

## **Federal Deposit Insurance Corporation (FDIC) Compliance Plan for OMB Memoranda M-24-10 – December 2024**

Prepared by Michael W. Simon, Chief Artificial Intelligence Officer

The following information is provided in response to the requirements for a Compliance Plan as outlined in Memoranda M-24-10, “Advancing Governance, Innovation, and Risk Management for Agency Use of Artificial Intelligence.”

### **Strengthening AI Governance**

**GENERAL:** The FDIC Artificial Intelligence (AI) Strategy centers on identified work streams and initiatives as well as an organizational approach to enable safe and responsible AI use across business divisions. The strategy is being updated to accommodate new compliance rules and advance AI literacy, among other areas, which may necessitate updates to internal guidelines for AI usage.

#### **AI USE CASE INVENTORIES:**

The FDIC maintains an AI Coordination Committee (AICC) – with representatives selected by Division and Office Directors – to develop, document, and share AI governance and risk management procedures. These representatives are responsible for ensuring the AI use case inventory for their respective Division and Office is updated and maintained. To assist this process, the Chief Artificial Intelligence Officer (CAIO) and Chief Data Officer (CDO) staff provide a uniform template that is compliant with OMB instructions and technical assistance as needed. Responses to the inventory questions are reviewed by appropriate subject-matter experts within FDIC to ensure accuracy, such as the coordination of privacy-related questions with the FDIC’s Privacy Program and Chief Privacy Officer. In addition, FDIC is developing more specific plans to ensure that the inventory is comprehensive and includes all AI use cases. This may involve additional layers of review within Divisions and Offices as appropriate, as well as audits of IT platforms that include AI tools.

#### **REPORTING ON AI USE CASES NOT SUBJECT TO INVENTORY:**

FDIC AI use cases do not meet the criteria for exclusion from being individually inventoried, except for limited use cases which may be undertaken by the FDIC Office of Inspector General that impact the ability to provide independent oversight of the FDIC. This issue will be revisited on an annual basis, as part of the process to inventory and communicate FDIC AI use cases.

### **Advancing Responsible AI Innovation**

**REMOVING BARRIERS TO THE RESPONSIBLE USE OF AI:** We have not identified any unique barriers to the responsible use of AI at the FDIC. FDIC has implemented a secure suite of integrated enterprise cloud capabilities to meet enterprise advanced data analytic and AI business modernization needs. Generative AI use cases undergo an executive level governance process to address and mitigate risks.

#### **AI TALENT:**

AI expertise is maintained across numerous Divisions and Offices. In addition, FDIC is currently developing an enterprise level AI workforce development plan.

#### **AI SHARING AND COLLABORATION:**

While the FDIC does not share AI code custom-developed at the FDIC, the FDIC does produce and provide publicly available models and data on its website - for example, bank data and statistics (<https://www.fdic.gov/bank/statistical/index.html>), tools and searchable databases (<https://www.fdic.gov/resources/data-tools>), and working papers (<https://www.fdic.gov/center-financial-research/working-papers>) that can be used to train an AI model.

#### **HARMONIZATION OF ARTIFICIAL INTELLIGENCE REQUIREMENTS:**

The CAIO, CDO staff, and the AICC develop, document, and share AI governance and risk management procedures. Harmonization is further supported by the FDIC's AI Community of Practice, which routinely brings together AI practitioners and enthusiasts who train, educate, document and share best practices regarding AI innovation. In addition, various Divisions and Offices, geographic areas, and other work groups pursue training, education and sharing of AI best practices in a variety of settings.

## **Managing Risks from the Use of Artificial Intelligence**

At the FDIC, the CAIO and CDO staff centrally oversee the Divisions' and Offices' use of AI. The FDIC has developed an initial set of governance guidelines, which are currently being updated and enhanced. In addition to the ongoing process to inventory AI use cases, each Division and Office maintains an OMB-compliant template in which potential rights- or safety-impacting uses are documented; the CAIO consults as necessary with other stakeholders, subject matter experts, and the Privacy Program to determine whether these use cases constitute rights- or safety-impacting AI. Likewise, in consultation with relevant officials including the Privacy Program, the CAIO and CDO staff develop tailored risk mitigation procedures for each rights- or safety-impacting use case. FDIC executives assess the risk mitigation procedures as well as the need to ensure the stability and continuity of FDIC operations and decide whether to proceed with the AI use case (via waiver of one or more of the OMB risk management practices or by following the proposed risk mitigation procedures) or terminate the AI use case. For approved rights- and safety-impacting use cases, in coordination with other appropriate officials, such as the Chief Privacy Officer and the Chief Information Security Officer, the CAIO and CDO staff will oversee the implementation of risk mitigation procedures; executives will renew or update their decisions as to whether to terminate the AI use cases on an annual basis and mechanisms to prevent the use of terminated AI will be implemented in coordination with the Office of the Chief Information Security Officer.