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AI Usage in the Banking and Financial Services Industry and the Current State of Regulation and Litigation Involving AI

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Artificial Intelligence (AI) is rapidly reshaping the landscape of banking and consumer financial services. Though still evolving, banks and consumer finance companies are actively leveraging AI to augment and improve a multitude of financial services functions with the ultimate goal of lowering costs for such services. AI is being used to streamline and improve credit decisioning, enhance cybersecurity, augment risk management and controls, detect fraud, improve customer service and marketing, increase productivity, and drive profitability. Industry projections estimate that AI could boost financial sector profits by as much as $170 billion in four years.

This article explores the growing role of AI in the delivery of financial products and services, the emerging legal challenges arising from its use, and how legislatures and regulators are working to keep pace with the technology.

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CONTACTS

For more information, contact your Katten attorney or any of the following attorneys.



Eric R. Hail
+1.214.765.3638
eric.hail@katten.com



Ted A. Huffman
+1.469.627.7044
ted.huffman@katten.com

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