Slide 1

OLA — Online Lenders Alliance

HOW AI AND MACHINE LEARNING ARE IMPACTING COMPLIANCE

ALEXANDER URBELIS, CROWELL & MORING, LLP
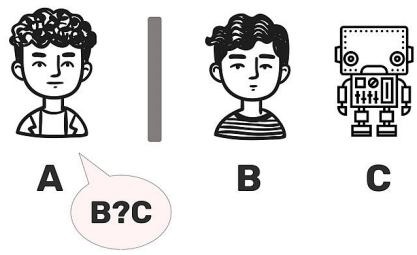PAUL LUEHR, MANATT, PHELPS & PHILLIPS, LLP

COMPLIANCE UNIVERSITY

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Slide 2

COMPLIANCE UNIVERSITY

OLA — Online Lenders Alliance

Brief History of Artificial Intelligence
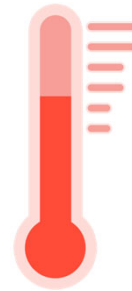
Early Definition

TURING TEST

A   B?C   B   C

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Brief History of Artificial Intelligence
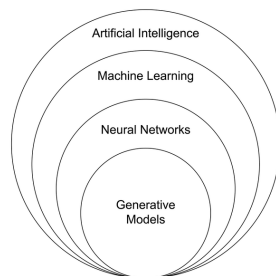
Early Uses – AI is not New!

Brief History of Artificial Intelligence

Recent Phenomenon – Generative AI

Use Cases for Generative AI

- Internal efficiency
- Coding and product development
- Underwriting and analytics
- Research and marketing

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Legal and Compliance Risks

- **Subject areas** – e.g., employment, IP, financial services
- **Accuracy** – 'hallucinations'
- **Transparency** – required chatbot disclosures
- **IP violations** – unlicensed LLM data inputs, unenforceable outputs
- **Confidentiality** – ingestion and disclosure
- **Validity** – correlation v. causation (*red shoes mean no loans*)
- **Fairness** – bias and discrimination based on age, gender, race, ethnicity (directly or by proxy).

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AI Legislation & Models

- NIST AI Framework
- OECD AI Policy Observatory
- White House's Blueprint for an AI Bill of Rights
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Compliance & Data Governance

- People – have a diverse team
- Policies and procedures
- Risk assessments
- Permissible purposes
- Specific inputs and outputs
- Risk analysis for accuracy, bias, etc.

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