Independent Banker

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Columns

[tag] Flourish

**[hed] AI: the new frontier**

[quote] “To safeguard our banks, we must understand how AI is being used today for the good *<i>and<i>* the bad, then evolve our risk management procedures accordingly.”

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If you’ve ever watched an episode of *Star Trek*, you’ve heard its famous introduction proclaiming we must “boldly go where no man has gone before.” With artificial intelligence (AI), this may be our new reality.

Today, we’re seeing AI and related technologies—such as robotic process automation and machine learning—employed in a wide range of applications, from back-office operations to fraud detection systems and more.

As new AI-powered solutions are introduced, we recognize both the opportunities and risks they bring. Just as easily as AI can help detect anomalies to flag potential fraud, so can it be used to create a customer deepfake to enable a fraudulent transaction. To safeguard our banks, we must understand how AI is being used today for the good *<i>and<i>* the bad, then evolve our risk management procedures accordingly.

That very balance means that as we explore AI opportunities, we do so with an eye toward our dedication to safety and soundness. At the end of the day, AI is a tool and utility, and as with any technology, it’s incumbent on us as users to determine how it can be used and where the risks lie.

But as we navigate this new AI space, we’re asking regulators to not be overly prescriptive with their guidance. We need the flexibility to explore this technology as we remain alert to potential pitfalls.

As we shared in [our response to the Treasury Department’s request for information on AI](https://www.icba.org/advocacy/letter-details/icba-sends-comments-to-the-treasury-on-ai?utm_campaign=NewsWatch%20Today&utm_medium=email&_hsenc=p2ANqtz--0Riagu_TfRUItrAKFvkSQO5j5SoHmjAcQ44uBw89s2sGzS4F0kv27W5ySOi6VA1IFTrU2k-sTO56tkqRBhfSXnLdTQg&_hsmi=319815672&utm_content=319816511&utm_source=hs_email)—available in full at *<i>icba.org/advocacy<i>*—it’s not the technology that warrants scrutiny; it’s the application. As any technology evolves, we must lean into existing guidance around fair lending and privacy, regardless of what the tool is. There’s a fine line as we think about and understand the new, unknown risks AI might create, but fortunately, we have an opportunity to weigh in and identify those concerns as they emerge. We can be more surgical in our approach to future guidance to allow for the technology to evolve.

In the meantime, community bankers can stay up to speed on AU developments through resources like the articles in this issue as well as education opportunities, including our [AI Demystified: Webinar Series](https://www.icba.org/all-products/product-details/ai-demystified-webinar-series-bundle) or our [AI Solutions Forum](https://www.icba.org/events/details/2024/09/12/special-events/icba-thinktech-solutions-forum-putting-ai-to-work). (Find out more about these resources at <i>icba.org/education<i>.) As we attempt to boldly go where community banking hasn’t gone before with AI, we are armed with the information we need to use it for the benefit of our banks and our customers in a strategic, safe, sound and efficient manner.

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*[sidebar] Where I’ll be this month*

I’ll be meeting with the Council of Community Bank Executives in Fort Worth, Texas, and then spending time with the Bankers Bank Council—both of which will likely include AI as a topic of conversation. I am also very excited to be making a trip to Tampa, Fla., to meet with our TCM Bank team.

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