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AI Literacy for Regional Banks

What It Is, What It Isn't, and Where It
Actually Helps

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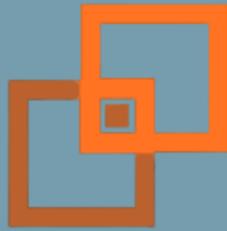


Table Of Content

03. Why are we talking

04. AI in one Sentence

05. What AI is NOT

06. Why Banks use AI

07. Where AI fits in a Bank

08. Practical Example: Retail

09. Practical Example: Lending

10. Human Responsibilities

11. Risk & Compliance

12. Regulators view

13. Good AI v Bad AI

14. Measure Success

15. Employees

16. How We Adopt AI

17. AI Needs Governance

18. Role of PMO

19. AI as a Portfolio

20. Intake: How AI Enters

21. Prioritization

22. Execution Governance

23. Measuring AI Value

24. Risk, Audit & Regulatory

25. Leaders

26. Bottom Line

27. Contact Information

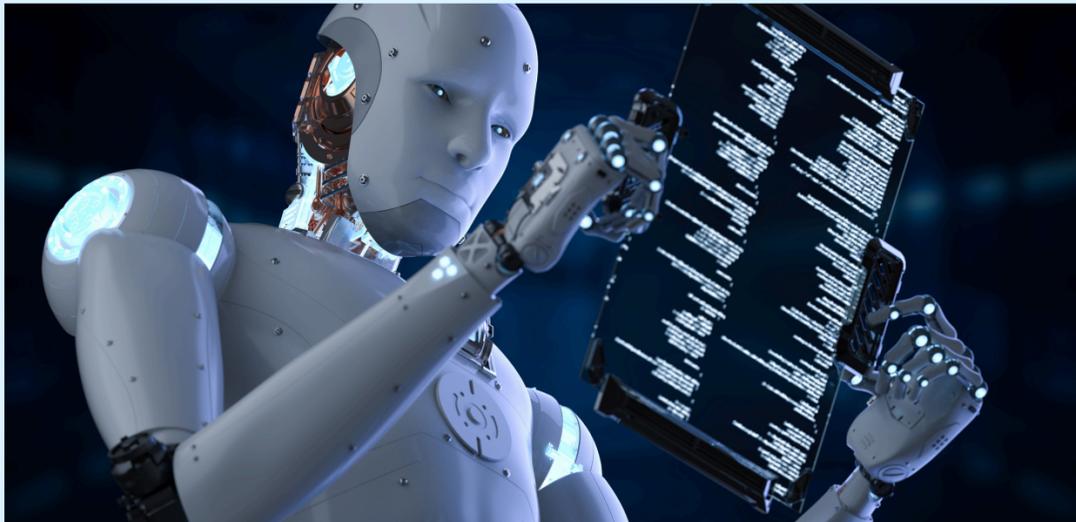
Why We're Talking about AI

The question is not: Should we adopt AI?
The real question is: How do we use *AI safely* to help our people do more with the same resources?

- **Enhances customer experience**
- **Margins are under pressure**
- **Automates repetitive tasks**
- **Reduces human error**



AI in 1 Sentence



Artificial Intelligence (AI) is software that helps people process information faster and more consistently.

It can:

1 Read documents

2 Identify Patterns

3 Flag exceptions

4 Suggest next steps

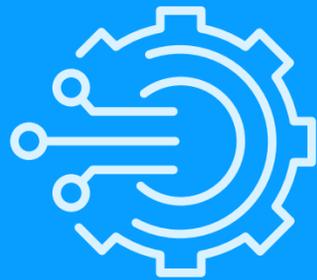
It **CAN** learn from you, but it **DOES NOT THINK**, decide, approve or replace judgment.

What AI is NOT

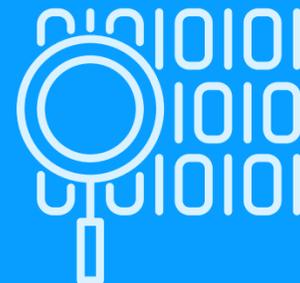
▶▶▶▶ AI is NOT:



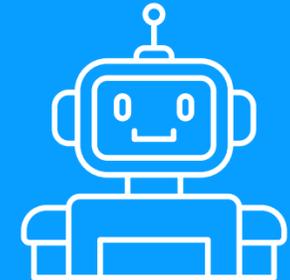
**Black box making
credit decisions**



**Loan approval
engine**



**Policy | Controls
Bypass**



**Bankers
Replacement**

Accountability always remains with people.

Why Banks Use AI

Banks adopt AI for 3 reasons:



Speed

- Faster loan processing
- Faster customer response

Consistency

- Same policy applied the same way
- Fewer manual errors



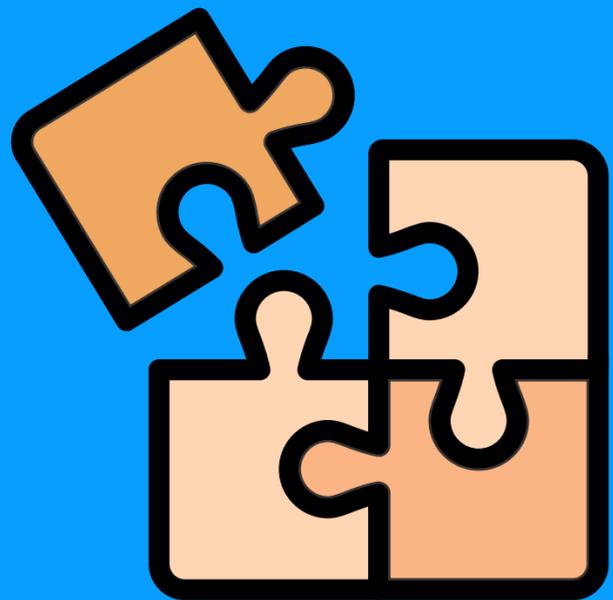
Capacity

- Handle more volume without adding headcount
(Creates **SG&A-equivalent savings** by increasing capacity)



Where AI Fits in a Bank

AI acts as an **assistant**,
not an authority.



ALL use cases include a
human in the loop!

It supports 4 areas:

Customer Service

Credit & risk analysis

Operations & documentation

Monitoring and oversight



Practical Examples: Retail Banking

Customer Service

- Assists with routine questions
- Routes issues faster

Account Opening & Consumer Lending

- Reads & organizes documents
- Flags missing or inconsistent information

Result

- Faster service
- Less rework
- More time with customers



Before Credit Decisions

- Reviews financial statements
- Highlights trends, risks, and anomalies
- Prepares draft spreads and summaries

After Closing

- Monitors covenants and financial updates
- Flags early warning signs

Result

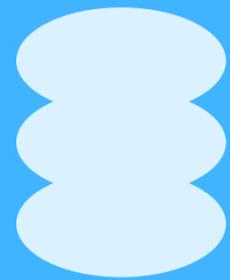
- Shorter cycle times
- Better-prepared lenders
- Fewer surprises



Practical Examples: Commercial Lending

What Always Stays Human

The following remain human responsibilities:



- Credit approval
- Policy interpretation
- Relationship management
- Exception handling
- Risk acceptance

AI **supports** judgment - it does **NOT** replace it!

Why This Matters for Risk & Compliance

Well-governed AI can reduce risk by:



Proper AI **strengthens** control rather than weakening it.

**Improving
Consistency**

**Creating clear
audit trails**

**Documenting
recommendations**

**Reducing
manual errors**

How Regulators View AI

Regulators expect: >>>>

These are the **same** expectations as any other bank system.

- **Clear ownership**
- **Explainable outputs**
- **Human oversight**
- **Documented controls**
- **Ongoing monitoring**



Good AI vs. Bad AI



Good AI



- Narrow, specific use cases
- Clear business ownership
- Easy to explain
- Improves speed or consistency

VS



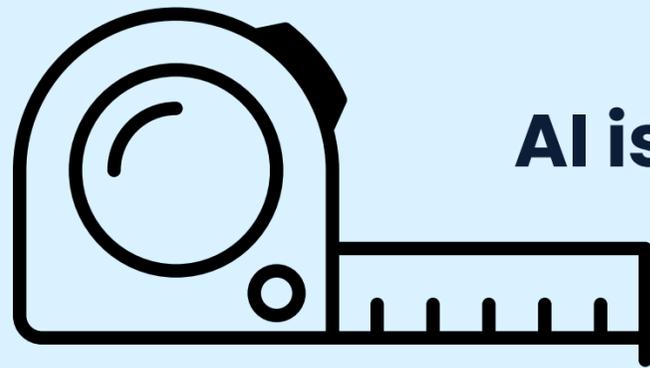
Bad AI

- "Magic" solutions
- Unclear ownership
- No audit trail
- Replaces judgment



Focus on boring,
useful AI.

How Success Is Measured



AI is measured like any initiative:



If metrics do not improve, the use case stops.

Loan cycle time decreases

Cost per loan decreases

Rework & exceptions decrease

Customer satisfaction increases

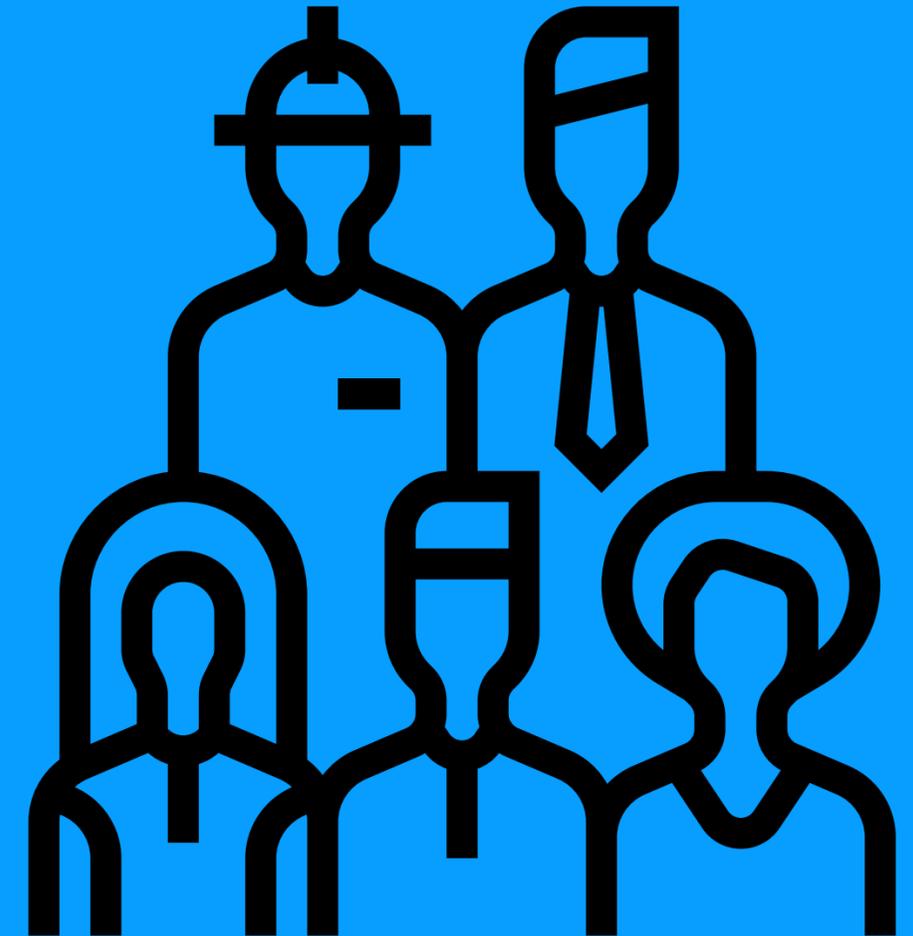
Staff capacity increases

What This Means for Employees

▶▶▶▶ AI is **not** about **job elimination**.

It enables:

- Less manual work
- Better preparation
- Fewer late nights
- More customer-facing time



AI helps **good** bankers be more **effective** bankers.

How We Will Adopt AI

(Safely)

Our approach



1 Start small

2 Focus on high-value use cases

3 Keep humans in control

4 Measure outcomes

5 Expands only what works



No large, uncontrolled rollouts.

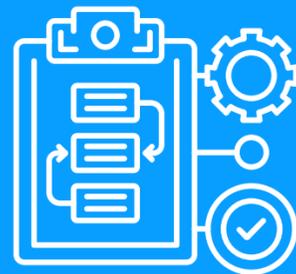
AI Needs Governance

(Why PMO Matters)

▶▶▶▶ AI is not a standalone technology decision.
Like projects and investments, AI must be:



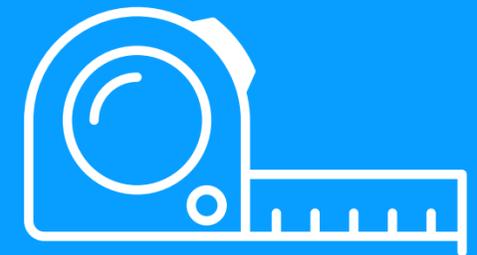
Prioritized



Sequenced



Governed



Measured

Without governance, AI becomes fragmented, risky, and low-value.

Role of PMO / Portfolio Governance

▶▶▶▶ A strategically planned PMO provides the control structure AI requires.

AI becomes **part** of the portfolio — not an exception.

The PMO ensures:

- **AI use cases align to strategy**
- **Limited resources are protected**
- **Risk and compliance are embedded early**
- **Benefits are measured and reported**

AI as a Portfolio, Not a Project

▶▶▶▶▶ **AI** initiatives should be managed like any other investment:

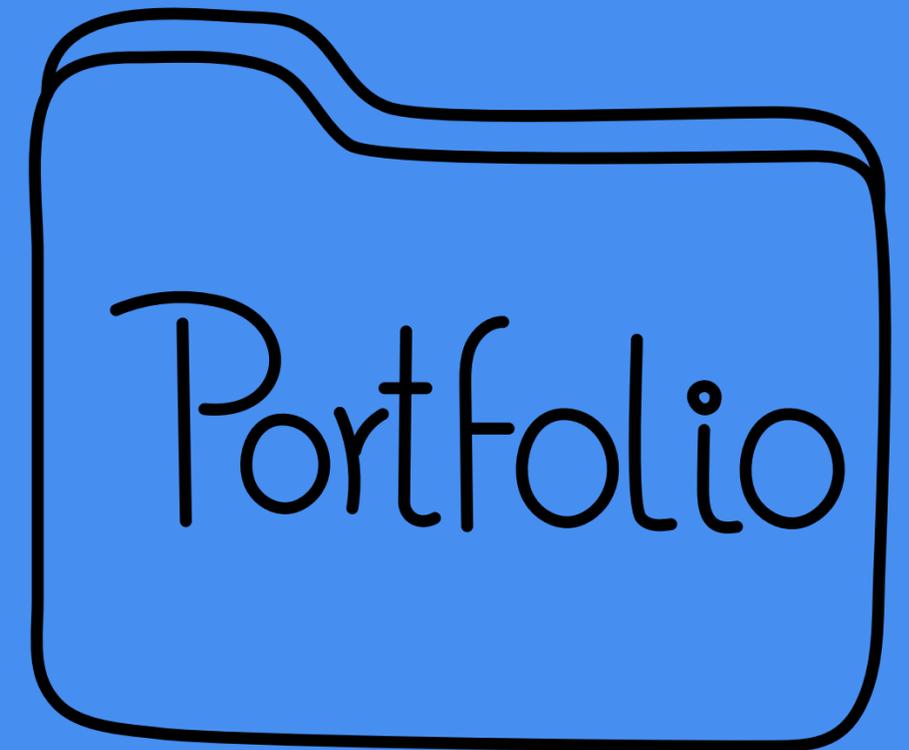
Clear business owner

Defined objective

Expected return

Risk assessment

Exit criteria



The PMO treats AI **Use Cases** as a managed portfolio.

Portfolio Intake: How AI Enters the System

Every **AI** use case follows the same intake process:

- Business problem definition
- Retail or Commercial owner identified
- Risk & Compliance review
- Expected benefit (speed, cost, risk)
- Priority ranking / Force Ranking



No side projects.
No shadow **AI**.



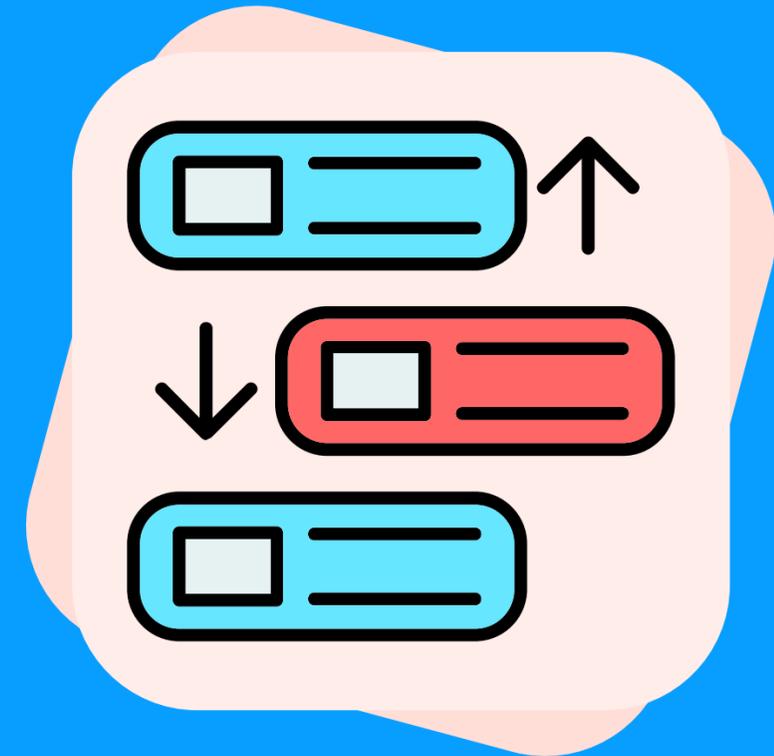
Prioritization: Competing for Capacity

➤➤➤➤ AI competes for capacity like any other initiative.

The PMO evaluates:

- **Strategic Alignment**
- **Regulatory impact**
- **Resource demand**
- **Time-to-value**

Only high-value, low-risk use cases move forward.



Execution Governance

(Human-in-the-Loop)



During execution, the PMO enforces:

1

Defined decision rights

2

Human approval points

3

Clear escalation paths

4

Controlled pilot scope

AI **supports** people – it **never** replaces accountability.



Measuring AI Value

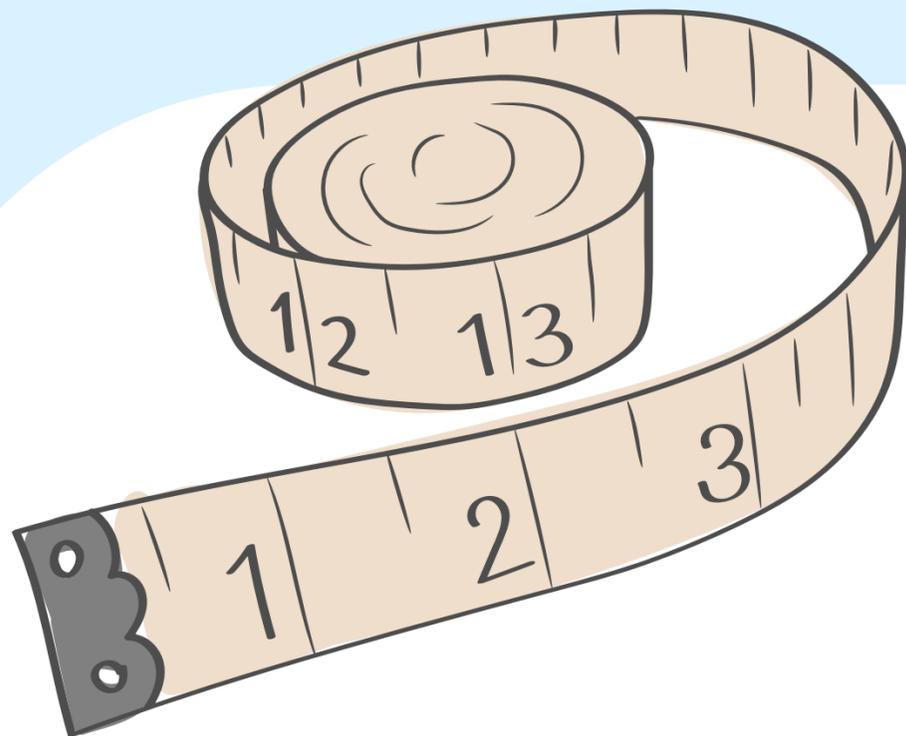
(Portfolio Reporting)



The PMO tracks **AI** like any other initiative:

$$\text{ROI} = (T - \text{OE}) / I$$

- **Cycle time reduction**
- **Cost (I & OI) savings**
- **Risk reduction**
- **Capacity gained**



If benefits are **not** realized, the use case is paused or stopped.

Risk, Audit & Regulatory Alignment

Portfolio governance ensures:



- **Explainable AI outputs**
- **Documented decisions**
- **Audit trails**
- **Periodic reviews**

AI remains regulator-safe and examiner-ready.



What This Means for Leaders

Leaders do **not** manage **AI** tools.
They manage:

Priorities	Capacity
Risk	Outcomes

The PMO provides visibility so leadership can make informed trade-offs.



The Bottom Line

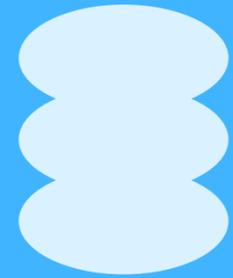


AI works best when treated like any other strategic investment.

With PMO-led portfolio governance:

- 1 AI stays aligned to strategy**
- 2 Risk stays controlled**
- 3 Value is measurable**
- 4 People stay accountable**

AI becomes a disciplined **advantage** – not a distraction.



The future of finance is intelligent, adaptive, and human-centered. AI is not replacing finance, it is redefining it.

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ATTENTION**

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