



# AI & Compliance: Practical Applications and Emerging Risks

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# Agenda



DROWNING IN A  
SEA OF TERMS



CURRENT STATE  
OF AI



REAL WORLD  
APPLICATIONS



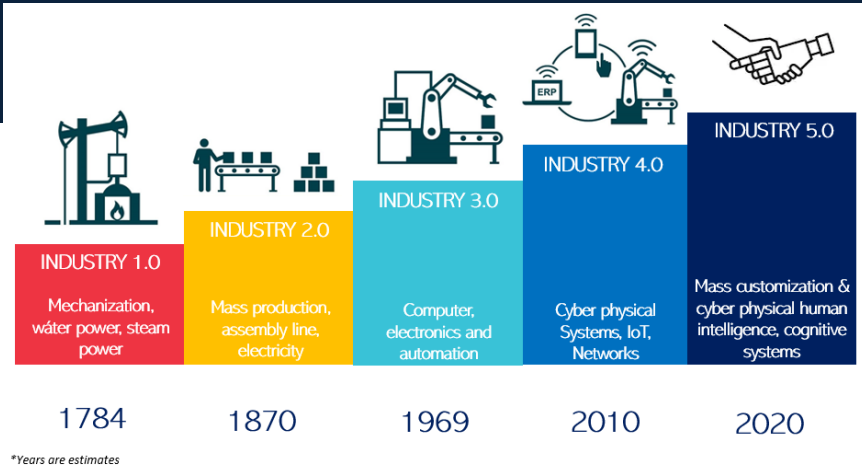
EVOLVING  
REGULATIONS



KEY TAKEAWAYS

## DROWNING IN A SEA OF TERMS

# Welcome to a Changing World



<https://www.linkedin.com/pulse/evolution-industrial-revolution-arindam-nath/>

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## Drowning in a Sea of Terms



Artificial Intelligence



Automation



Big Data



Data Analytics



Machine Learning

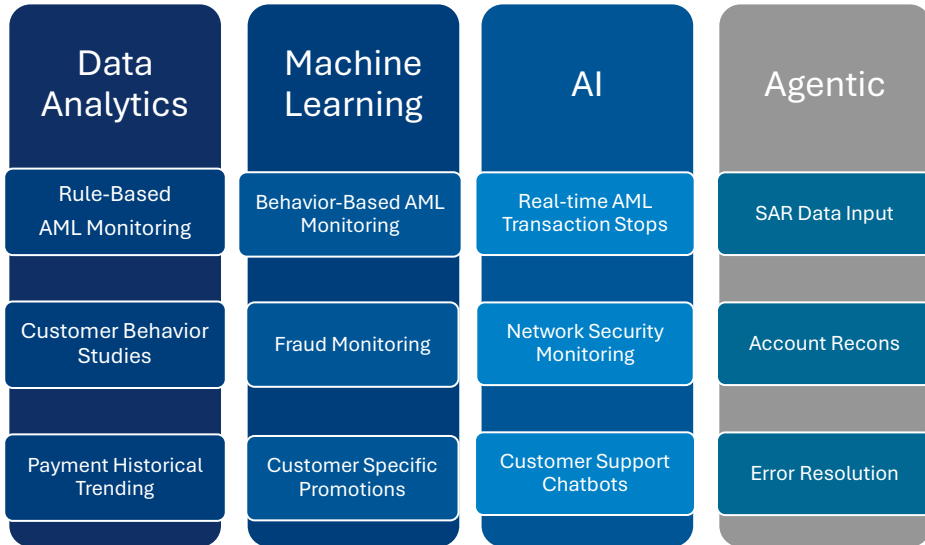


Robotic Process Automation



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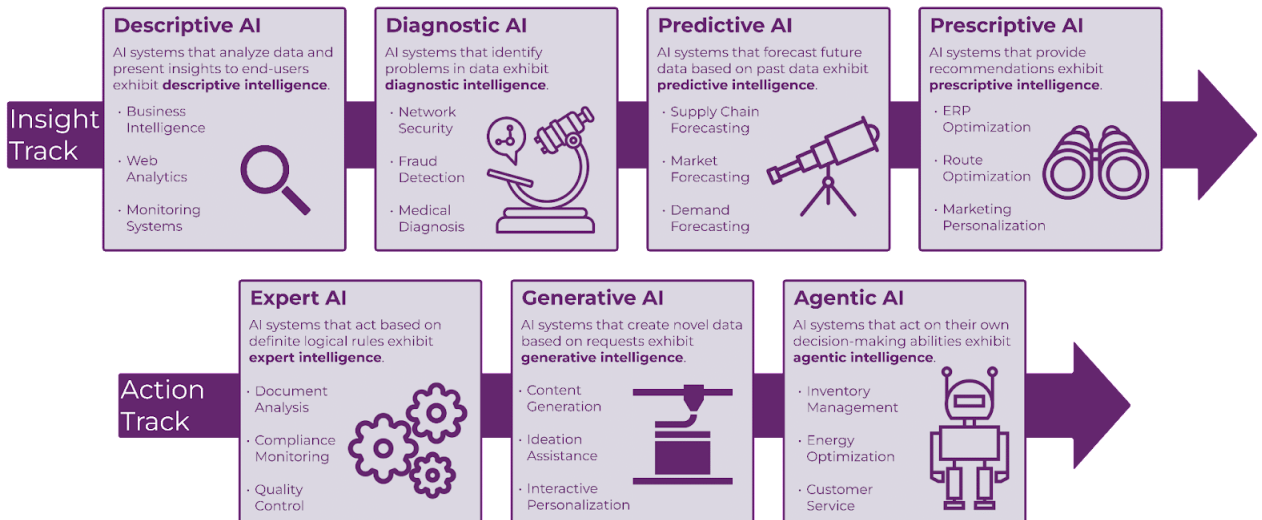
# What It Is



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# And Then There's the Next Thing



Breaking Down Enterprise AI, Part I: Insight Track Ethan Hamilton <https://enterprise-knowledge.com/breaking-down-enterprise-ai-part-i-insight-track/>

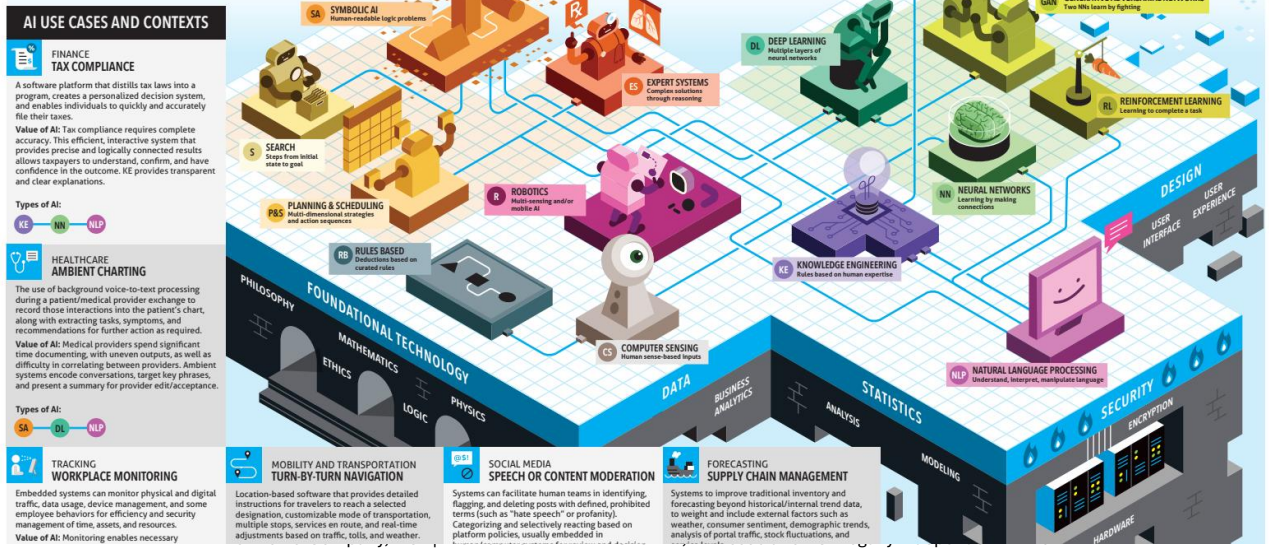
Credit: Google's AI Course for Beginners – Justin Su

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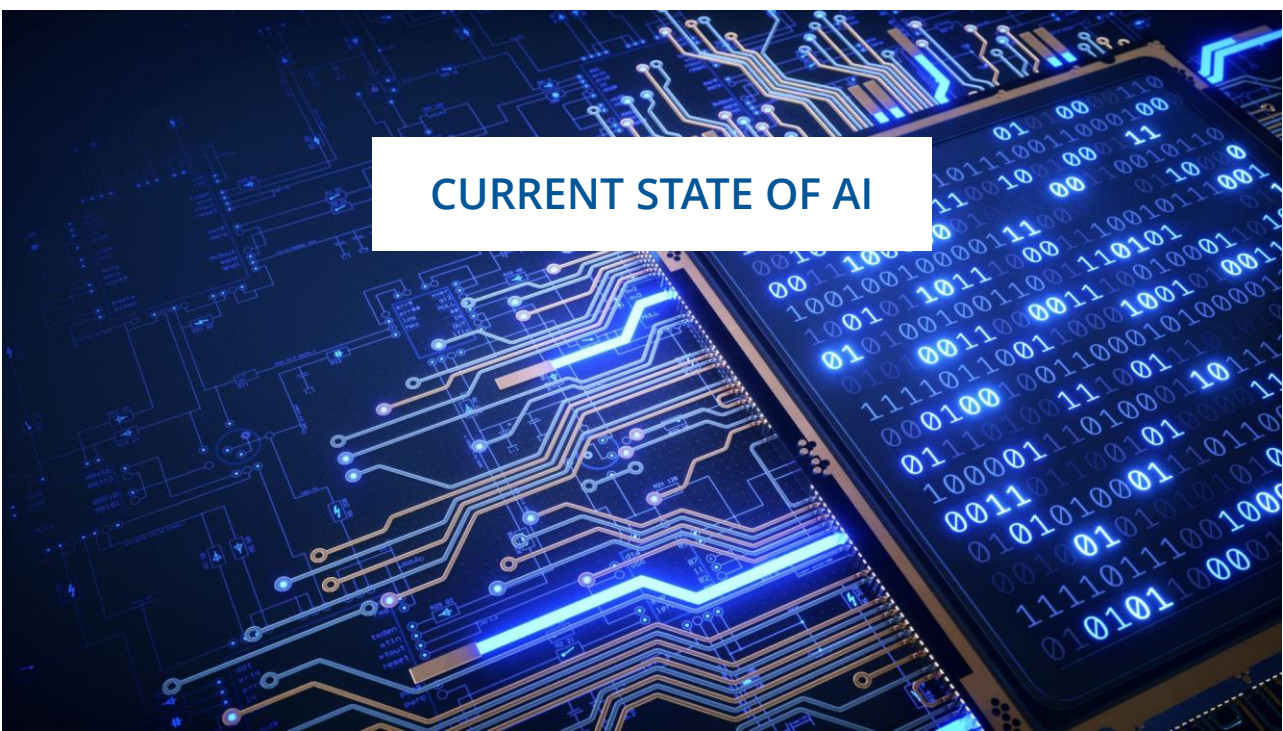
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# THE SPECTRUM OF ARTIFICIAL INTELLIGENCE

Artificial Intelligence (AI) is the computerized ability to perform tasks commonly associated with human intelligence, including reasoning, discovering patterns and meaning, generalizing, applying knowledge across spheres of application, and learning from experience. The growth of AI-based systems in recent years has garnered much attention, particularly in the sphere of Machine Learning. A subset of AI, Machine Learning (ML) systems "learn" from the success or accuracy of their outputs, and can change their processing over time, with minimal human intervention. But there are non-ML types of AI that, alone or in combination, lie behind the real-world applications in common use. General AI — a human-level computational system — does not yet exist. But Narrow AI exists in many fields and applications where computerized systems greatly enhance human output or outperform humans at defined tasks. This chart explains the main types of AI, their relationships to each other, and provides specific examples of how they are currently appear in our day-to-day lives. It also demonstrates how AI exists within the timeline of human knowledge and development.



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## The Current Sentiment



### January 2019

Gartner says 80% of analytics insights won't deliver business outcomes through 2022, and 80% of AI projects will "remain alchemy, run by wizards" through 2020



### January 2025

Payback period for AI investment has shorted from 18-24 months in 2021 to 6-12 months in 2023.

While there has been a tsunami of AI initiatives, the winners are better at identifying and implementing use cases that deliver positive outcomes with lower risk.



### July 2025

MIT's State of AI Report found that despite \$30–40 billion in enterprise investment into GenAI, this report uncovers a surprising result in that 95% of organizations are getting zero return. The study covered the period of January '25- June '25

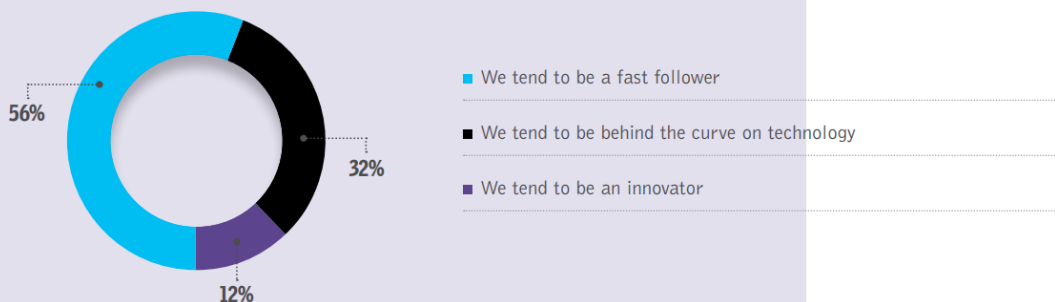


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## Technology Adoption

### 2. How would you describe your bank's approach to new technology adoption?



<https://www.bankdirector.com/wp-content/uploads/2025/09/2025TechReport-OpenVersion.pdf>

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# AI Adoption at Banks

**CHART 5:  
BANKING LAGS IN AI MATURITY COMPARED TO  
OTHER FINANCIAL INTERMEDIARIES**

Banks		FinTechs		Insurance	
Not started	21%	Not started	4%	Not started	6%
Beginning	68%	Beginning	83%	Beginning	88%
Maturing	11%	Maturing	13%	Maturing	6%
Advanced/ End State	0	Advanced/ End State	0	Advanced/ End State	0
n=73		n=23		n=16	

Source: Citi GPS Study © August 2024 Digital Banking Report



## Preparing for AI

### 26. What steps has your bank taken in response to the growing prevalence of artificial intelligence (AI) technologies?

Respondents were asked to select all that apply.

- 66% We've drafted an acceptable use policy to guide usage of AI technologies within the bank
- 62% We have begun experimenting with AI in limited use cases
- 53% We're educating employees about the growing threat of AI-enabled fraud
- 41% We've updated our vendor due diligence process to account for AI risks
- 37% We have appointed an executive or team responsible for AI oversight
- 25% We've trained employees on the use of AI, including generative AI
- 15% We've restricted/banned use of AI tools until further evaluation
- 14% We have not taken any formal steps in response to AI



<https://www.bankdirector.com/wp-content/uploads/2025/09/2025TechReport-OpenVersion.pdf>



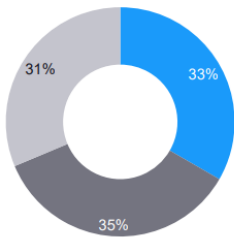
## REAL WORLD APPLICATIONS

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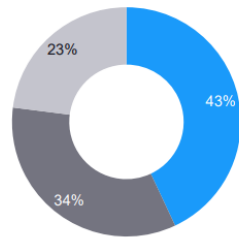
### Where are Banks focusing?

The identification of GenAI use cases is fairly balanced across the front, middle and back office, with higher implementation in the front office

“What percentage of **identified** use cases are spread across the following areas? Ensure the total percentages add up to 100%” (n=100)



“What percentage of use cases **implemented in production** are spread across the following areas? Ensure the total percentages add up to 100%” (n=100)

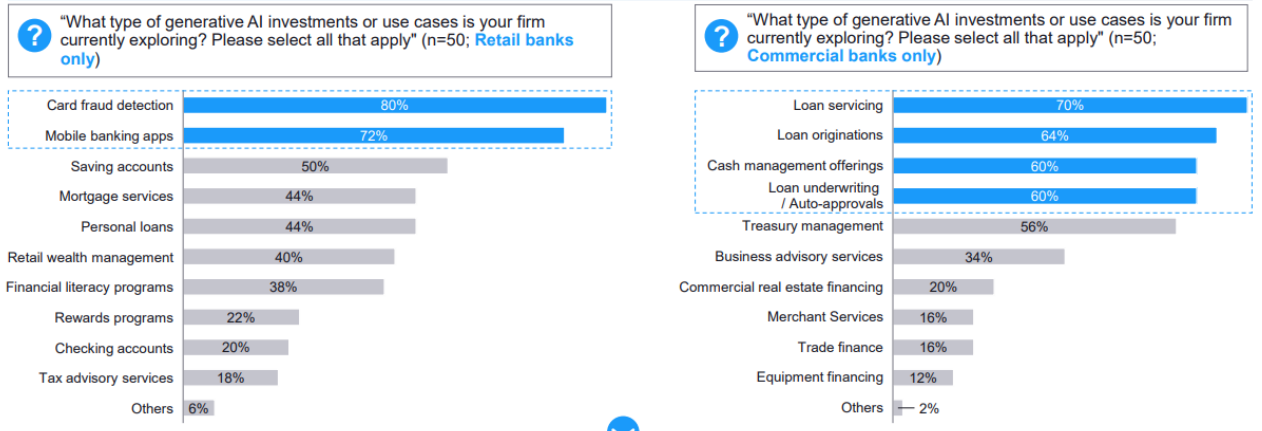


<https://www.ey.com/content/dam/ey-unified-site/ey-com/en-us/insights/banking-capital-markets/documents/ey-gen-ai-in-retail-and-commercial-banking.pdf>

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# Where are Banks focusing?

**Card fraud detection (80%) for retail banks, Loan servicing (70%) for commercial banks are key use cases that banks are currently exploring**



<https://www.ey.com/content/dam/ey-unified-site/ey-com/en-us/insights/banking-capital-markets/documents/ey-gen-ai-in-retail-and-commercial-banking.pdf>

## Potential Use Cases



**POLICY  
CREATION**



**ASSESSING  
RISKS**



**AML  
MONITORING  
SYSTEMS**



**REG  
REPORTING**

# AI – Empowered Technology

**Document Analysis - Loan ID: 987654321**

**Pro Tip:** Click "Auto-Populate" to select a folder from your computer. The system will automatically categorize PDF files based on their names (e.g., "proposal.pdf", "note.pdf", "security.pdf").

**Auto-Populate from Folder**

**Note**  
Click to upload or drag and drop  
Accepted: .pdf, .txt  
Drag files here from other sections

**Service Agreement**  
Click to upload or drag and drop  
Accepted: .pdf, .txt  
Drag files here from other sections

**Proposal**  
Click to upload or drag and drop  
Accepted: .pdf, .csv, .txt  
Drag files here from other sections

**Additional**  
Click to upload or drag and drop  
Accepted: .pdf, .csv, .txt

**Archive**  
Click to upload or drag and drop  
Accepted: .pdf, .csv, .txt  
Drag files here from other sections

**Checklist**  
Click to upload or drag and drop  
Accepted: .pdf, .csv, .txt  
Drag files here from other sections

**Extract Values**

Upload documents above to enable extraction

**Digitize signed loan documentation to automatically extract critical data points, streamlining compliance verification and reducing manual review time**

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# AI – Empowered Technology

**Case List**

All Cases (1357) | My Cases (0) | Has Scans (922) | Client Review (0) | More

Property/Collate...	Purpose Code	Rate	Rate Change Le...	Rate Change Me...	Relationship
UCC	COMN	0.055	Daily	VAR	11642
UCC	COMN	0.055	Not Found	VAR	11642
UCC filed 6/23	WCAP	0.0575	0	VAR	Not Found
UCC	WCAP	0.0575	Not Found	VAR	19165
UCC	WCAP	7.25%	N/A - none stated	VAR	Not Found
UCC	WCAP	0.0725	Not Found	VAR	5325
UCC	Working Capital	0.0925	0	ACT	Not Found
UCC	WCAP	0.0925	Not Found	VAR	9970
UCC	WCAP	7%	20 days	ACT	19353
UCC	WCAP	0.07	20	VAR	19353
CVEC	Working Capital	0.0975	0	ACT	Not Found

**Match Status**

- High Match
- Medium Match
- Low Match
- No Match

**View all loan comparisons matching paper file results against your system results to identify discrepancies**

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# AI – Empowered Technology

**verisure**  
A WOLF DATA SOLUTION

Search by Loan ID or Borrower Name... Gary Stanton

**Filter by Loan ID**  
Select specific loan IDs to include in your report or analysis.  
Search by Loan ID...

**Filter by Borrower**  
Select specific borrowers to include in your report or analysis.  
Search by Borrower Name...

**Advanced Filters**  
Filter by specific field values across all cases.  
Add Filter

**Table Controls**  
Hide System Values  
Columns

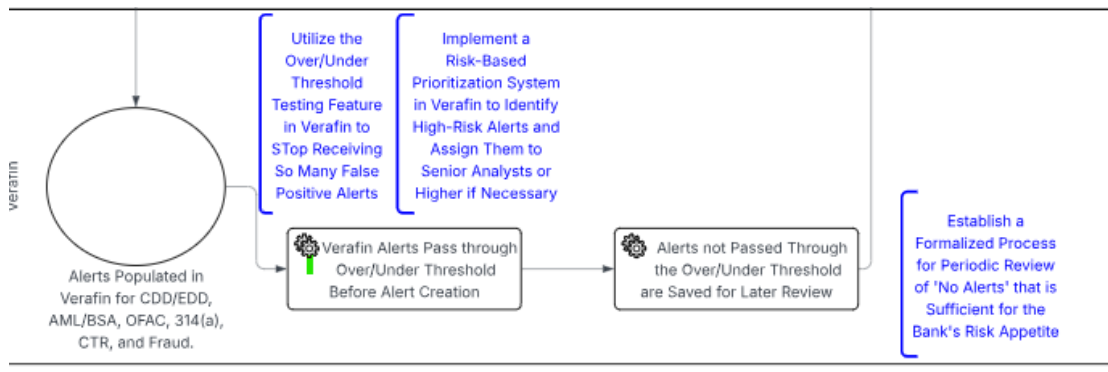
**Case Management**  
Export Report

**Match Status**  
 High Match (Green)  
 Medium Match (Yellow)  
 Low Match (Red)  
 No Match (Grey)

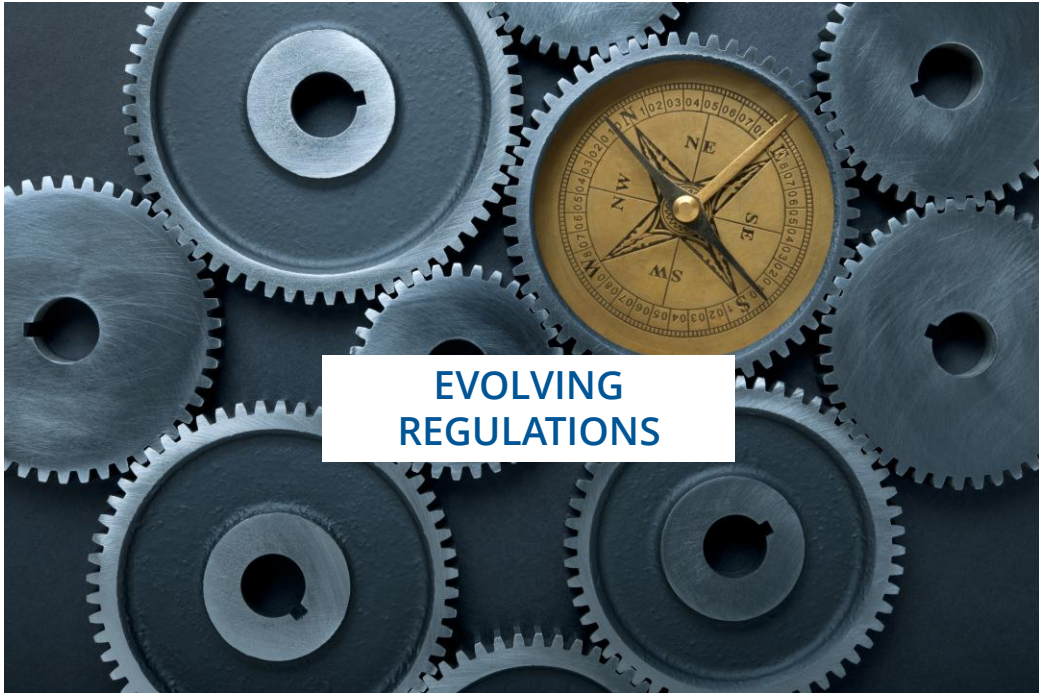
Case ID	Property/Collate...	Purpose Code	Rate	Rate Change Le...	Rate Change Me...	Relationship
1	UCC	COMN	0.055	Daily	VAR	11642
2	UCC	COMN	0.055	Not Found	VAR	11642
3	UCC Filed 6/23	WCAP	0.0575	0	VAR	Not Found
4	UCC	WCAP	0.0575	Not Found	VAR	19165
5	UCC	WCAP	7.25%	N/A - none stated	VAR	Not Found
6	UCC	WCAP	0.0725	Not Found	VAR	5325
7	UCC	Working Capital	0.0925	0	ACT	Not Found
8	UCC	WCAP	0.0925	Not Found	VAR	9970
9	Unit 4 and Unit 15 of	INV	7%	20 days	ACT	19353
10	RECO	INV	0.07	20	VAR	19353
11	CVEC	Working Capital	0.0975	0	ACT	Not Found

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## Rethink The Way You Work



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# EVOLVING REGULATIONS

## KEY REGULATORY MODEL RISK MANAGEMENT TIMELINE





# AI FRAMEWORKS & GUIDEBOOKS SUMMARY



## NIST AI RISK MANAGEMENT FRAMEWORK (AI RMF)

- Four core functions: Govern, Map, Measure, Manage
- Emphasizes trustworthy AI: transparency, fairness, accountability, robustness
- Widely adopted as gold standard for AI governance



## NIST AI RMF PLAYBOOK

- Provides practical, actionable implementation guidance
- Stand-alone categories for specific needs
- Supports framework application across diverse industries



## ISO 42001 (AI MANAGEMENT SYSTEMS)

- World's first international standard for AI management systems
- Comprehensive lifecycle approach from conception to retirement
- Enables third-party certification for responsible AI development
- Applicable across all industries and organization sizes



## IIA AI AUDITING FRAMEWORK

- Structured guidance for internal auditors evaluating AI systems
- Four-part structure: Overview, Getting Started, Framework, Practitioner's Guide
- Organized around Three Lines Model (Governance, Management, Internal Audit)
- Risk-based approach covering strategy, ethics, data governance, controls



Complementary frameworks working together for comprehensive AI governance

## America's AI Action Plan

### AMERICA'S AI ACTION PLAN

## Pillar I: Accelerate AI Innovation

America must have the most powerful AI systems in the world, but we must also lead the world in creative and transformative application of these systems. Achieving these goals requires the Federal government to create the conditions where private-sector-led innovation can flourish.

*Remove Red Tape and Onerous Regulation*

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Thank You

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