

§ FCA MILLS REVIEW · JULY 2026

What the UK's AI review means for Kenya's AI Bill

The FCA just showed what precise AI regulation looks like — naming a harm, tracing it to its systemic root, and setting a timeline. Kenya's AI Bill has the right instincts, but not yet the same precision.

ANALYSIS8 MIN READ AI & FINANCIAL REGULATION

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On 6 July 2026, Reuters and Global Banking & Finance Review both reported the same story out of London: the UK's Financial Conduct Authority had published a landmark review — commissioned from Executive Director Sheldon Mills — into whether general-purpose AI tools such as ChatGPT, Claude and Gemini should fall within the regulatory perimeter governing financial advice. It is a useful mirror for Kenya's own Artificial Intelligence Bill, 2026, now before the Senate — not to copy, but to measure against.

§1 What the FCA review actually found

Three findings, each narrower and sharper than most national AI legislation attempts.

- §1 Consumer trust has outpaced regulation.** More than a quarter of UK consumers already trust chatbots like ChatGPT, Claude and Gemini for financial advice — with limited awareness that regulated-advice protections don't extend to them.
- §2 Concentration in a few providers creates systemic risk.** With 81% of financial firms globally adopting AI, shared reliance on the same models or cloud infrastructure risks correlated failures across the financial system.
- §3 The guidance/advice boundary is blurring.** Personalised, adaptive chatbot recommendations can start to look like regulated advice, even where only generic guidance was intended.

WHY IT MATTERS

Mills recommended the FCA decide, within three to six months, whether to **“secure and adapt” the regulatory perimeter** — a template of precision Kenya's own AI Bill has not yet matched.

§2 Where Kenya's Bill already answers this

Kenya's AI Bill, 2026 anticipated parts of this before Geneva or London formalised the language.

✓ Four-tier risk classification

A structural attempt at exactly the kind of baseline-setting the FCA is asking for.

✓ Mandatory human rights impact assessments

For high-risk systems, including those touching finance.

✓ Section 35, Data Protection Act

Already bans decisions made solely on automated processing — Kenya's closest equivalent to the guidance/advice boundary.

✓ Deepfake criminalisation

A partial answer to the erosion-of-trust concern the FCA and Bank of England have both raised.

§3 Five gaps measured against the FCA's standard

Expand each for the practical shortfall.

01

No sector-specific answer for finance

—

Kenya's Bill treats finance as one line item among seven high-risk sectors, with no equivalent inquiry into algorithmic lending or chatbot-driven financial guidance — despite a High Court petition already flagging automated credit decisions as a constitutional risk.

BUSINESS IMPACT

Financial-services deployers get the same generic obligations as an agritech app, when their risk profile is materially different.

02

Classification criteria deferred to future regulations

+

03

Silence on provider concentration

+

04

Enforcement capacity unproven

+

05

No consumer-protection or labour mandate

+

§4 How the two frameworks compare

Sector-specific scrutiny of finance	Dedicated review of AI in financial advice	Finance is one line item among seven high-risk sectors
Provider concentration risk	Named explicitly as a systemic risk	Not addressed
Classification criteria	Being defined through a scoped 3-6 month review	Deferred to future regulations, undefined
Consumer protection mandate	Explicit, central to the review's purpose	Implicit at best; no dedicated consumer lens

§5 What to do now

- Mandate sector coordination** between the AI Commissioner and the Central Bank of Kenya / Capital Markets Authority on AI-driven financial guidance.

- Publish binding classification criteria** in the primary legislation, not deferred regulations.

- Introduce a GPAI-specific framework** imposing transparency duties directly on foundation-model providers.

- Require concentration-risk reporting** from critical-sector regulators, mirroring the FCA's own concern.

- Resource the Commissioner's office** before expanding its enforcement powers, phasing from registration to inspection to fines.

- Mandate labour and consumer representation** in the Bill's advisory governance structures.

§6 The bottom line

Kenya's AI Bill, 2026 is a genuine achievement — it ends a regulatory vacuum and responds to a live constitutional finding. But ambition and precision are not the same thing. The FCA review is worth Kenya's attention not for its conclusions, but for its discipline: naming a precise harm, tracing it to its systemic cause, and committing to a defined timeline for closing the gap.

WHERE THIS GOES NEXT

The FCA's own review process runs three to six months. Kenya's AI Bill still needs to clear the **National Assembly** — a comparable window in which these gaps can still be closed.

HOW THIS TOUCHES YOUR DATA PROTECTION EXPOSURE

An AI governance framework doesn't sit apart from data protection law — most AI systems in Kenya run on personal data, which means your obligations under the Data Protection Act, 2019 are already live even before the AI Bill passes.

Muchangi Patrick & Co. Advocates advises boards, AI deployers, and startups on data protection compliance, AI governance readiness, and cross-border data flows. If you're building or deploying AI systems in Kenya, we can help you map your exposure before the regulator does it for you.

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This analysis draws on reporting by Reuters and Global Banking & Finance Review on the FCA's AI review ("The Mills Review"), the FCA's own press release, and prior commentary on Kenya's Artificial Intelligence Bill, 2026 from Bowmans, Afriwise, TechPolicy.Press, CIPESA and KICTAnet.

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