

Small Business Notes

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Department of the Treasury Seeks Information and Comment on Use of Artificial Intelligence (AI) by the Financial Services Sector

On June 12, 2024 the Department of the Treasury published a “request for information” from interested and affected parties (to explicitly include “small business advocates”) on the “uses, opportunities and risks presented by developments and applications of artificial intelligence (AI) within the financial sector.” The request appears at [89 Federal Register Vol. 89, No. 114, p.50048 -50055](#); and electronically written and submitted comments are due to the Treasury on or before August 12, 2024 at the address provided in the request.

Treasury is interested in obtaining information on uses to include, but not limited to:

- Provision of products and services and the terms and conditions of such offerings;
- Risk management for various forms of risk like credit risk, market risk, reputation risk;
- Capital market activities such as identifying investment opportunities and providing financial advisory services;
- Internal Operations such as HR, payroll, training , communications;
- Customer service including complaint handling, claims management and other external facing functions;

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- Regulatory compliance to include Bank Secrecy Act and Anti Money Laundering requirements;
- Marketing using AI to reach individuals, or institutional counterparties.

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To aid in gathering the requested information, the Treasury includes in the request a list of 18 questions to guide responses. The first 8 of those questions can be seen as having general applicability to types and models of AI used, benefits of AI use, potential risk of AI models developed in house and by third parties. The remaining questions deal with specific issues of adoption and use on topics like protection of traditionally under served audiences, fair lending and other consumer risks, data privacy risks, management of third party risks, insurance coverage for AI risks, maintaining operational resiliency and continuity of core functions.

It can be expected that the capital markets and customer service sections of the request for information will attract a substantial level of response from small businesses and their agents and representatives.



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