

Digital Transformation Roadmap

Volume 2:

- AI Ethics Framework for Financial Counselling



FCVic

Financial Counselling
Victoria Inc.

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About this report

About the project

The Digital Transformation Roadmap is a collaborative project led by Financial Counselling Victoria (FCVic) in partnership with the Financial Counsellors' Association of NSW (FCAN), and technology partner Infoxchange, to deliver a roadmap for digital transformation for the financial counselling sector.

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Statement of Recognition

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AI Ethics Framework for Financial Counselling

Prepared by Infoxchange in partnership with Financial Counselling Victoria (FCVic) and the Financial Counsellors' Association of New South Wales (FCAN).

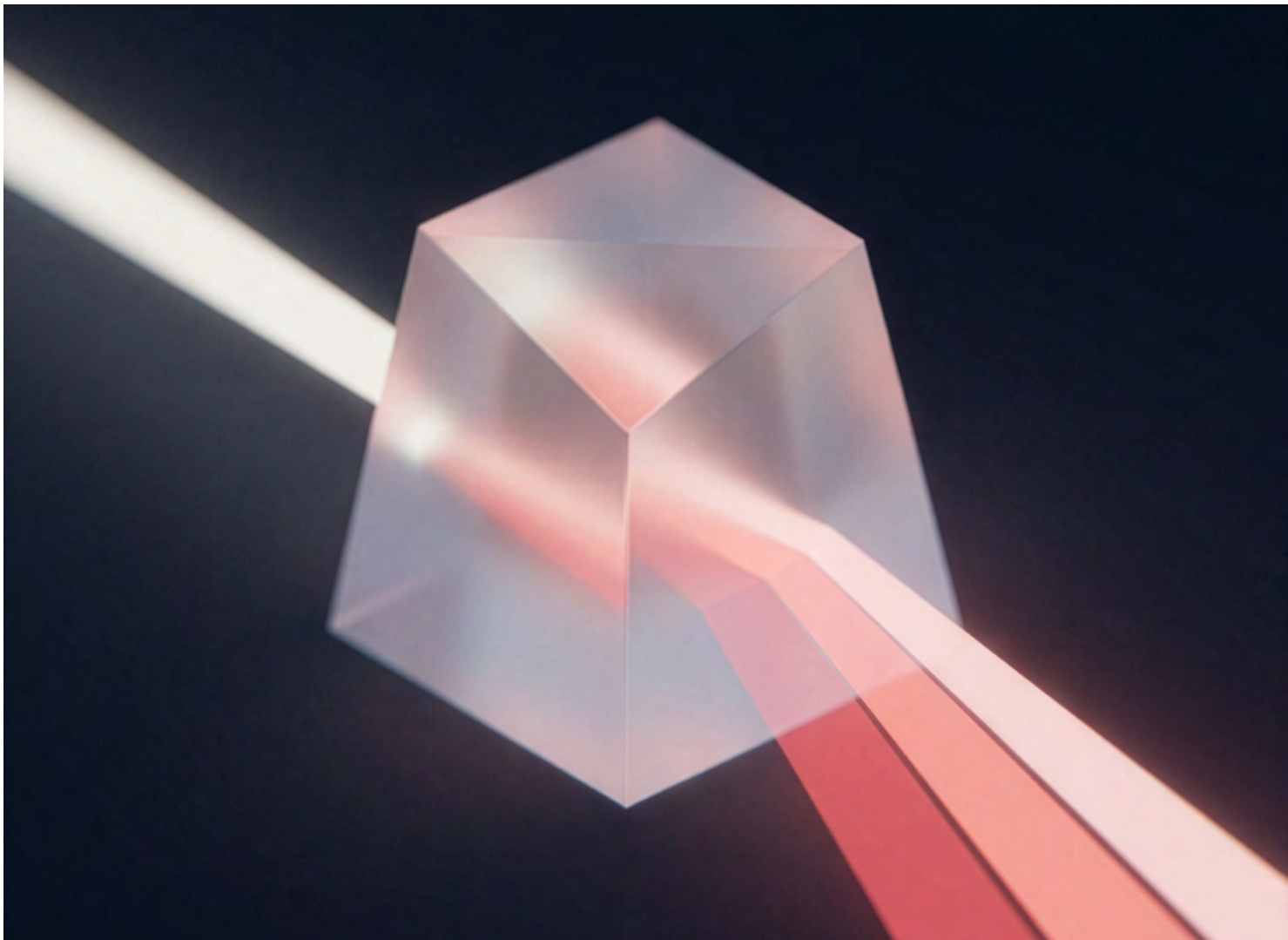
This framework supports financial counselling agencies and their members to safely adopt artificial intelligence (AI) without compromising the confidentiality, trust and professional judgment on which the sector depends.

1 Introduction

1.1 Purpose

This framework sets out the ethical commitments and governance practices that apply to the use of artificial intelligence within financial counselling agencies. AI tools and systems are increasingly entering financial counselling practice, and their use engages the profession's obligations of confidentiality, informed consent and professional responsibility.

The Australian Financial Counselling Code of Ethical Practice (2026) (the 'Code') addresses the use of AI directly. Under section 2.5, financial counsellors: "...only use artificial intelligence software where it does not disclose confidential information to the software provider, or anyone else; where the information is not stored outside Australia; and only if their agency's procedures permit this use." The Code therefore requires each agency to maintain procedures governing AI use. This framework provides the ethical commitments and practical measures through which agencies can establish those procedures, so that financial counsellors can meet their obligations under the Code and clients retain the confidentiality and standard of care they have been promised.





1.2 Audience

Agency managers and team leaders hold primary responsibility under this framework. Financial counsellors should be familiar with the commitments in section 2, which describe safe professional practice. Boards and committees of management may draw on section 3 when determining the oversight their agency requires.

1.3 Existing obligations

This framework operates alongside three existing instruments and replaces none of them.

- The *Australian Financial Counselling Code of Ethical Practice* (2026) binds practising financial counsellors. Its provisions on confidentiality, consent and professional responsibility apply to AI-assisted work as they apply to all other professional work.
- The Privacy Act 1988 and the Australian Privacy Principles govern the collection, use, storage and disclosure of personal information, irrespective of the technology involved.
- The National AI Centre's (NAIC) *Guidance for AI Adoption* (2025) sets out six essential practices for responsible AI governance, replacing the ten guardrails of the Voluntary AI Safety Standard. The NAIC's eight AI Ethics Principles remain the reference point for the commitments highlighted in this document.

Where this framework and a legal obligation differ, the legal obligation prevails.

1.4 Applying the framework

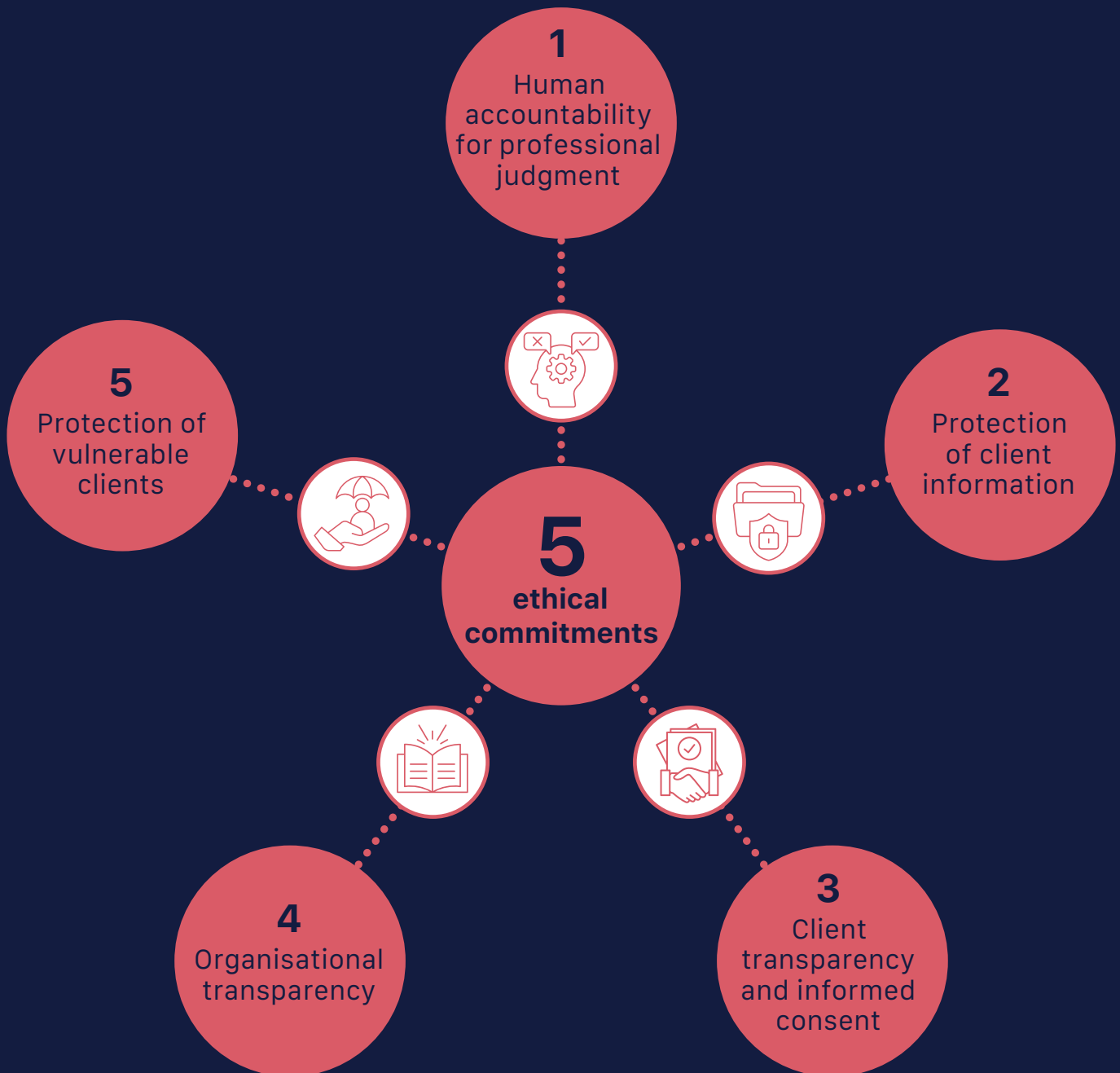
Section 2 sets out the ethical commitments and should be read first. Financial counsellors and agencies should then work through the implementation guidance in section 3, which establishes a governance baseline. Section 4 maps each commitment to the Code and the NAIC guidance for agencies that need to demonstrate alignment to boards, funders or auditors, and lists relevant templates. An agency that adopts the commitments, appoints an accountable person, and records its approved tools and prohibited uses in an AI policy will have established a sound foundation for AI adoption.





2 Ethical commitments

Five commitments define the sector's ethical position on AI use. Each is followed by its application in practice.





1 - Human accountability for professional judgment

Professional responsibility cannot be delegated to an AI system. The financial counsellor remains accountable for every piece of advice, every item of correspondence and every case note, regardless of how it was produced. No AI tool may make a decision about a client, and no AI-generated material may reach a client, a creditor or the client record without review by an appropriately qualified person.

Application in practice:

- AI output is treated as draft material requiring professional review, never as an authoritative source.
- Output is reviewed and corrected before it enters the client record or leaves the agency.
- Where an output cannot be verified, such as a complex data analysis that no one within the agency is able to check, it is not relied upon.
- Where an AI-related error has reached a client, a creditor or the client record; it is corrected, the affected client is informed where the error could have affected them, and the cause is recorded so it can be prevented.



2 - Protection of client information

Confidentiality is the foundation of the client relationship, and the Code applies its strictest measures to AI use. Client-identifying information must not be entered into an AI tool unless the agency has specifically approved that tool for client data and confirmed that it satisfies section 2.5 of the Code: no disclosure of confidential information to the provider or any other party, and no storage of information outside Australia. Where doubt exists, the information should be withheld.

Application in practice:

- Names, contact details, account numbers and other identifiers are never entered into unapproved AI systems.
- Approval requires verification of contractual terms. (Data residency and model training settings frequently differ between free and enterprise tiers of the same product.)
- Even within approved tools, only the minimum information required for the task is entered.





3 - Client transparency and informed consent

Clients have the right to know when AI is involved in their matter. Where a tool records, transcribes or processes information about a client, the client is informed in plain language and their consent obtained before the tool is used. Consent must be genuine and optional: a client may decline and still receive the full service.

Application in practice:

- AI use is addressed within existing informed consent processes rather than through a separate procedure.
- Assistance is never conditional on a client's acceptance of AI.
- Care is taken where recording itself presents a risk, including for clients experiencing vulnerability



4 - Organisational transparency

It is the agency's responsibility to set clear and realistic policies with regards to AI use. It is the practitioner's responsibility to use approved tools only, and to request any new tools through agreed channels.

Application in practice:

- A short list of approved tools is more effective than a blanket prohibition that drives use out of view.
- Staff can request the use of an AI tool, or report an error, without fear of blame.
- The agency maintains a register of the tools in use, including standalone products and AI features introduced within existing systems.



5 - Protection of vulnerable clients

Clients may have low digital literacy, limited English, or well-founded reasons to distrust systems that record information about them. AI use must not add to the barriers and risks these clients already face.

Application in practice:

- New AI uses are assessed against the most vulnerable clients the agency serves, not the typical client.
- Non-AI pathways remain available for clients who decline, or are unable, to engage with AI-supported processes.
- Outputs are monitored for bias affecting client groups, and patterns are reported when identified.
- Clients and staff have a simple channel to raise anything that looks unfair or inconsistent.



3 Implementation guidance

This section follows the six essential practices in the NAIC *Guidance for AI Adoption*. Each practice is presented at two levels. *Foundational measures* describe the minimum an agency should meet when adopting AI systems. *Measures as adoption matures* describe what to add once tools are embedded in routine work. An agency that completes the six sets of foundational measures will have a working governance baseline and can advise its financial counsellors that the procedures required by section 2.5 of the Code are in place.

3.1 Ownership

NAIC essential practice 1: Decide who is accountable

Responsibility for AI use, policy and risk management must be assigned to a clearly identified owner within the agency.

Foundational measures

- Appoint one person as the owner of AI decisions, responsible for approvals, enquiries and incidents.
- Adopt a concise AI use policy recording the approved tools, prohibited uses and the approval pathway.

Measures as adoption matures

- Assign each AI tool a named owner who understands its function and the consequences of its failure.
- Address the policy in staff induction and review it annually.
- Establish with each vendor where responsibility sits when a system fails.

3.2 Impact assessment and planning

NAIC essential practice 2: Understand impacts and plan accordingly

The impacts of an AI tool vary across the people and services it affects. Impact planning should therefore reflect both the range of AI systems in use and the circumstances of those affected.

Foundational measures

- Before adopting a tool, document who it could affect and how, including clients, staff and partner services. Give particular attention to clients experiencing vulnerability.
- Use existing complaint and feedback channels for AI-related concerns. Clients should not require technical knowledge to question an outcome that affects them.

Measures as adoption matures

- Conduct a brief impact assessment for each new use case, not only for each new AI tool.
- Review feedback for patterns and address causes rather than individual instances.
- Consider the ongoing cost of AI adoption, use and scale over time.





3.3 Risk management

NAIC essential practice 3: Measure and manage risks

In the adoption of AI, it should be acknowledged that risk arises from the application of a tool rather than from the tool itself.

Foundational measures

- Every use case should be assessed against four questions: What data is entered? Where does the data reside? What occurs if the output is wrong? Who reviews the output?
- Apply the data residency test. Section 2.5 of the Code excludes tools that store client information outside Australia.
- Classify information before screening. Client files routinely contain sensitive information as defined by the Privacy Act, which carries a higher consent and handling threshold than ordinary personal information, and which should not be entered into any tool that has not been approved for client data.

Measures as adoption matures

- Maintain a simple risk register covering each approved use.
- Define what constitutes an incident and the response that follows: Suspend use, assess the incident, notify where required, and record the lesson.
- Re-screen tools when a vendor changes models, terms or product tiers, as the risk profile changes with them.

3.4 Disclosure and record-keeping

NAIC essential practice 4: Share essential information

Agencies are responsible for disclosing the use of AI in work that affects clients, staff and partner services.

Foundational measures

- Maintain a register of every AI tool in use, including AI features within existing systems (for example, in client management systems, image generation platforms and office productivity software).
- Inform clients in plain language when AI is used in their matter, and record that they have been informed.

Measures as adoption matures

- Record each tool's limitations alongside its uses, so that staff understand what it should not be relied upon for.
- Prepare plain-language responses to the questions clients most commonly ask about AI use.





3.5 Testing and monitoring

NAIC essential practice 5: Test and monitor

AI products change over time, often without notice to the organisations using them. A tool that performed accurately at deployment may behave differently following a vendor's model update.

Foundational measures

- Trial each tool with a small group and with non-client data, (not de-identified client data), before wider use, comparing outputs against matters where the correct result is known.
- Request from vendors written evidence of testing and their data handling terms.

Measures as adoption matures

- Conduct scheduled accuracy checks, particularly for transcription and summarising tools, where small errors can pass into the client record unnoticed.
- Extend existing security practice, including multi-factor authentication, access control and offboarding, to AI accounts.

3.6 Human oversight

NAIC essential practice 6: Maintain human control

Effective human oversight is the practice upon which each of these measures depend.

Foundational measures

- A person reviews every AI output before it enters the client record or reaches any party outside the agency.
- All staff know how to cease using a tool and continue manually. The financial counselling service must be able to operate when the tool cannot.

Measures as adoption matures

- Match the depth of review to the stakes involved: a brief check for internal drafts, and a full review for advice, creditor correspondence and material entering the client record.
- Keep manual procedures documented, so that suspending a tool is a manageable disruption rather than a service failure.



4 Standards alignment and resources

4.1 Alignment with professional and national standards

Each commitment traces to The Australian Financial Counselling *Code of Ethical Practice* and the National AI Centre *Guidance for AI Adoption*. Agencies may use this table to demonstrate to boards, funders and auditors that their AI procedures align with sector and national standards.

Commitment	Code of Ethical Practice (2026)	NAIC AI Ethics Principles	NAIC essential practices
1. Human accountability for professional judgment 	1.2 Providing advice 4.5 Responsibility	Accountability Reliability and safety	1. Accountability 6. Human control
2. Protection of client information 	2.1 to 2.5 Confidentiality, consent and securing information	Privacy protection and security	3. Risks 5. Test and monitor
3. Client transparency and informed consent 	1.3 Obtaining consent 2.2 Informed consent	Transparency and explainability Contestability	4. Share essential information
4. Organisational transparency 	7.1 Workplace policies	Accountability	1. Accountability 4. Share essential information
5. Protection of vulnerable clients 	Principles: Non-discrimination 4.2 non-discrimination in services	Fairness Human-centred values	2. Understand impacts



4.2 Templates and supporting resources

Rather than reproduce templates that already exist, this framework directs agencies to them.

- i. **Guidance for AI Adoption** (Foundations and Implementation) - National AI Centre, ai.gov.au
- ii. The **Australian Financial Counselling Code of Ethical Practice (2026)** - Financial Counselling Australia, financialcounsellingaustralia.org.au
- iii. The **Privacy Act (1988)** – Australian Government - <https://www.legislation.gov.au/C2004A03712/latest/text>
- iv. The **Australian Privacy Principles** - Office of the Australian Information Commissioner - [Australian Privacy Principles guidelines | OAIC](https://www.oaic.gov.au/australian-privacy-principles)
- v. **AI Use Policy** - Infoxchange - <https://digitaltransformation.org.au/guides/artificial-intelligence/diy-ai-use-policy>
- vi. The **Australian Protective Security Policy Framework (2025)** – Department of Home Affairs - [PSPF Annual Release | Protective Security Policy Framework](https://www.dh.gov.au/protective-security-policy-framework)
- vii. **Guidance on privacy and the use of artificial intelligence** - Office of the Australian Information Commissioner - [oaic.gov.au](https://www.oaic.gov.au/privacy)
- viii. **Member resources, professional supervision and practice support** - *Seek support and resources from state, territory and national peak financial counselling associations*



