July 1, 2021

Via Electronic Submission
James P. Sheesley, Assistant Executive Secretary
Federal Deposit Insurance Corporation

Attention: Comments-RIN 3064-ZA24

Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

**RE:** ***Request for Information and Comment on Financial Institutions' Use of Artificial Intelligence, Including Machine Learning***
**RIN 3064-ZA24**

Dear Mr. Sheesley,

On behalf of Cross River Bank ("Cross River" or the "Bank"), I thank you for the opportunity to provide comments on the Federal Deposit Insurance Corporation's ("FDIC" or the "Agency") request for Information ("RFI") regarding financial institutions use of artificial intelligence ("AI") and machine learning ("ML"). Cross River applauds the FDIC's efforts, and interagency collaboration, to better understand the use, potential, opportunities, and risk of this technology.

Cross River is a New Jersey State chartered, FDIC insured financial institution that merges the trust and reliability of a community bank with the innovative offerings of a technology company. Since inception, the Bank has consistently partnered with leading technology companies to offer a suite of products that empower consumers to take control of their financial health by facilitating access to affordable credit in a responsible manner.

As the regulated financial institution empowering many fintech partners, Cross River understands the Bank's role in protecting the integrity of the financial system alongside the well-being of consumers. Cross River appreciates the concerns raised collectively by the federal regulators through the RFI regarding potential risks and unintentional consequences of deploying AI and ML technology. While there has been a greater focus on the use of this technology recently, aspects of this technology have been utilized by institutions for many

years and innovative financial institutions, such as Cross River, are adequately equipped to mitigate any potential harm or adverse impacts.

Whether Cross River deploys the technological solutions pertaining to AI/ML itself or oversees the Bank's partners use of AI, robust compliance systems are in place, which continuously monitor these products and their effects. This process will not change with the addition of AI or ML solutions being deployed. Consistent oversight by a regulated financial institution ensures the best compliance procedures and practices are in place and products can be recalibrated to avoid any form of potential unintentional adverse impact if necessary. When utilized properly, this technology creates endless opportunities to promote financial inclusion, lower prices, and fundamentally change the way consumers interact with financial service providers, especially in the lending space.

Cross River has already witnessed the benefit of safely and responsibly developing product offerings in this regard, as it has further enabled the ability to offer affordable credit to individuals who may otherwise not have access to traditional financial products and have been historically underserved. Cross River's focus on innovation and regulatory compliance ensures the Bank is simultaneously offering compliant, safe, and non-discriminatory products while providing borrowers with a best-in-class experience, providing affordable credit.

Currently, Cross River works with over a dozen marketplace lending platforms ("MPLs"), many of which incorporate some form of AI or ML capabilities into their own systems, supplementing existing models with touches of automation. Cross River's innovative approach in this area has assisted the Bank in scaling, providing the ability to reach consumers on a national level. It is crucial that the existing regulatory framework supports the use of this technology and encourages these types of responsible partnerships as brick-and-mortar branches continue to close, making it difficult for hardworking families to obtain the access to affordable options they desperately need. The Bank fully heartedly supports the usage and deployment of this technology that improves traditional human models offering affordable options in a fair, transparent, compliant, and non-discriminatory manner.

Creating a regulatory framework that embraces modernized solutions will not only help the industry progress forward, but will provide a multitude of benefits to consumers, especially for communities' which legacy institutions have all but abandoned. The use of AI and ML can help fuel the new age of financial services, allowing a broader percentage of the population to access affordable options they need to help break cycles of dept, rather than perpetuate them. Affordable access to credit empowered by modern solutions will continue to help hard working families take control of their financial health, build wealth, and avoid predatory products that prevent upper economic mobility. Fundamental to economic resiliency and the ability to build wealth is the availability of credit at rational interest rates, AI and ML solutions help to facilitate these possibilities.

While the RFI does not actively seek to define the term AI, the Agency indicates the term "AI approach" broadly refers to a "tool, model process or application that employs AI technology in

some form."[1] In the event of future rulemaking, it is important for the Agency to consider the relation between AI and ML, as well as other related technologies, to determine which companies are actually using solutions that fall within the appropriate definitions. Cross River believes it would be helpful to view AI as the top layer of the subject matter, with ML following as a subsect of AI.

Further, the Agencies should acknowledge that many solutions may incorporate some aspects of AI/ML but are not entirely made up or reliant on this technology. Often AI and ML are used to supplement existing credit models to enhance outcomes for borrowers, providing more affordable credit options. When considering additional regulation, the Agencies should consider what degree of this technology is being implemented and deployed into these models. AI and ML have varying characteristics in functionality, complexities, usage, and capabilities and therefore should be carefully categorized moving forward, especially when considering regulation. Further models, tools, and applications that rely on human updates should not be mistakenly categorized as AI or ML when humans are powering all updates, modifications, and enhancements.

Throughout the RFI the FDIC has solicited questions for comment on a number of aspects of the technology. Please see below Cross River's response to questions 1,2,4,5,7,9,11,12,13,15, and 16.

**Questions for Comment**

***Question 1: How do financial institutions identify and manage risks relating to AI explainability? What barriers or challenges for explainability exist for developing, adopting, and managing AI?***

Cross River understands the importance of transparency and explainability in AI/ML models used in lending. It is critical to be able to deliver meaningful and accurate information that adequately explains decision making and pricing. By consistently testing model outputs to ensure fairness, accuracy and model integrity and implementing robust compliance frameworks, financial intuitions can mitigate the potential of adverse effects of the use of this technology before the model is deployed. The explanations regarding credit decisions that are provided to users should be done so in a digestible form and in a way that is both relevant and actionable.

The National Institute of Standards and Technology (NIST) has proposed a four-prong framework that address governance of "explainable AI" technology in a safe and responsible manner. The proposed framework recommends that (1) AI systems should deliver accompanying evidence or reasons for all their outputs, (2) systems should provide explanations that are meaningful or understandable to individual users, (3) the explanation correctly reflects the system's process for generating the output, and (4) the system only

[1] *See* 86 FR 27960

operates under conditions for which it was designed or when the system reaches a sufficient confidence in its output. Cross River believes these proposed criteria provides excellent discussion points surrounding the explainability of models.

In regard to the first prong, Cross River agrees with the need to provide evidence for the reasons of output. Borrowers desire transparency and a comprehensive understanding of the reason for credit decisions. The relevance of evidence or reasoning may vary depending on specific target groups and in creating any future standard the target audience should be accounted for. A one size fits all approach would be inappropriate under these circumstances and counterproductive. As related to the second prong, Cross River further believes that decisions should be explained in a digestible and cohesive manner. The explanations provided should not be overly granular to the point that borrowers do not understand the particular factors that impacted the credit decision and cannot understand what may be actionable or non-actionable on their part moving forward. Both the third and fourth prongs require rigorous testing before deployment to ensure accuracy, fairness, and equity through the deployment of this technology. Cross River believes the continuous testing of these models will help to improve reliability and confidence in the model while deterring any potential unintended outcomes. The decisions made through these processes should be correct, providing borrowers with the relevant and impactful information, but not necessarily every single component of the complex algorithm where the decision is no longer comprehensive and becomes overly broad.

Cross River understands the importance of these internal procedures and not only validates the use of the Bank's own models but ensures proper third-party risk management and oversight protocols are in place for partners' use of these solutions. The Bank recognizes the necessity to establish adequate safeguards to protect the integrity of the financial system as well as consumers when innovating responsibly. These safeguards create safe, compliant, and nondiscriminatory products that ultimately lower the costs of credit products and help increase access to the financial system, especially for communities that have been traditionally underserved. Regulators should continue to embrace the adaptation of this technology and establish clear standards for the industry. Clarity will continue to encourage institutions to innovate and provide expanded opportunities to extended affordable credit options.

***Question 2: How do financial institutions use post-hoc methods to assist in evaluating conceptual soundness? How common are these methods? Are there limitations of these methods (whether to explain an AI approach's overall operation or to explain a specific prediction or categorization)? If so, please provide details on such limitations.***

Financial institutions most commonly use post-hoc interpretability methods for larger and more complex models during the validation process. These methods can evaluate AI/ML models through feature summaries and feature visualization techniques. As the range of modeling methods becomes larger, the more common post-hoc interpretability methods are more focused on model-agnostic tools as they can be better compared across any choice of model. As

models consume more data these methods come at a higher computational cost, which can be scaled as needed.

These post-hoc methods are one of many ways financial institutions can monitor and evaluate the integrity of models and ensure they are performing as intended. It is critical for institutions to have robust monitoring and oversight practices in place, including but not limited to post-hoc methods, to ensure equitable outcomes that are fair and consistent with safety and soundness principles. Doing so will allow consistent updating of models that lead to improved product offerings at more affordable prices.

***Question 4: How do financial institutions using AI manage risks related to data quality and data processing? How, if at all, have control processes or automated data quality routines changed to address the data quality needs of AI? How does risk management for alternative data compare to that of traditional data? Are there any barriers or challenges that data quality and data processing pose for developing, adopting, and managing AI? If so, please provide details on those barriers or challenges.***

When evaluating and managing risk of solutions and technologies such as AI/ML models, Cross River separately analyzes the risks posed to the bank and financial system as a whole and the risk these technologies potentially pose from the perspective of consumers. The potential risk factors and effect vary between the categories and the Bank takes a holistic approach to prevent any adverse impact to either the financial system or consumers when new solutions are deployed. Further, the risk related to data quality and data processing as well as how those risks are managed and mitigated should be viewed independent from one another by the regulators.

Certain challenges and potential risks related to data quality in AI/ML could negatively impact consumer's ability to access credit if not appropriately addressed. In many ways, these risks associated with data quality are no different than the risks of inserting poor data controls in traditional models. Poor data quality could potentially produce inaccurate model predictions, unbalanced and biased data, a lack of knowledge of the data that can result in incorrect assumptions and concept drift that affects the predictive power of AI/ML models over time. To remove these potential risks Cross River employs data quality and drift monitoring at the input level to ensure the quality, accuracy, fairness, and reliability of data used in AI/ML models. Cross River proactively manages these risks by adopting proper control and processes that understand the criticality, dimensions, statistical properties, transformations, and objectives of the use of data to build proper data quality and control frameworks for AI/ML based approaches. Consistent and robust monitoring helps to better understand the target variables and information critical to managing AI based risk.

Regarding alternative data being used in risk scoring algorithms that incorporate AI/ML, Bank's tailor their risk management approach accordingly to establish specific controls and analysis to ensure compliance. Cross River is aware of concerns over the use of alternative data in some

regards and proactively works to understand both the socio-historical and macroeconomic factors used as data points in these models as related to protected classes. Variables such as student loan status, homeownership, income, or high-risk industry flags may sometimes be incorporated in aspects of certain models. In these circumstances, when Cross River's partners may incorporate factors of these nature, the Bank may require a business justification from our partners before the use of alternative data points of this nature are allowed to be incorporated in credit risk and determination processes. Cross River implements the necessary controls and oversight to ensure fair lending compliance and the data being used is not only accurate but does not perpetuate any form of bias.

The high dimensional modeling in AI poses some challenges as the modeling may require the testing and controlling of data duality across many hundred, or even thousands, of attributes. Institutions using automation within their processes may better manage these challenges and mass amount of data points. Financial institutions may need to modify their data quality controls as they continue to test models in various ways including defining how critical attributes will be selected and how they will change to focus on features that impact the model in terms of predictability and fair lending risks, aligning individual element error thresholds to the model risk management objective or deploying intelligent automated data quality routines that can learn and anticipate issues in data relationships over time to find optimal solutions in real time. Institutions implementing this technology will already have the necessary tools to create robust safeguards with the necessary oversight practices to adjust models and eliminate the potential of unintentional compliance mishaps.

***Question 5: Are there specific uses of AI for which alternative data are particularly effective?***

The use of alternative data continues to play a prominent role in expanding affordable access to responsible credit, making certain lending models which incorporate AI or ML techniques more effective, equitable and inclusive. Traditionally, financial institutions have been left with a limited scope of information to determine the ability of an individual to pay back a potential loan. The credit score has long been the sole model relied on to determine risk and opportunity for financial institutions to safely make loans, minimizing the risk of default and financial instability.

However, relying strictly on the credit score has created a gap, excluding communities from accessing traditional or affordable products. Legacy institutions using the credit score as the only parameter for decision making to extend credit incorrectly conflates a person's credit history with a person's actual ability to repay a loan. The use of alternative data simply takes non-traditional data points, data that has always existed but has been failed to be utilized, to supplement existing information to provide a more holistic picture of a customer's profile. The result of this innovative approach is more affordable access to credit to a larger percentage of the population, who otherwise would have to rely on high interest predatory debt traps as their only alternative means.

Cross River has pioneered the responsible bank partnership, leveraging modern solutions to address this very issue. Through numerous partnerships with industry leading MPLs and the Bank's own technology, Cross River has empowered a new age of online lending that utilizes many of these capabilities in order to create a more inclusive and resilient financial system. The ability to empower and offer these solutions helps hard working families break cycles of debt and take control of their financial health. Regulators should continue to encourage innovation in this area and ensure the regulatory framework supports the responsible use of these technologies while weeding out predatory practices that harm consumers.

***Question 7: Have financial institutions identified particular cybersecurity risks or experienced such incidents with respect to AI? If so, what practices are financial institutions using to manage cybersecurity risks related to AI? Please describe any barriers or challenges to the use of AI associated with cybersecurity risks. Are there specific information security or cybersecurity controls that can be applied to AI?***

As modern solutions continue to evolve and become more complex, so does the sophistication of cyber criminals and their attempted attacks. Cyber criminals may attempt to use AI/ML to automate or coordinate attacks on systems. However, Cross River currently uses AI in cyber security to counter these potential attacks and effectively protect the Bank's systems. For example, AI is used to inspect activity that has not yet been defined with a malicious signature. Using AI endpoint detection and response systems, zero-day attacks can be identified by file attributes without executing the file in a secure detonation environment.

While AI is useful is detecting unknown attacks, there are more pieces to the equation to effectively counter cyberattacks. Cross River's in-depth strategy deploys a layered security approach adding multiple lines of defense, including technology that predates AI/ML systems, so as not to be overly reliant on one method. Additionally, to ensure the Bank's systems produce quality results, AI/ML systems are adequately trained and are consistently monitored. As the cyber landscape evolves, so do the Bank's AI systems, continuously being trained, and tweaked to analyze malicious behavior.

Additionally, access control management has become exceedingly complex as the use of cloud-based subscription services with access to sensitive data have increased. AI/ML can be deployed to learn and respond to user behavior and apply appropriate access rights. AI can provision access rights to employees in an automated way that reduces the lag in time of human and system resource onboarding and monitors privilege to access throughout the lifecycle of employment. AI systems can learn the behavior of users and act upon the perception and stimulus of unusual access behavior. However, it should be noted that denial of appropriate access because of an overzealous AI access control management system will result in a lack of availability. As such, it is incumbent on any company using AI access management systems to ensure thorough testing prior to deployment and to measure results carefully.

***Question 9: Do community institutions face particular challenges in developing, adopting, and using AI? If so, please provide detail about such challenges. What practices are employed to address those impediments or challenges?***

The challenges of developing, adopting, and using AI/ML largely depend on the size and complexity of a financial institution as well as the internal culture of institutions. Larger institutions, with an abundance or resources, have more opportunities than small community banks in terms of deciding to acquire, build within or partner with companies developing and deploying AI/ML solutions. To remain competitive and offer modern products that are in demand, smaller institutions may rely on partnership with MPLs or other companies. While partnering produces successful results, the Agencies should be conscious of the necessity for clear third-party risk management guidelines and standards to mitigate any confusion that could lead to potential adverse consequences. Clear guidance in this capacity will promote innovation, especially within smaller institutions.

Smaller institutions with limited resources and capacity may tend to shy away from innovating out of fear that the regulatory landscape is unsupportive of new technologies leading to a loss in the investment of time and capital, as well as the potential of enforcement penalties for unintentional mishaps in compliance. It is for this reason the regulators and industry must have consistent, transparent, and open lines of communication, working as partners to bring the financial services industry into a new age of banking. It is crucial that the regulators create opportunities, under controlled and supervised environments, for institutions to utilize technology that have limitless potential to redesign the functionality of the industry, especially when the outcome can create a more resilient and inclusive ecosystem.

Technological capabilities, resources and robust risk management systems are only part of the equation in successfully deploying modern solutions related to AI/ML. Institutions must also have a culture driven by creativity, innovation and thinking outside of the box. Cross River's ability to see ahead of the curve and culture which encourages responsible innovation has played a large role in the Bank's success deploying solutions not only related to AI/ML, but in all aspects of our core offerings across the financial services landscape.

Clear, unambiguous standard should be implemented which support the use of this technology in safe and responsible manners. The surety provided by a regulatory regime of this nature will continue to encourage responsible innovation while applying the proper safeguards to prevent any potential adverse consequences.

***Question 11: What techniques are available to facilitate or evaluate the compliance of AI-based credit determination approaches with fair lending laws or mitigate risks of non-compliance? Please explain these techniques and their objectives, limitations of those techniques, and how those techniques relate to fair lending legal requirements.***

There are a number of techniques that Cross River currently uses to ensure compliance with fair lending laws. Collectively, these approaches help to mitigate any potential adverse outcomes and establish the requisite safeguards to continuously monitor and test models. Specifically, Cross River uses a combination of raw disparity analysis, decisioning regression and outlier analysis, pricing analysis, and disparate treatment and comparative file analysis to determine compliance of AI based approaches. The culmination of these analysis and data points enables Cross River to proactively ensure models are not producing adverse effects and are achieving the goal of producing more affordable products that ultimately expand access to credit throughout the country.

The objectives of the above-mentioned analyses holistically aim to ensure quality assurance and rigorous testing of the models being deployed. These controls provide statistically significant evidence in determining potential disparities and explainability of models and allow any adjustments of models to be made to avoid violations of fair lending laws. Cross River rigorously tests models before deployment and maintains consistent oversight through these analyses to proactively prevent unintentional non-compliance or adverse effects. The Bank understands that the in order to fully realize and utilize the limitless potential of AI/ML models the risks posed this technology must be adequately addressed. The Bank will continue to responsibly innovate putting in place the appropriate and necessary safeguards to comply with any regulatory requirements.

***Question 12: What are the risks that AI can be biased and/or result in discrimination on prohibited bases? Are there effective ways to reduce risk of discrimination, whether during development, validation, revision, and/or use? What are some of the barriers to or limitations of those methods?***

Cross River is aware of and takes seriously the regulatory Agency's concerns of potential unintended consequences of biased being perpetuated through AI/ML models. The ability to deploy innovative solutions goes hand in hand with the responsibility to make sure they do not cause unintended consequences or harm to consumers. Cross River and our partners have proven that through continued robust oversight and regulatory cooperation AI/ML models can be successfully deployed without fear of disparate impact or other discriminatory practices.

There are a number of ways to ensure equitable solutions are delivered through these models, including regular fair lending tests to existing models. Financial institutions that have the capability to deploy this technology equally have the ability to test it and if need be, adjust the models to ensure the upmost compliance with all appropriate laws and regulations. Additionally, institutions should ensure they are avoiding underfitting, collecting all appropriate and useful data points for the particular analysis and seeking out a range of views and sources of the data.

Further, no action letters and regulatory sandboxes have proven effective in monitoring and understanding these new models, while increasing transparency and collaboration between

industry and the regulators. While some criticize and miscategorized these opportunities as "free passes" for industry, in reality this collaboration requires enhanced regulatory oversight and enables collaboration to bring viable, modern solutions to scale throughout the industry. The expanded use of this technology can play a critical role in modernizing financial services without running the risk of undermining the principles of safety and soundness or consumer protection.

***Question 13: To what extent do model risk management principles and practices aid or inhibit evaluations of AI-based credit determination approaches for compliance with fair lending laws?***

The principles and practices incorporated in model risk management are fundamental to the ongoing monitoring and analysis of the performance of AI/ML models, ensuring the integrity and performance of solutions. Model risk management principles and practices help establish the necessary protocols and safeguards that prevent unintentional bias from being perpetuated through models and ensure compliance with all applicable fair lending laws and regulations.

Cross River uses model risk management practices and principles as the first line of defense in ensuring the integrity of models prior to deployment. While these fair lending analyses are not the sole determinative factors for model validation, they are an important first step in ensuring all aspects are operating and functioning as intended and not inadvertently in violation of applicable laws. The Bank's experienced fair lending team works diligently and meticulously to review all tests and analysis, confirming the reliability of models. These detailed analysis and practices confirm the model is operating as intended and document the weighting of all critical, material factors used in credit decisioning and pricing. The results of these risk management practices enable Cross River to examine the variables of AI/ML models and solutions and identify any potential risk of discrimination, disparate treatment, or disparate impact.

It is critical to have in place sound risk management practices and principles that allow institution to test models prior to deployment and make informed decisions about any changes that need to be made. Robust systems in this capacity ensure that proper testing methods are in place and protected classes of applicants are treated fairly, consistently, and equitably through the credit process. Industry participants using this technology would benefit greatly from additional guidance on the necessary correlations between model validation and fair lending statistical analysis. This clarity will help to further ensure the integrity of models and decision making.

***Question 15: The Equal Credit Opportunity Act (ECOA), which is implemented by Regulation B, requires creditors to notify an applicant of the principal reasons for taking adverse action for credit or to provide an applicant a disclosure of the right to request those reasons. What approaches can be used to identify the reasons for taking adverse action on a credit application, when AI is employed? Does Regulation B provide sufficient clarity for the***

***statement of reasons for adverse action when AI is used? If not, please describe in detail any opportunities for clarity.***

Cross River fully supports the need to promote transparency through the credit application process and actively prohibiting any forms of bias or discrimination within decision making processes. ECOA and Regulation B promote credit practice which ensure financial institutions are fairly and equitably offering credit to all borrowers, consistent with the principles of safety and soundness. Using AI and ML to supplement existing credit models are consistent with the heart and purpose of these fair lending laws as they create opportunities for financial institutions to expand access to affordable credit in a responsible manner to communities that have otherwise been unable to access traditional credit products.

Utilizing AI/ML to supplement existing models has already and will continue to have increased benefits for borrowers who have long been forced to obtain expensive and sometimes even predatory credit products due to a lack of access. These new technologies hep embody the heart of the fair lending laws and empower consumers take control of their financial health by breaking cycles of debt. While some large, multinational legacy institutions have entirely pulled out of lending or offering services in certain communities, Cross River, with one branch, has used this technology and innovative partnerships to expand affordable and responsible credit on a national scale.

Cross River believes the current regulatory framework clearly and sufficiently prescribes standards for issuing adverse action notices to borrowers when AI/ML solutions are utilized in credit making decisions. To ensure transparency the adverse action notice must provide applicants with information regarding the decision including, but not limited to, the principal reason or reasons for the action. Appendix C of Regulation B provides sample notification forms in furnishing adverse action notices and if used properly, in the context of AI/ML decision making, sufficiently provide instructions to provide meaningful and digestible feedback to applicants on credit decisions.

While many AI/ML models incorporate the use of numerous data points, as discussed previously in question one, the standard for explainability should not be to identify every single data point, but rather to provide applicants with a meaningful, digestible, and comprehensive understanding of what items are actionable, principal and material to the decision-making process. Viewed in this light, the current checklist established in Appendix C adequately provides instructions for issuing adverse action notices while using AI/ML technology and strikes an appropriate balance between providing consumers with transparent reasons behind decision and not overwhelming applicants with arbitrary and hyper-detailed level of disclosures.

***Question 16: To the extent not already discussed, please identify any additional uses of AI by financial institutions and any risk management challenges or other factors that may impede adoption and use of AI.***

The use of AI and ML are not exclusive to the context of lending for many financial institutions. Cross River is able to use this technology to supplement existing BSA/AML safeguards and minimize potential fraud. Supplemental automation in this space creates increased capacity to monitor and analyze for irregular patterns in real-time and make more accurate decisions when combing key data sources. Ultimately embracing this technology helps to protect the integrity and security of the financial system, giving banks the tools, they need to combat modern and complex illicit activity.

The complexities of modern financial crimes call for enhanced solutions to safeguard the integrity and stability of the financial system and institutions should be encouraged to develop and deploy these tools. AI and ML in this capacity will more effectively and efficiently be able to detect potential suspicious activity, identify abnormal patterns and potential attacks and more precisely target fraudulent actors.

For this technology to reach its full potential the governing regulatory framework must provide flexibilities that acknowledge the different types of models, use cases and time AI/ML are used to supplement existing protocols. Any future rulemaking or informal guidance should account for the rapidly changing environment, technological advancements and everchanging data points financial institutions work with to incorporate these modern solutions. Clear standards and effective communication between industry and regulators will help to provide the appropriate safeguards which foster this innovation.

**Conclusion**

Cross River appreciates and supports the federal regulators efforts to better understand the applicability and potential of the use of AI and ML throughout the financial services industry. Continued transparency and collaboration between policymakers and industry will ensure that models built with this technology will create fair and equitable outcomes that help consumers take control of their financial well-being through more affordable credit products.

Fostering innovation and embracing modern solutions will result in tangible benefits to hardworking families desperately seeking affordable access to the financial system. These solutions create the potential to increase financial inclusion and equity, ultimately leading to a strong and resilient financial system. It is important to bring this technology into the financial fold, under the supervision of regulated entities, in order to capitalize on potential benefits. The technology will only continue to improve and extend benefits to larger portions of communities across the country, driving both growth and inclusion throughout the economy. The earlier these solutions are embraced the greater the opportunity and the less chance innovation will be stifled.

Financial institutions' regulatory and compliance core competencies make them the best candidates to oversee, monitor and deploy these models. Improving financial institution's ability to use, or onboard third parties using this technology, does not mean forgoing regulatory

responsibilities, contrary, it means ensuring appropriate and clear standards are in place that will assist prevent adverse outcomes. The regulators should continue to encourage financial institutions, and their partners to leverage this technology in order to deploy modern, efficient and successful products.

If you have any additional questions, please do not hesitate to contact agelbard@crossriverbank.com or 201-808-7189. We look forward to continuing engaging in dialogue and serving as a resource for the Agency in the future.

Best,

Aaron Iovine, Esq.
Head of Policy and Regulatory Affairs