



Learning & Development Newsletter



CFPB Issues Guidance on Credit Denials by Lenders Using Artificial Intelligence

Earlier in the year, the four federal agencies jointly pledged a commitment to fairness and equality as automated systems, and Artificial Intelligence continues to grow, especially in the financial industry. On September 19, 2023, [the CFPB followed up their commitment](#) by issuing guidance about certain legal requirements for lenders using artificial intelligence and other complex models. The guidance states that if an organization is simply only using the denial reasons noted in the standard CFPB adverse action form, the lender may be at risk of an Equal Credit Opportunity Act (ECOA) violation. Using artificial intelligence complex algorithms increases the data utilized. Lenders run the risk of using data for lending decisions which may not be clearly explained in their policies and procedures.

The guidance goes beyond the circular published in 2022 [Consumer Financial Protection Circular 2022-03: Adverse action notification requirements in connection with credit decisions based on complex algorithms | Consumer Financial Protection Bureau \(consumerfinance.gov\)](#), and expands it by saying "*that sample adverse action checklists should not be considered exhaustive, nor do they automatically cover a creditor's legal requirements*". The CFPB also issued an advisory opinion to lenders to issue accurate adverse action notices when changes are made to their existing credit.

NIST Cybersecurity Framework is Getting Modernized

Almost ten years ago, the National Institute of Technology and Standards (NIST) created arguably the world's most respected cybersecurity guidance framework which applied to several industries. A [draft of the revised](#) framework, NIST Cybersecurity Framework (CSF) 2.0, was released in August of 2023. While CSF 1.1 still remains effective today, changes are necessary not only to address the current environment, but to be relevant for future cybersecurity challenges, and to make it easier for organizations to use and implement in their environments. NIST is accomplishing this by working with leaders in the community to:

- Identify the largest and most relevant cybersecurity challenges
- Align others with the leading practices and guidance resources used by skilled professionals to protect organizations, their assets, and data

NIST has already received numerous replies based on multiple content pieces and workshops attended both in-person and virtual from over 100 different countries. NIST will continue to collect feedback, including attachments and other supporting material from the community until November 4, 2023, and is expected to publish the modernized CSF in early 2024.

Today's Policy Management

According to the FDIC, historically policies are the leading category of "Matters Requiring Board Attention." The expectation today is that your policy management program is not limited to policies and acknowledgements. Policies and acknowledgements are just part of an overall policy management program that communicates organizational leadership expectations and encourages compliant behavior.



In our article: Today's Policy Management—Meeting Regulatory Expectations, and Resourcing Appropriately, we cover the key items that make a successful policy management program and highlight the key three areas policy

management software helps organizations prepare for examinations, which includes:

- Scheduling Functionality
- Communication Tools
- Administrative Features

To learn more about how policy management software can help your organization create policy programs that will meet and exceed regulator expectations, download "[Today's Policy Management—Meeting Regulatory Expectations, and Resourcing Appropriately](#)" today.

October Webinars

What You Need to Know About AI

October 12, 2023 | 1:00 PM – 2:00 PM CT

Artificial intelligence (AI) will offer numerous solutions that will help the financial services industry be more efficient and productive across the board – but there will also be new risks each organization will need to monitor to keep their company and stakeholders safe.

In this webinar, we will cover many of the key questions financial services organizations have with AI along with what resources are available to help them create AI policies to help safeguard company information. Discussion topics will include:

- What is AI?
- How are financial institutions using AI today?
- What are some of the most compelling uses of AI in financial services?
- How your employees might be using AI for work without your knowledge?
- Regulatory concerns about AI
- AI Policy Considerations
- AI Resources

Presenter: **Steven Ramirez, CEO, Beyond the Arc**

[Sign Up Now](#)

Quarterly Regulatory Update

October 26, 2023 | 1:30 PM – 3:00 PM CT

Join us for this complimentary BAI webinar to learn what you need to know about recent changes and any related issues, including BSA, lending and deposit concerns, and more. *This webinar has been approved for 2 CAFP, CERP, and CRCM credits.*

Presenter: **Melissa Blaser, CPA, CRCM, CAMS, CFSA, CFIRS, Partner, Wipfli**

[Sign Up Now](#)

FedNow FAQ

There is a lot of interest circulating around the financial services industry on the new FedNow Service. Many organizations are determining if the service is right for them and have many questions on how it can be used to bolster their payments services. BAI has put together an FAQ on FedNow and to provide answers to many of the biggest questions surrounding it including:



- What is FedNow?
- How does it work?
- What features does it offer?
- Who can use it?
- And more

Click [here](#) to learn more about FedNow.

Regulatory Resources

90 Day Regulatory Outlook



Published monthly, [BAI's 90-Day Regulatory Outlook](#) helps you plan for the compliance landscape in the upcoming fiscal quarter. Receive insights from BAI's compliance experts on which policies and training courses of yours will be impacted by the most recent and relevant regulatory changes.

Alerts Now



Stay informed of all regulatory changes regardless of stage! Receive the [latest Financial Services industry compliance news](#) every week, including summaries of relevant announcements from more than 20 different regulatory bodies and overviews of personnel and products affected.

New Learning Manager Releases and Updates

Every month BAI adds new interactive courses and relevant documents, as well as making updates to existing courses. Follow the links below to see what has been added and updated for Compliance courseware, Professional Development courseware, and Documents & Resources:

1. [Compliance Courseware](#)
2. [Professional Development Courseware](#)
3. [Documents & Resources](#)

Visit [BAI L&D Connect®](#) to view the complete list of courseware and document updates.

New Updates for BAI Policy Manager

The BAI team is continuously working to provide clients with the best experience possible when using the BAI Policy Manager. As part of this process, we undergo bi-weekly releases to roll out new features and enhancements. The below list includes some of our recent favorites:

- **New Artificial Intelligence Policy Template & Policy Considerations resource** – available today in the BAI Template Library and Regulatory Resources
- **Ability to configure 'Track Changes' seamlessly within Documents** – making it easier for you and your document owners to control when changes are tracked
- **Ability to Publish Documents with no audience** – allowing you to seamlessly publish documents without assigning them to any users when ready
- **Redesigned Users Management reports** – refreshed landing page helps you find the right report for your needs
- **New User Permissions Report** – so you can more efficiently report on your active users and their selected permissions in your account

If you have any questions regarding the BAI Policy Manager, please [contact us](#).

2023 BAI Global Innovation Awards Finalists

Finalists for the 2023 [BAI Global Innovation Awards](#) were recently announced and include 22 global organizations that successfully designed and delivered unique innovations that positively improved customer and business relationships, drove organizational changes, and served their communities.



Innovations include everything from digital transformation, fraud prevention, and financial inclusion to instant payments, ESG investing, and artificial intelligence. Learn more about the 2023 BAI Global Innovation Awards finalists by visiting [BAI Global Innovation Awards](#).

Winners will be announced at the end of October, so look out for more information highlighting the winning innovations and the BAI Rising Stars.

BAI Banking Strategies: Industry Thought Leadership

AI + data + CRM = More personalized banking

By using technology to develop insights, financial institutions can gain a more holistic view of their customers and design better digital channels. [Read more »](#)

Unlocking the right combination of machine learning: A vital move for banks and credit unions in combating fraud

In today's digital age, the financial industry faces an evolving landscape of fraud threats, making the need for robust fraud detection systems more critical than ever. [Read more »](#)

Using the right products, the right technology at the right time to promote customer growth

This Q&A with Susan Bergen of Commerce Bank provides insights on how collaboration and understanding your customer is key to successful customer acquisition. [Read more »](#)

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