



Polling Question

On a scale of 1 to 5, how much efficiency improvement do you expect AI to bring to key operational processes within your financial institution over the next 2 years?

- 1) No significant improvement expected
- 2) Minor improvements in select areas
- 3) Moderate enhancements across several processes
- 4) Substantial efficiency gains in multiple operations
- 5) Transformational improvements across the board

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AI Powered Audit and Risk: Efficiency, Risks, and Precautions

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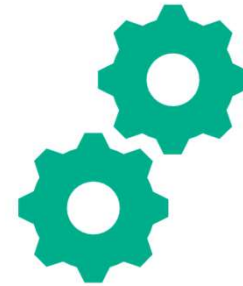
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Understanding AI



AI in Financial Services

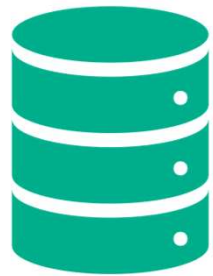


AI's impact on the industry

EVOLUTION OF AUDITS



Key AI Technologies in Financial Services

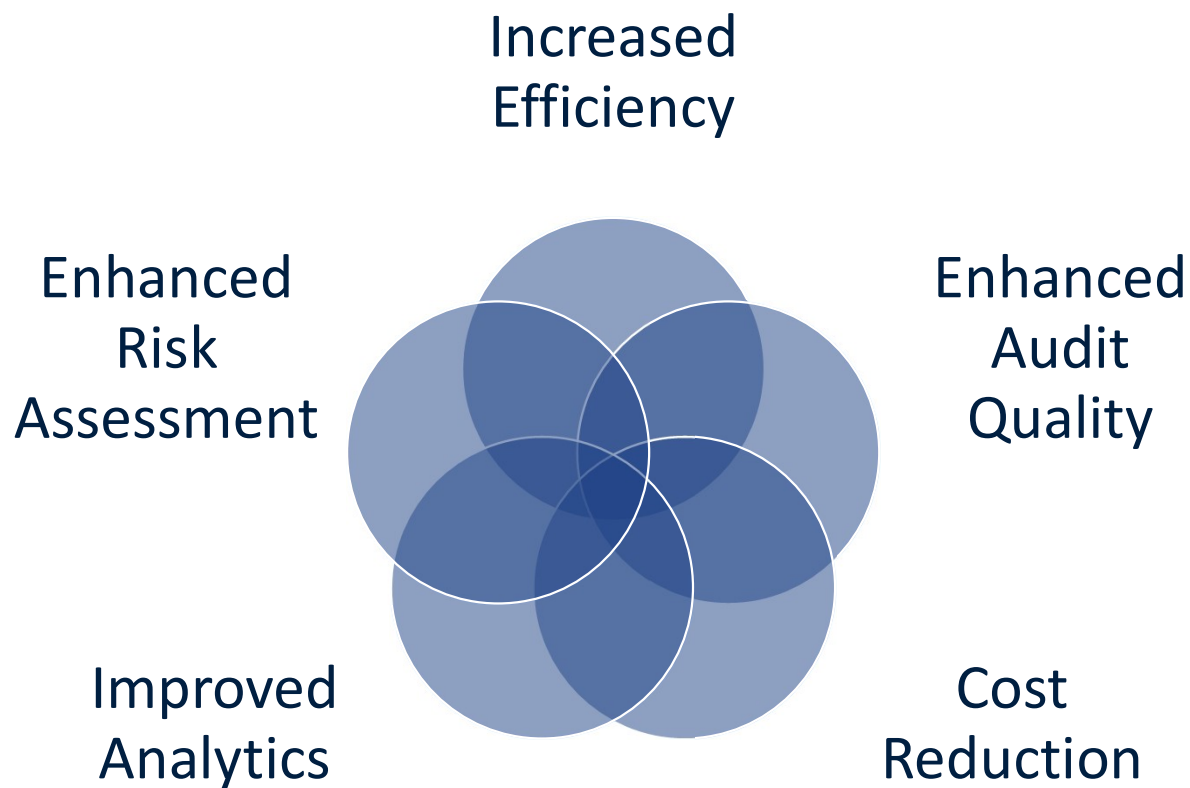


Data Inputs



Data insights

Advantages of AI in Audits



EXAMPLES OF AI IN AUDITS

Data Analytics

Natural
Language
Processing

Predictive
Analytics

Robotics
Process
Automation

Machine
Learning

AI for Risk Management Teams

Credit
Decision-
Making

Fraud
Detection

BSA/AML
Compliance

Challenges with AI



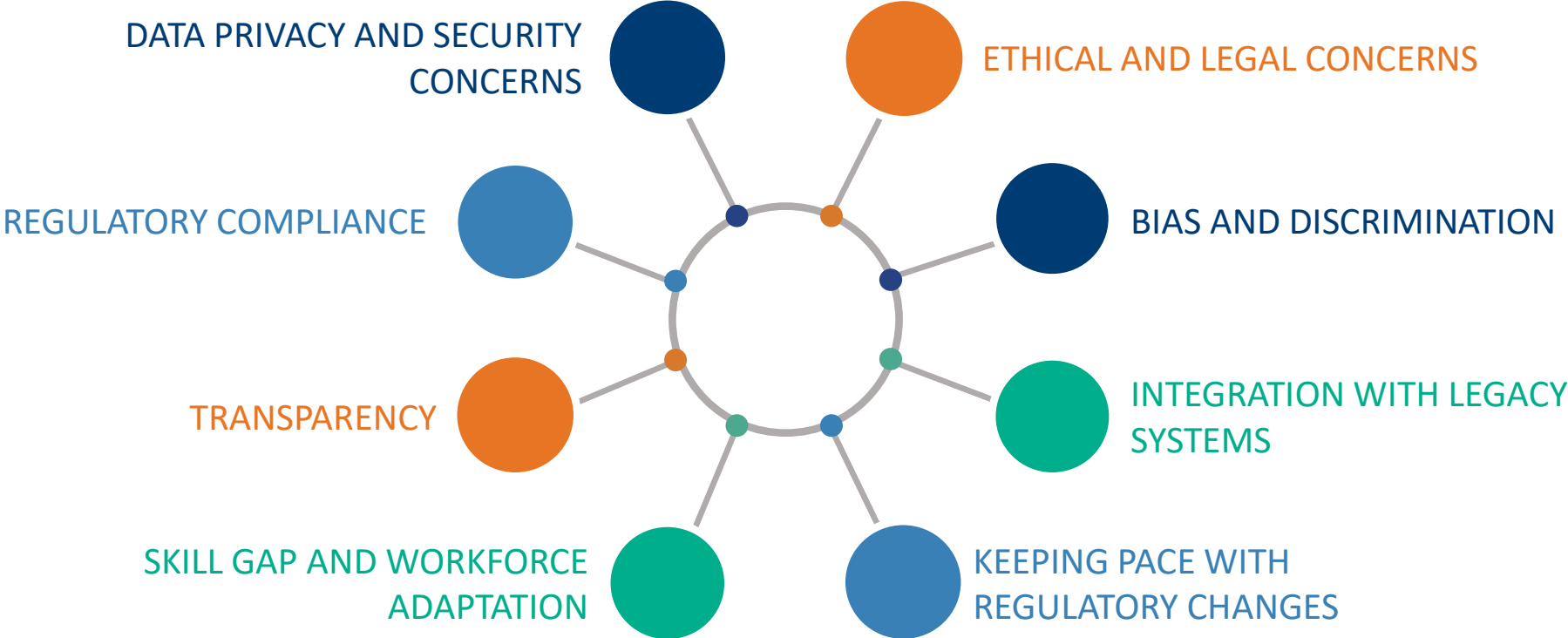


Polling Question

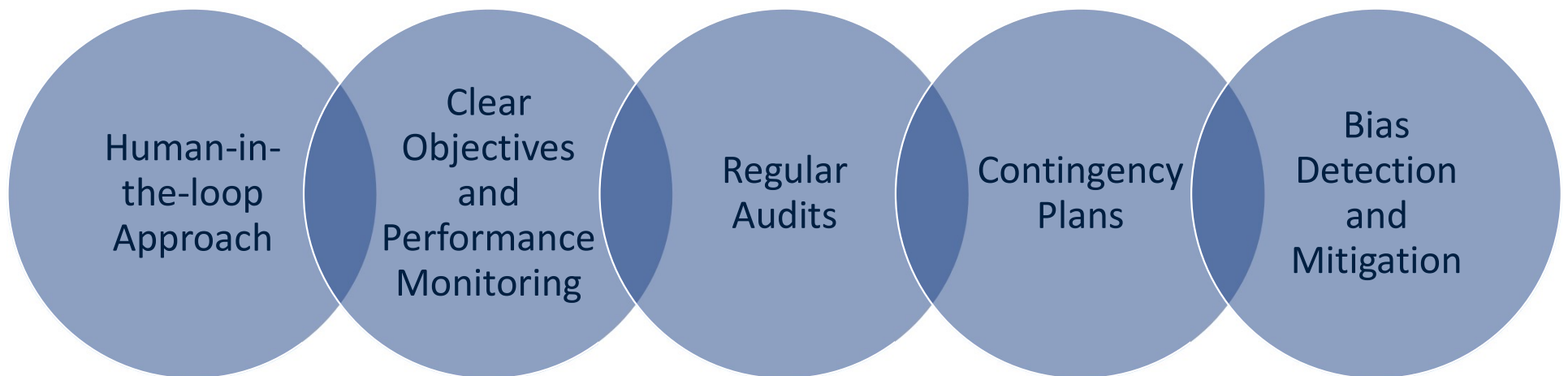
How do you perceive the level of risk associated with adopting AI technologies in your financial institution?

- 1) Low Risk: AI adoption is seen as low-risk, with manageable challenges.
- 2) Moderate Risk: There are concerns about risks, but they are navigable with careful planning and monitoring.
- 3) High Risk: Significant concerns exist about the potential risks and challenges associated with AI adoption.
- 4) Uncertain: Unsure about the level of risk AI adoption poses to the institution

PITFALLS AND AVOIDANCE STRATEGIES



Precautions to Consider



Future Trends



Image generated by OpenAI DALL·E 3

Let's Test This Out



Question for AI: If it is our Credit Union policy to scan IDs and retain during CIP, can we do that if it's a Military ID?

Let's Test This Out, *continued*



Answer

When it comes to scanning and retaining military IDs as part of a Credit Union's Customer Identification Program (CIP), there are specific legal considerations to keep in mind.

Under federal law, photocopying or scanning military IDs is generally prohibited. This restriction is in place to protect the security and integrity of military identification documents. While a credit union can use a military ID to verify identity as part of its CIP, it **cannot** make a copy of the ID for these purposes ¹ ⁵.

The Bank Secrecy Act (BSA) and CIP regulations require financial institutions to verify the identity of their customers, which can include reviewing government-issued identification. However, the regulations do not mandate that a copy of the ID be retained; instead, they require that a description of the document, including details such as type, identification number, place of issuance, and expiration date, be recorded ² ⁵.

Therefore, if your credit union's policy involves scanning and retaining IDs during CIP processes, you must ensure that this does not include military IDs. Instead, you should document the necessary information from the military ID without making a physical copy ⁵. Always consult with legal counsel to ensure compliance with both federal and state laws regarding ID handling.

Let's Test This Out, *continued*



OpenAI
ChatGPT **4.0**

ChatGPT 4o Share

If it is our Credit Union policy to scan IDs and retain during CIP, can we do that if it's a Military ID?

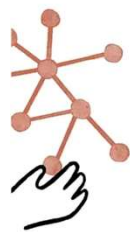
No, you should not scan or retain a copy of a military ID. According to federal law, specifically 18 U.S.C. § 701, copying, scanning, or retaining a military ID is prohibited unless it is done by authorized personnel for official government purposes.

For Customer Identification Program (CIP) purposes, financial institutions should instead manually record the relevant information from the military ID (such as name, date of birth, and expiration date) without photocopying or scanning the ID itself.

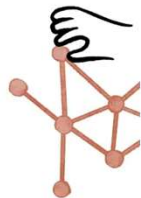
It's important to ensure your policy complies with this legal restriction to avoid any potential violations.

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Let's Test This Out, *continued*



Claude
ANTHROPIC



Claude Handling Military IDs in Credit Union CIP

B •If it is our Credit Union policy to scan IDs and retain during CIP, can we do that if it's a Military ID?

Regarding scanning and retaining military IDs as part of your Credit Union's Customer Identification Program (CIP), there are some important considerations:

1. Legal restrictions: The US Department of Defense generally prohibits photocopying or scanning military ID cards. This is outlined in Title 18, US Code, Part I, Chapter 33, Section 701.
2. Exceptions: There are limited exceptions for government agencies in certain official capacities. However, financial institutions typically do not fall under these exceptions.
3. Alternative procedures: Instead of scanning or copying military IDs, your credit union should consider:
 - Visually inspecting the ID and recording relevant information manually
 - Using alternative forms of identification that can be copied, if the member has them available
 - Implementing a policy to note that a military ID was presented without retaining a copy



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Live Demo

(if the Wi-Fi works ;))

Regulatory Perspectives



Image generated by OpenAI DALL·E 3



Polling Question

Which precautionary measures do you believe are most crucial for successful AI implementation in financial institutions?

- 1) Strict regulatory compliance and oversight
- 2) Robust data privacy and security protocols
- 3) Continuous monitoring and auditing of AI systems
- 4) Comprehensive staff training and upskilling programs

Questions?

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