CSBS Announces AI Supervisory Framework

PRESS RELEASES

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Washington, D.C. – The Conference of State Bank Supervisors (CSBS) today released a new supervisory resource to support state examiners in assessing the use and risks of artificial intelligence (AI) at state-chartered banks and state-licensed nonbank financial institutions. The publicly released framework also helps provide clarity to regulated financial institutions on the general approach, types of questions, and the information that a state examiner may request regarding the institution's AI-based products, services, and tools.

"The use of AI provides a powerful new tool for financial institutions to improve services, protect consumers, and increase operating efficiency. While any new technology can present risks, the CSBS AI Supervisory Framework provides a principles-based approach to governance intended to help financial institutions explore and implement AI with additional confidence," said CSBS President and CEO Brandon Milhorn.

The CSBS AI Supervisory Framework provides state examiners with a discretionary tool to identify and understand AI at financial institutions, assess associated risks, and determine when a deeper review may be appropriate using existing supervisory resources. It is designed to consider each institution's size, complexity, risk profile, and use of AI. The framework is based on leading AI risk management resources, including the National Institute of Standards and Technology's AI Risk Management Framework, the Cyber Risk Institute's Financial Services AI Risk Management Framework, and the U.S. Department of the Treasury's AI Lexicon.

The framework doubles as a resource for industry. Financial institutions can use the framework to assess their own AI programs, establish sound AI governance and risk management, and prepare for examinations.

Each state agency will determine the extent to which this framework is incorporated into their supervisory programs.

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Conference of State Bank Supervisors (CSBS) is the nationwide organization that supports a network of state and financial regulators from all 50 states, American Samoa, District of Columbia, Guam, Puerto Rico, and U.S. Virgin Islands. State regulators supervise 79% of all U.S. banks and a variety of non-depository financial services. CSBS, on behalf of state regulators, also operates the Nationwide Multistate Licensing System to license and register non-depository financial service providers in the mortgage, money services businesses, consumer finance, and debt industries

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