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Artificial Intelligence in Financial Services: A Practical Guide

Bridging the Gap in Understanding and Integrating AI

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Welcome

Alex White
Manager
Data Science and Artificial Intelligence

Tim Dively
Digital Growth Director
Financial Services

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Poll

What describes your current situation for attending today?

I'm just here to learn more about AI

My bank has a plan in place to use AI

I have a business case that I think AI can help solve

I need your help to implement a plan to use AI at my bank

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Learning Objectives – It's a Journey

Identify foundational steps to consider for AI implementations

Understand low scale AI implementations and opportunities

Governance, vendors and regulations

Quantifying the cost of doing nothing

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Foundational Considerations in Implementation of AI

- Organizational appetite
- Data quality
- Data privacy and security
- Infrastructure and technology
- Staff training and knowledge
- Regulatory compliance
- Cost and ROI
- Change management

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Main Categories of Opportunity With AI

Efficiency

Data Insights

Fraud/Compliance

Cybersecurity

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Streamline Processes

- Faster processing times
- Reduced manual effort
- Improved data quality

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Making Better Decisions

- Predictive analytics
- Risk management
- Scenario planning

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Automation

Using technology to reduce human intervention to a minimum.

Efficient execution of predefined tasks without continuous learning.

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Is Automation AI?

- Not all automation is AI
  - Many processes run effectively without AI
- Traditional automation
  - Relies on rules and predefined systems
- AI enhances automation
  - Can add learning, adaptability, and accuracy to tasks

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Cybersecurity

Responsible AI Implementation: A Security-First Approach

- **Integrating Security Across the AI Lifecycle:**
  - Embed security practices at every stage, from design to deployment.
  - Establish secure coding practices to safeguard AI models.
- **Protecting AI Assets:**
  - Secure Large Language Models (LLMs) and training data against breaches.
  - Conduct regular penetration testing on AI hosting environments.

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Cybersecurity

Governance for Third Party AI Models

- Establish Robust AI Governance:
  - Develop a comprehensive strategy with clear policies for AI usage.
  - Implement training and awareness programs for employees.
- Establish Data Privacy and Compliance:
  - Enforce strict data governance to control information sharing.
  - Prioritize data privacy to protect sensitive financial data.

Secure AI = Secure Business

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Misconceptions of AI

- Requires large scale and complex implementations
- It is very expensive
- Development is fully autonomous
- Guarantees perfect predictions & is never right!
- Can replace human jobs completely
- Controls are built in- set it an forget it
- It is objective
- It wrote this presentation

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List of Current Regulations Around AI in the US

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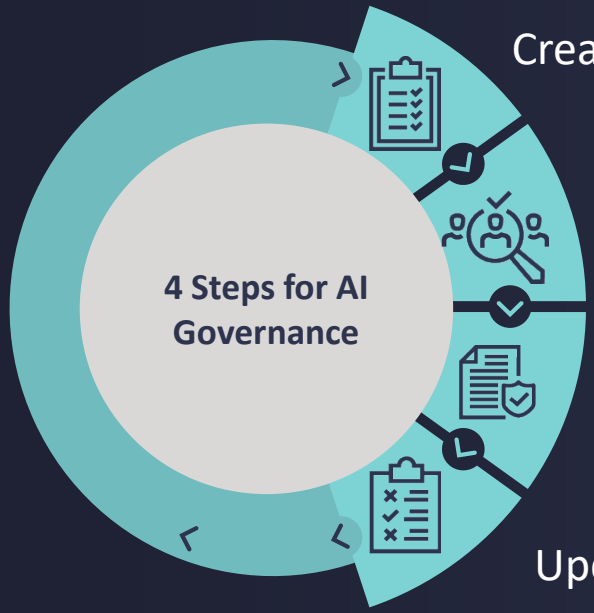
How to Apply AI Governance at Your FI



Create a taskforce and initial policy

Discover where you are using AI and begin to educate employees

Track and monitor AI usage and conduct risk assessments

Update policies and control mechanisms

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Vendors Use of Artificial Intelligence

Enhanced vendor management program

- Existing vendors
- New vendors
- Additional questions on risk reviews and due diligence
- Data governance
- Interagency guidance
  - Third party and fourth party

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What is GPT? (Generative Pre-trained Transformer)

- GPT is a type of Large Language Model (LLM): Able to generate novel, human-like text, write code, and create datasets.
- Goal of GPT project was to create chat agent that can interact conversationally, generate coherent, relevant content, answer follow up questions.
- Trained on websites, books, and online material.
- Human AI trainers helped GPT models provide more desirable outputs via reinforcement learning.
- OpenAI released ChatGPT November 2022.
- Many updates and other new generative AI apps & services.

"Researchers… found that more than half the time, people mistook writing from GPT-4 as having been written by a flesh-and-blood human." - Futurism

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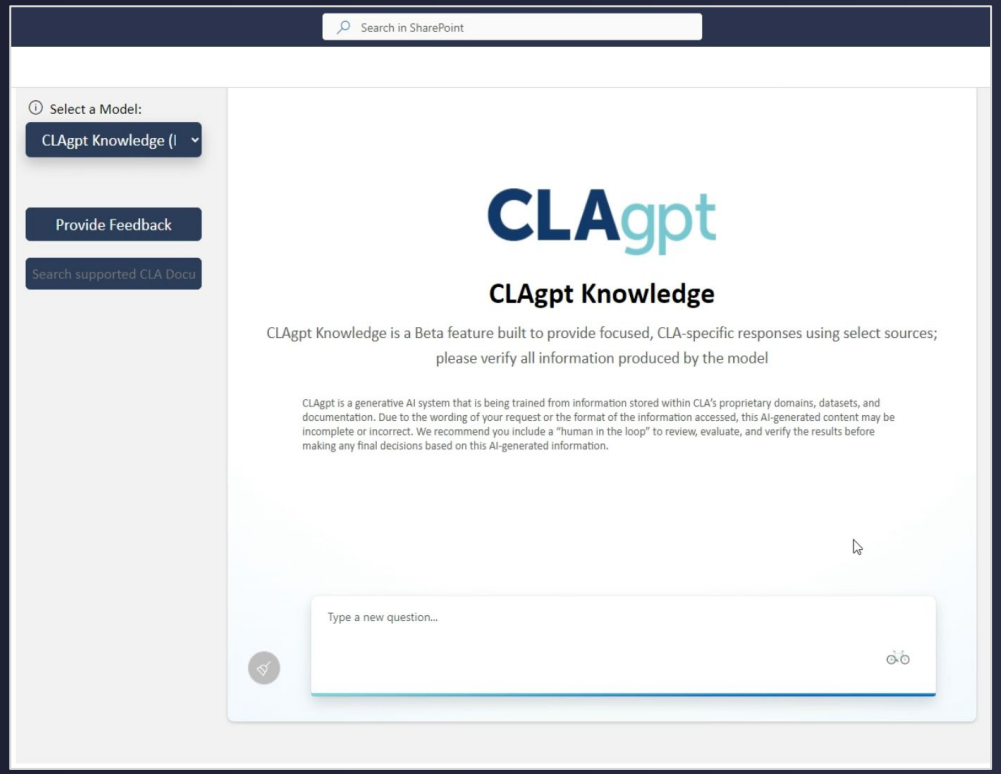
Leveraging the Power of Generative AI



- Enhancing human potential and productivity
- Powerful and intuitive search for accurate and timely data retrieval
- Efficiency driving personal assistance

Generative AI is transforming the daily work experience

Accounting
Automation

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Good Jumping off Point – Copilot

- Office365 controls assessment
- Leverage existing infrastructure you already have
- “Walled Garden”
- Employee onboarding, HR manual inquiries, procedures
- Content creation
- Drive internal efficiencies

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Poll

What is your FI's timeline for considering AI in their overall strategy?

We're vetting it now

Within the next two years

For our 2025 strategic planning sessions

Not considering it

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What is the Cost of Doing Nothing?

- Increased risk in the landscape of banking with current tools that cannot monitor and notify as quickly
- Employee turnover
- Lack of deeper insights to performance and preferences
- Less effective customer/member service
- More effort catching up- this isn’t going away

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What is Next for Your Institution?

- Educate
- Plan
- Consider
- Monitor

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Integrated Approach

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Considerations for Integrating AI Into Your FI

- Assess organizational needs
- Define goals and objectives
- Develop a roadmap
- Identify the right technology and partners
- Build necessary capabilities
- Monitor and evaluate performance
- Communicate with stakeholders

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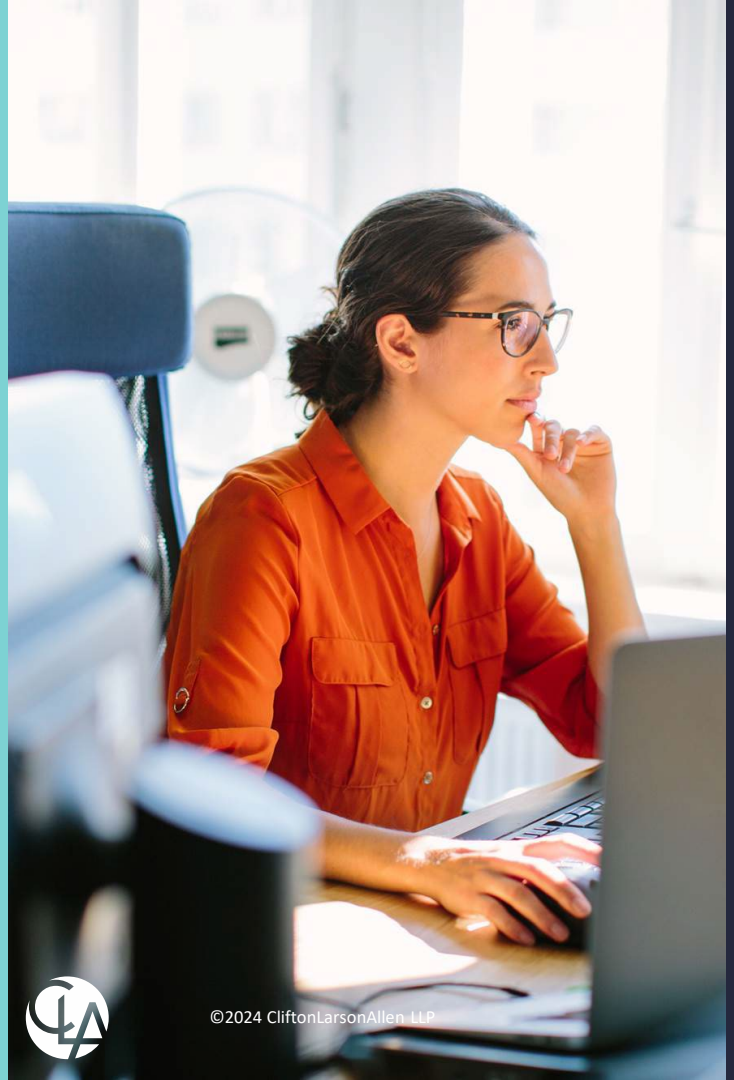

Digital Readiness Assessment

Collaborative roadmap development focusing on removing key barriers to growth and accelerating scale.

1. Discovery and evaluation
2. Current state mapping
3. Use case and feasibility study
4. Future state mapping
5. Roadmap and value definition

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Schedule a Complimentary Listening Session

It’s our job to engage in conversations, listen to what you really want, and apply our talents and experience to make extraordinary impact on your organization and life.

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Thank you!

Tim Dively
Digital Growth Director, Financial Services
tim.dively@CLAconnect.com

Alex White
Manager, Data Science and Artificial Intelligence
alex.white@CLAconnect.com

CLAconnect.com

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