Making agentic banking decisions contestable

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Response to the HKMA discussion paper

I recommend a practical test for customer contestability: can an affected person identify a material ground of an agent's action, investigate it through a feasible information route, and obtain a reasoned response from someone able to act on the finding?

My Necessary Informational Conditions (NIC) research program examines that investigative capability. This response contributes a proposed method and a hypothetical banking example. It reports no bank deployment, participant study, or measured implementation cost.

What HKMA proposes; what NIC specifies

The discussion paper presents preliminary views; it creates no new obligations and does not modify or interpret existing ones (section 2.3, p. 11). This is a map of proposals, not a statement of Hong Kong law.

HKMA proposal	Source	NIC specification proposed here
Customer disclosure, human assistance and review; existing redress channels	Section 5.5, pp. 27-28; Q5C, p. 29	Test discovery and investigation of the actual disputed ground, including a governing rule.
Meaningful human oversight and effective intervention	Section 7.2, pp. 36-38; Q7B, p. 40	Distinguish the ability to answer an objection from the authority to change policy or a decision.
Traceability and internal deployment records	Section 7.3, pp. 38-39; Q7C, p. 41	Connect the customer's inquiry to evidence, reasons, action, and unresolved issues.
Further development informed by engagement	Q10A-10B, pp. 56-57	Compare information routes within the same dispute, with explicit failure conditions.

HKMA already addresses substantive safeguards. NIC offers a case-level specification and evaluation method; it does not establish that HKMA excludes policy objections or that existing complaints procedures cannot address them. The annexes and service targets are NIC proposals, not prescribed forms or periods. Existing legal duties are not exhaustively restated here.

Q5C: Make the disputed ground discoverable

I recommend a short account identifying the action, its material ground, and a human route for questions, evidence, and disagreement. A person should not first have to diagnose an agent's hidden error. For a rule-based exclusion, identify the relevant criterion, the fact used to apply it, and its effect on the decision.

The bank should locate internal evidence; customers should not have to identify agents or suppliers. Offer a branch or assisted route. Where disclosure is legitimately limited, test whether protected explanation or authorized mediation still enables inquiry, and record any remaining limitation.

Q7B: Distinguish explanation, judgment, and power

I recommend recording the objection's resolution, the original ground's status, and the final decision separately. A corrected classification may leave a lending assessment pending. A refusal may remain unchanged after meaningful scrutiny; approval rates alone cannot establish review quality.

A competent reviewer may explain a documented rationale and examine evidence without power to rewrite policy. Escalate when the question, evidence access, or action exceeds competence or powers; name who can perform the remaining work. Lack of policy-changing authority does not itself prevent explanation.

The reviewer should secure implementation of justified corrections or reconsideration. Where consequential actions might continue during review, assess whether a pause is appropriate and record the choice and authority. This is a design recommendation, not a universal entitlement to suspension.

Q7C: Preserve the inquiry, not just the referral

I propose a brief case record linking the original action and ground to the objection, evidence, inquiry, authority, response, implemented effects, and open issues. Link existing records instead of copying entire logs. Preserve the original account when correcting it.

Ordinary records or a usable mediated explanation may be sufficient. Add a calculation extract or technical trace only where a material uncertainty remains. A fresh computation can test today's assessment; it does not by itself prove which historical input or rule produced the original action.

For a rule objection, record what risk or objective the criterion serves, why it supports the particular exclusion, and how the customer's evidence was considered. These are questions for investigation, not demands for an exception. Distinguish a verified rationale from a plausible explanation invented after the event.

An agent may faithfully implement approved policy while its justification is contested. Requesting reasons, obtaining a responsive account, reaching an institutional judgment, implementing any change, and securing customer agreement are different events. The record should not collapse them.

Q10A-10B: Compare routes within the same dispute

The two examples distinguish dispute types; they do not isolate NIC's effect. I propose evaluating information routes within each case, defining the material question and adequacy standard before selecting an artifact.

For H-104-A, ask whether the excluded payment qualifies under the operative rule. Compare ordinary-record review, a relevant extract, and reviewer mediation under stated access, time, assistance, and workload constraints. If an adequate route omits an item, that item's necessity is defeated. If it omits a candidate operation and functional equivalents, that necessity claim also fails.

For H-104-B, hold R-B, the contract, payments, decision, underlying institutional reasons, and governance powers constant. Vary the customer's access to those reasons: a clause and referral alone; a usable, supported account; or competent mediation. For this proposed exercise, stipulate the same policy rationale in every condition. Do not invent it as a received answer in the unresolved worked example.

Can Mei or an assisted representative identify the relevant factual premise or evaluative choice, understand how her payment-history evidence was treated, and formulate a responsive challenge? Assess that capability separately from agreeing with the rule, obtaining authority to change it, or receiving credit. An unchanged outcome is compatible with improved investigative capability.

Record answer accuracy where questions have factual answers, relevance to the stated objection, assistance required, elapsed time, reviewer workload, implemented changes, and unanswered issues. Include adverse answers, ambiguous evidence, and accessible alternatives. The proposed exercise has not been run; it establishes neither effectiveness nor low cost.

Proposed wording for consideration

NIC recommendation; not HKMA text:

For a material customer challenge, an institution should be able to show how the customer can identify and investigate the disputed ground and obtain a response addressing it. Where the dispute concerns a governing rule, distinguish its accurate application from its justification. Identify who can explain and examine that justification, who can authorize change, what the customer can still question, and what remains unanswered.

This is an inquiry and accountability design, not a guarantee of favorable judgment. The annexes are fictional. Their post-action review does not establish that issuing an automated refusal without prior human approval is an acceptable deployment.

Source for the proposal map

Hong Kong Monetary Authority, Discussion Paper on Agentic A.I. Governance in the Banking Sector, November 2026. Printed and file pagination match. The recommendations, examples, notices, and records are NIC proposals developed by Kerry Thornhill for this response.

Annex A1. A competent reviewer corrects the error

Hypothetical NIC design example. All amounts are monthly HKD. This is a simplified income gate, not a complete creditworthiness or affordability assessment.

Within approved limits, a bank's agent chooses which records to query and in what sequence, adapting its inquiries when entries are unclear. It classifies income, applies a product rule, updates application status, and issues refusals without case-by-case approval. A human reviewer can reopen applications, correct classifications, and withdraw refusals. The agent has discretion over tool use, not just a fixed automation sequence.

For application H-104-A, Mei Lau receives HKD 24,000 net salary and HKD 6,000 under an ongoing services retainer. Three monthly payments, payer details, and the contract are in the file. The contract permits termination on 30 days' notice. Fictional rule R-A counts this documented recurring retainer after three payments; the product's eligible-income threshold is HKD 30,000.

On Day 1, the agent labels the retainer payments as transfers between Mei's own accounts and excludes them. It records HKD 24,000, below the threshold, and refuses the application on that ground alone. The initial notice in Annex B1 exposes the excluded category and provides direct access to human review.

The ordinary-record route succeeds

On Day 2, Mei says the payments came from a client and asks why they were excluded. On Day 3, reviewer Alex Chan reads the original statements, payer details, contract, rule R-A, and saved decision account. The records establish a client payment, not an own-account transfer, and support inclusion under R-A. The calculation is HKD 24,000 + HKD 6,000 = HKD 30,000.

Alex corrects the classification, withdraws the refusal ground, and verifies that the live application is reopened and the old refusal will not be reused as its current status. Ordinary records answer the objection; neither Mei nor Alex needs a model-internal explanation or separate calculation extract. The saved decision account identifies the actual excluded ground; fresh arithmetic alone would not prove that historical fact.

Mei: “So the retainer counts, but I still do not have a loan decision?”

Alex: “Correct. Your income objection is substantiated and that refusal ground is withdrawn. We still must assess your existing commitments and the proposed repayments. I own that review and will update you within five working days.”

Mei says this answers the classification question and asks for the remaining assessment's reasons. The ending retains three statuses: **objection resolved; original refusal ground withdrawn; lending decision pending.** No further adverse finding is assumed. The five-day target is fictional service design, not an HKMA deadline.

Annex A2. Correct calculation, contested rule

Independent counterfactual. H-104-B uses A1's facts, but rule R-B was operative from the start. This is not a policy change during A1's appeal.

R-B excludes service retainers terminable on less than 90 days' notice. The agent correctly identifies Mei's 30-day clause and excludes HKD 6,000. Eligible income is HKD 24,000, below HKD 30,000. The initial notice identifies the rule, clause, excluded amount, and human route. Mei can discover the ground before formulating her objection.

Alex verifies the documents and calculation. Mei accepts the contract term but questions why that term makes the entire payment count as zero and how her three recurring payments have been considered.

What remains to be investigated

The inquiry concerns what risk the cutoff addresses, why it supports complete exclusion, and how the bank evaluates Mei's evidence. A plausible bank argument is that short-notice income could stop during repayment. Three past payments do not alone defeat that concern. This is a possible argument to examine, not an established institutional rationale or evidence that the exclusion is justified.

Alex has the rule and original decision account but has not obtained a documented rationale addressing those questions. He requests it from the Credit Policy Owner. What is missing is a supported explanation of the policy's justification. Rechecking the sum or exposing model internals would not supply it.

Mei: “I agree the contract says 30 days. What supports counting the whole payment as zero, and how does my payment history bear on that?”

Alex: “I can check the rule and examine a supported explanation with you. I do not yet have the bank's account of those questions. I have requested it; I cannot present a possible reason as the bank's actual rationale.”

Mei: “Then the calculation is checked, but my objection is unanswered.”

Alex: “Yes. The refusal remains in effect. Your policy objection is open.”

Explanation and decision authority

Alex could explain and examine a supported rationale without authority to rewrite R-B. Here, he must obtain missing policy material. If change is warranted, the Policy Owner can propose revision and the fictional Credit Committee approves material changes. No authorized exception is established.

The Complaints Lead owns a five-working-day update. A future answer should address the stated questions and leave Mei able to question its premises. It could reasonably uphold the rule; neither disagreement alone nor a response's existence determines adequacy.

Ending: calculation checked; refusal retained; policy justification not yet supplied; objection unresolved. NIC identifies the inquiry and its limits. No change, credit approval, or adequate remedy is assumed.

Annex B1. Initial customer notices

Fictional NIC templates. These messages implement the two alternative examples. Rules, app routes, people, and service targets are illustrative, not prescribed by HKMA.

Application H-104-A: excluded payment classification

We have declined your application because your recorded eligible monthly income is HKD 24,000, below this product's HKD 30,000 minimum. Our automated agent recorded HKD 24,000 salary and excluded three monthly HKD 6,000 payments as transfers between your own accounts. That exclusion is the ground for refusal. A person did not review this individual decision before it was issued.

If those payments represent income, tell us what they represent. We will first examine the records we hold and explain any further evidence needed.

Application H-104-B: the governing-rule exclusion

We have declined your application because eligible monthly income under rule R-B is HKD 24,000, below this product's HKD 30,000 minimum. The automated agent counted your salary but excluded your HKD 6,000 monthly services retainer.

R-B excludes retainers terminable on less than 90 days' notice. Your contract permits termination on 30 days' notice. The retainer was recorded as services income and excluded under this rule. A person did not review this individual decision before it was issued.

You can ask us to check the contract term or calculation. You can also ask why the bank uses this exclusion, how your payment history was considered, or whether the rule or its application should be reconsidered. Disagreeing with the rule is a different question from correcting the figures.

Human review route included with either notice

You can ask a person for information or review before identifying a specific error. In the secure app, choose Help > Human credit review and quote your application reference, or ask a branch colleague to connect you. You do not need to discuss the matter further with the agent.

Tell us what you want examined and any evidence you want considered. We will identify a human reviewer, acknowledge your request, and provide an update within five working days. A request does not itself change the refusal or guarantee approval.

You can also contact the complaints team through Help > Complaints or a branch. This internal process does not change other rights or deadlines that apply.

Annex B2. Human-review responses

Fictional NIC templates. These are alternative outcomes for separate cases, not sequential responses to one application. The five-working-day update is a proposed service commitment, not an asserted legal period.

Classification review: H-104-A

I am Alex Chan, your human reviewer. I compared your account entries, payer details, contract, and income rule R-A. The HKD 6,000 payments are client retainer income and qualify under that rule. Your eligible monthly income is HKD 30,000.

Your objection is substantiated. I corrected the classification, withdrew the refusal ground, and verified that the application is reopened. This is not a loan approval. I will now assess your existing commitments and proposed repayments and update you within five working days.

You can question this explanation, ask what the records show, or provide further evidence through the same human-review route. I will explain any remaining assessment and its effect on the decision.

Policy inquiry remains open: H-104-B

I am Alex Chan, your human reviewer. I verified your 30-day contract clause and the calculation under R-B. The HKD 6,000 retainer was excluded under that rule, leaving eligible monthly income of HKD 24,000.

You ask what risk the 90-day cutoff addresses, why it excludes the entire payment, and how your payment history was considered. Checking the figures does not answer those questions.

I have the rule but have not yet obtained a documented account of those reasons. I requested it from the Credit Policy Owner. I can examine a supported explanation with you and consider your evidence. My inability to change policy does not prevent that inquiry, but I cannot give you reasons that the bank has not substantiated.

The Policy Owner can propose a revision; material changes require the Credit Committee's approval. I cannot promise an exception or a different lending outcome. The Complaints Lead will update you within five working days, including what remains unanswered if the inquiry is incomplete.

Your application remains refused under R-B. The calculation check is complete; your policy objection is unresolved. You may question any later explanation or submit further evidence. Contact human review through Help > Human credit review or a branch, or use Help > Complaints. This process does not alter other rights or deadlines that apply.

Annex C1. Internal review record: classification error

Completed fictional record; NIC proposal. This form is not prescribed by HKMA. It links to existing records and limits access to staff who need them. Secure handling, appropriate retention, and any required disclosure assessment remain separate controls.

Field	Recorded position for H-104-A
Original action	Day 1 refusal issued by income-screening agent deployment D-17, configuration A; rule R-A; no individual pre-issue approval.
Original ground	Eligible income HKD 24,000 below HKD 30,000. Retainer receipts coded as own-account transfers. Saved decision account retained as superseded history.
Objection and intake	Day 2: customer says excluded payments are from a client. Direct human-review channel used; no technical diagnosis required.
Evidence linked	E1: three monthly statements and payer details. E2: retainer contract with 30-day termination clause. E3: operative R-A. E4: saved action, ground, and classification.
Assigned authority	Alex Chan may inspect these records, correct classifications, withdraw the refusal, reopen the file, and complete reassessment. No authority to rewrite product policy.
Inquiry performed	Compared E1 and E2 with E3; reconciled the receipts; checked E4 for the actual original ground; recomputed eligible income. No model trace or calculation extract needed.
Finding	The transfer classification was wrong. R-A includes the documented recurring retainer. HKD 24,000 + HKD 6,000 = HKD 30,000.
Implementation verified	Day 3: corrected classification saved, original refusal withdrawn, application reopened, old refusal excluded from current status. Update acknowledged by the application system.
Consequential effects	Within this fiction, checked linked systems: no separate fee, fund restriction, or external refusal notification to undo. This is not assumed for other deployments.
Customer exchange	A1 exchange and Annex B2 review response recorded. Mei says the classification answer resolves that issue and requests the remaining assessment's reasons.
Open issue and owner	Commitments and proposed-repayment assessment pending. Alex owns the five-working-day update; report reasons for any eventual decision. No further refusal ground established.
Distinct statuses	Classification objection resolved; original ground withdrawn; lending decision pending.

Interim action: reopen and reassess. No other suspension was needed on these fictional facts. If the update target is missed, record the outstanding inquiry and next step. A successful correction does not close the lending review.

Annex C2. Internal record: governing-rule inquiry

Completed fictional record; NIC proposal. H-104-B is an independent counterfactual. The form is not prescribed by HKMA.

Field	Recorded position for H-104-B
Original action	Day 1 refusal by D-17, configuration B; R-B excludes retainers terminable on less than 90 days' notice. Original rule and decision account preserved.
Discovery and objection	Initial B1 notice disclosed the exclusion, cutoff, 30-day clause, and HKD 6,000 effect. Mei questions complete exclusion and treatment of her payment history.
Verified facts	Statements, contract, and R-B checked. Retainer correctly classified; 30-day term verified; eligible income HKD 24,000. No factual correction warranted.
Questions still open	What risk does the cutoff address? Why exclude the whole payment? How does the bank assess Mei's three recurring payments?
Information gap	Rule and decision account available; documented rationale responsive to these questions requested but not obtained. No inference that no rationale exists anywhere in the bank.
Possible argument only	Income might stop during repayment; three receipts do not settle that risk. This is not the bank's verified rationale.
Explanation capability	Alex may explain supported reasons and consider evidence. The rationale is not yet available to this review; lack of power to amend R-B does not prevent explanation.
Referral and decision powers	Day 3 request to Policy Owner, receipt acknowledged. Owner can propose revision; Credit Committee approves material changes. No authorized exception established.
Follow-through and communication	Complaints Lead owns five-working-day update. B2 response explains missing reasons, retained refusal, and open inquiry; customer may question a later answer.
Interim position	Refusal remains; no automatic suspension or approval. Assess any identified timing concerns and feasible interim measures; none is resolved by this referral.
Separate statuses	Calculation checked; rationale not yet supplied; policy objection unresolved; refusal retained. Referral acknowledgment is not an answer.

Evaluate an answer before closing the inquiry

Record the supported rationale, sources, treatment of Mei's evidence, unanswered questions, and disclosure limits. Can Mei question the relevant premise? Separately record judgment, decision-maker, authorized changes, verified effects, remaining disagreement, and further routes. An adverse answer may be adequate; a generic policy assurance is insufficient. Disagreement alone does not establish inadequacy.

Ending: The policy justification remains unavailable in this review, and Mei's objection remains unanswered.