

# AI Regulation: A Review of AI Usage in the Consumer Finance Industry and the Growing Federal and State Regulation of the Technology

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The hype surrounding Artificial Intelligence (AI) in the consumer finance industry is ubiquitous. What is not as well known, particularly to consumers and certain legal practitioners alike, is specifically how AI is currently used in the banking and consumer finance industries and how it may be used in the future. To be sure, banks and consumer finance companies are leveraging AI in impactful ways as they seek to capitalize on AI's potential for improving a multitude of financial services functions. Those include accelerating and improving credit decisioning, enhancing risk management and controls, fraud detection, improving customer service and marketing (while decreasing the associated costs), boosting productivity, and driving profits. Industry analysts expect that AI could increase profitability for financial institutions by \$170 billion in just four years.

This Article explores how AI is currently being deployed in the provision of banking and consumer financial products and services. It also discusses the current areas of litigation involving AI and how regulators are working to keep pace with the technology.

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