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| **Banking on the Future: Navigating the Rise of AI in Finance**Mauldin & Jenkins By: [Jameson A. Miller, CPA, CISA, CISSP](https://d2lM2S04.na1.hubspotlinks.com/Ctc/I7%2B113/d2lM2S04/VW52tL8wlxZ-W3d-7bg5WpgLbW6y9Q695cpy0nN2XT74b3m2ndW6N1vHY6lZ3pbVlY67573m7F0W1N4Hg628Y1JNW5gSm_p3PzxNfW7w9bMn6HgTL4W3W5kXK5VVDcTW8pL-Bt7WZl_lW2nxf-J4VxZk2W8qYMNk8l-fLQW7WqnVw6yR-p6W202BVJ4SprTgW3cnzC290TgC8W1BQHvW1dPC1_W2bwDfj443LJkW7MbJ513XrTLkW3tlF-c2FxWFkW59J5836s17lhW5-mwHK9kFjQ-VSkj4l5qlrJbW1ptMTl5hlBMDW3pphnN21jXWyW5w6Q8d2CD9WpW75FSlp94pbYZf4H1m8d04), [Jon D. Hightower, CCSFP, CHQP, CISA, CRISC, CIPT, FAIR,](https://d2lM2S04.na1.hubspotlinks.com/Ctc/I7%2B113/d2lM2S04/VW52tL8wlxZ-W3d-7bg5WpgLbW6y9Q695cpy0nN2XT74b3m2ndW6N1vHY6lZ3kMW4hbnq12kmml5W9lD6vj4Bkf_DW6sRplV1_W9fDW4Gn1jp17KjC-W2cGgLj2WCtT1W6jpsrX8ngxmQN20Fyx0_wMxkVB5w-k6Pb353W1DX1Bb47BtQ4W4tQCKF8gP2ttW50j9BS6JRfG1N4sf8Y5pHNmwW89HsGM3htgzWVrybRQ2X_G4gN3dJr0qNQ1_BW3fMG1X1B7NBxMy27fb24wfTW96YLm33lB_q4W3qn0bG2-CShHW8d-WfJ7nskgcW4nYpKw35VcwsMWR4_RwmGNff6CLLZv04)  and [Brandon Smith, CPA, CCSFP, CHQP](https://d2lM2S04.na1.hubspotlinks.com/Ctc/I7%2B113/d2lM2S04/VW52tL8wlxZ-W3d-7bg5WpgLbW6y9Q695cpy0nN2XT74b3m2ndW6N1vHY6lZ3pLW6Dl5_n105TkFW4rzH5Z5F4kjdN2bX4y4HPCbBW1LxD_C3nWFTrW1KGPNC1l8KL7W74t17N9fxCMXW51pGRM4M1JvYW8F9JN_4DfGHHW89P9RJ37WWfqW3CTqjl5ZW197W4kQP243HzVw8W5WNphh5-z2ZsW89Ts622sTCMBW6Tm_0m2rFff7W7h8nr341kRyJW6VJyZt48RchrW8PsW8t13j93bW5Xv1br1hRLsXW170HHm7GPmnQW5wQznv5H9z5RN2GN2y4mbnvRW3yM09h7gPqh_f5y_VPC04)Over a quarter of companies forbid employees from using generative artificial intelligence (AI), but while prohibition may make leaders feel more secure, generative AI still poses a risk for every organization. Threat actors are using the technology to refresh long-standing scams and make them even more dangerous.  New Technology; Familiar ChallengesBenefits and challenges that have historically been associated with major technological advances reappear in the context of AI: **AI allows greater automation** to increase efficiency and productivity, causing job displacement that necessitates re-skilling and upskilling, along with a realistic analysis of labor needs in the age of AI.* **AI expands data** **use** to derive meaningful insights and improves decision-making. But the personal and sensitive information that AI systems collect, store and process creates security and privacy concerns.
* **AI presents ethical dilemmas** as we solve complex problems and make decisions using algorithms that can easily incorporate bias, whether intentional or not, and can be used maliciously and unethically.
* **AI bears complexity** that may have unintended consequences. Its ability to handle complex tasks and optimize processes can lead to events and challenges that we cannot reliably predict, identify or rectify.
* **AI supports greater security** while also opening the door to new security risks, including AI-powered cyberattacks, deepfakes and other malicious actions that threaten individuals, entities and societies.

 Like the technology itself, many AI challenges are new, such as financial crimes based on deepfake videos. A finance employee of an international firm recently wired the equivalent of $25.6 million US dollars from Hong Kong to scammers, fooled by a videoconference full of deepfakes. Do AI benefits outweigh the risks in banking?Financial Institutions are leveraging AI in numerous ways that will continue to expand. Your institution is probably taking advantage of many of the most popular approaches. How many of these can you check off? **Top 10 Ways Banks are using AI:**1. Fraud detection and prevention
2. Customer service automation
3. Credit scoring and risk management
4. Personalized banking experiences
5. Process automation
6. Algorithmic trading
7. Regulatory compliance
8. Predictive analytics for financial planning
9. Chatbot-assisted onboarding
10. Cybersecurity

Each of these uses adds value for financial institutions and customers by improving service, safety, accuracy and regulatory compliance. However, the same tools that deliver these benefits introduce risk.  **Top 10 AI-Related Risks for Banks:**1. Cybersecurity threats
2. Adversarial attacks
3. Bias in decision-making
4. Operational dependency and overreliance
5. Data privacy concerns
6. Regulatory compliance challenges
7. Lack of explainability behind AI-driven decisions
8. Technological obsolescence
9. Employee displacement and skill gaps
10. Customer fraud involving AI

Do the benefits outweigh the risks? Without a doubt, but institution leaders must actively work to understand and manage the risks of this emerging technology.  Mauldin & Jenkins Can HelpA comprehensive, thoughtful and proactive approach to risk management can support the benefits of AI while mitigating its risks.  **Top 10 Ways to Mitigate & Manage AI-Related Risks:**1. Establish robust governance policy and procedure frameworks
2. Conduct routine risk assessments and third-party audits
3. Implement only explainable AI
4. Address bias, fairness and potential inaccuracies in AI algorithms
5. Ensure adequate data privacy and security
6. Provide ongoing employee training
7. Enhance cybersecurity measures to the highest degree possible
8. Monitor regulatory developments
9. Establish and regularly update crisis response plans
10. Encourage ethical AI practices
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|  *1.* [*https://www.infosecurity-magazine.com/news/banning-generative-ai-privacy-risks/*](https://d2lM2S04.na1.hubspotlinks.com/Ctc/I7%2B113/d2lM2S04/VW52tL8wlxZ-W3d-7bg5WpgLbW6y9Q695cpy0nN2XT74P3m2ndW7Y8-PT6lZ3n7W4pF70w7ML1hpW1GhcFw2wwjhpW40RfVz4057qWW6vJR0L5WnZK4W6hN8zy6VlZBgW6vgKxC7tNBR4W7CT31p3Cs3MGW4hgNmM2Rh9n_W3Rb5pZ2H5pG0W2Q_Zv13cDtdPVxcNBl4YLKtrN8GqcQP77r4vN3jBBb6jR8-bVvfZdp1L0HhSW4t3J6G3Gd8d1W5QMW4S467WqmW5Jnj9Q3RlrkHN65zdR2F35RhW8Q5B4p6mBP9ZW6jxL705w2l1sW6_Wn9x31MFD1W5y46-G756L2nW5npPC83vXX_nN6TTpjLJ1_mlW5D2LHc5y9ftcW5nMvh935FGZLf4p7yF804)*2.* [*https://arstechnica.com/information-technology/2024/02/deepfake-scammer-walks-off-with-25-million-in-first-of-its-kind-ai-heist/*](https://d2lM2S04.na1.hubspotlinks.com/Ctc/I7%2B113/d2lM2S04/VW52tL8wlxZ-W3d-7bg5WpgLbW6y9Q695cpy0nN2XT73j5kBVqW50kH_H6lZ3pVVt6qf_4VkXDrW8qhsPK4YTM9GW1fq1zP6txWYxW5wFnTJ8BrXzVW4KnMWS79G_MgW2_RXkH5C9rqFW5-HBdk3G-dBsW4hBZf84wH4fdW28SKTt3-Z4rTW7ZLBxS7cSmS7W3M2glv3MXYsSW1HsfQC3v0lbYW1Klq0v7JdKQlW6c0qLh4Dh-SQW1Sdx1G7pw0RgM2SRtclxyKJW9gWY8R56PLHvW6LYdDZ4dpLsfW9g94D74kgYd5W5VKJKn2sfV7sW1y9y-s17xv_-W41LL253BvZXnW52R4Wc7MsL8NW7VGDcp606-tTW68WGWF7r9_rlV8S4M-6G4v8MW9gq13L8QSdCRW6qrlLK8rvtgHW1bNvh06GgGXpW9fvYpY5PvB2CW1jzVqh6S3D2pW28L3X-3SPRzNdrQ3X604) |