Starting point: technology is never neutral.* It always brings improvements to our human capabilities. Besides, technology influences our moral agency with new forms of social organization and new ways of making decisions. Like every other human activity, the use of technology always raises ethical questions: *what purpose? To whose profit? To whose damage?* Debates about "Artificial Intelligence" sometimes tend to get lost in speculation about a "strong" AI and the utopian views of machines replacing or enhancing human perception and potential forever. This discussion – with its flavour of science-fiction – often *hides* the real problems of today: in industry – with the so called "intelligent" factory –, in the media, in finance and in many other activities, real functions are being delegated to automatic processes and THERE is where the ethical discussion should focus. Philosophers' help is needed, as well as from anthropology, sociology and economics, if one wishes to *rediscover* what *is* truly good for people and what serves the common good.

When looking at the future of work, for example, the problem is not so much of work disappearing altogether – as some futurologists would like us to think – but the fact that people are ill-prepared to change and adapt to the new jobs, with the risk of a large percentage of population remaining stuck outside the transition.

There are basic ethical questions – for example, what is the true purpose of a given business? – and these still are the same as in any previous stages of past industrial revolutions. But the old codes of conduct, both public and private, are out of date. The speed of change and the width of operation compel us to develop new codes of conduct. This is true in finance too, and I am sure that this new edition of the Global Prize will bring a collection of interesting proposals.

In our Madrid seminar, we issued recommendations for three different areas:

- Public sector and regulation
  - Companies and private institutions
  - Universities and education in general.
- As regards the **public sector**, regulation needs to be international to improve trust about digitalization, to protect personal data, and to maintain a "level playing field" among competitors. The EU regulatory effort on these lines is well known.

It is probably impossible to regulate software as such ("black boxes"), so the rules will focus on input (data quality) and output (traceability and consequences). Above all, the public sector is responsible for making digital services available to all, especially to the most vulnerable.

- **Regarding private business and institutions**, we found that one of the main obstacles for an ethical approach of digitalization lies in the absence of a common language and real communication between data scientists, on one side, and general management and boards on the other. Every company or institution should organize a serious dialogue about any system that uses data, to evaluate its impact on jobs and consumers, *and* its hidden costs.

Delegation of functions to automated systems should be *formalized* and duly documented.

A strict policy of *data quality* against any kind of bias in the data base should be established and formalized. Equally important is the permanent critical examination of output to reduce false results. Traceability is always necessary, but it becomes *essential* whenever the system of delegated decision refers to human persons, especially with facial or vocal surveillance.

An interesting point regards cultural patterns relayed by digital systems. The same exactly as for other business decisions, special attention should be paid to local habits or taste. Digitalization of course offers enormous potential to poor populations everywhere; but *true* access to digital environments can be constructed only from bottom-up, and this could mean very different developments from the ones we have now.

- **And third group of recommendations, on education.** This is the core for any ethically inspired use of digital technology: forming personal criteria and discernment capacity for individuals and groups. Freedom is to be understood not only as the absence of compulsion, but also as access to and the capacity of participating in public life. And this often means liberating oneself from unconsciously endured domination (e.g. from social networks).

Education at all ages must include digital alphabetization, but not only. Emphasis must be put also on those things a machine will never be able to do, like reflecting on fundamental human questions – *gnothi seauton*, know thyself, as the Ancients said.

Permanent education is needed at all ages: change is permanent. We all need to learn again and again how to distinguish emotional contents and how to adopt a critical attitude towards prefabricated behaviour profiles.

In a nutshell: there *is* an urgent need for a *proactive* discourse – not just a reactive one – about ethics *within* the technological context and language. It needs to be developed and expressed in terms which are performant in the digitalized environment. It may be true that we are getting more stupid and less able of sustained attention because of our dependence on cell phones and networks. But then, that’s our world, it is different, as happened after Gutenberg!

And this is precisely why the 9<sup>th</sup> edition of the “Ethics & Trust in Finance” Award is so important. I look forward reading some of the papers which I hope will be submitted to the Jury, according to the rules of the game, by professionals or academics of less than 35. I am now over **75**... **but** I am still very eager to learn from your experience and your critical views!

So, *good luck!*

[https://www.ethicsinfinance.org/2022\\_KeynoteSugranyes.pdf](https://www.ethicsinfinance.org/2022_KeynoteSugranyes.pdf)

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<sup>i</sup> Shoshana Zuboff, London, 2019

<sup>ii</sup> <https://www-enriquedans-com.cdn.ampproject.org/c/s/www.enriquedans.com/2022/04/los-unicos-que-quieren-que-siga-existiendo-la-publicidad-hipersegmentada-son-los-que-viven-de-ella.html/amp>

<sup>iii</sup> Paris, 2020

<sup>iv</sup> From an article (Spanish) in the book *Huella digital ¿servidumbre o servicio?*, Madrid 2022

<sup>v</sup> Fundación Pablo VI <https://www.fpablovi.org/huella-digital>