

# AI Study Group Newsletter | Accredited Standards Committee X9

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## Insights into AI's Role in Financial Services

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## X9 AI Study Group Newsletter - Issue No. 9 (2026)

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### Federal Reserve Signals a New Era for AI Supervision in Banking

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Vice Chair Michelle Bowman, speaking at an FSOC AI roundtable, signaled a shift from prescriptive 2011-era model risk rules to more flexible, risk-based oversight. The updated guidance does not apply to generative or agentic AI, meaning existing validation rules for traditional models no longer govern those systems. Using Anthropic's Mythos, she highlighted dual-use risk—AI can both find and exploit vulnerabilities—while indicating regulators will issue a separate, AI-specific framework soon.

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### FIS and Anthropic Launch AI Agent to Compress AML Investigations From Days to Minutes

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FIS partnered with Anthropic to build an AI agent for financial crime workflows, starting with anti-money laundering. The system automates the full AML process, from data collection and pattern analysis to drafting SAR narratives, reducing investigation time from days to minutes and lowering false positives. Built within FIS infrastructure with full auditability, it is already being deployed by early adopters like Amalgamated Bank and BMO, with broader rollout in late 2026. While AML is the entry point, the architecture is designed to scale across banking functions, signaling rapid, industry wide adoption of AI driven operations under evolving governance expectations.

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### AI Is Eliminating the Traditional Financial Crime Compliance Staffing Pyramid

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AI is replacing the traditional three tier compliance staffing model by taking over most Level 1 and much of Level 2 work such as data gathering, transaction review, and case drafting. This eliminates the entry level pipeline and shifts demand toward higher skill roles that oversee AI,

manage model risk, handle complex investigations, and apply judgment. Workforce strategy is no longer driven by alert volume but by capability and risk complexity. Institutions must reskill existing staff and redesign roles now or face talent gaps as AI enabled compliance becomes a standard expectation.

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## **Axios: The Financial System Is Now Structurally Dependent on AI Spending**

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AI spending is becoming a structural driver of financial stability. Major tech firms are projected to invest about \$1 trillion in AI infrastructure, supporting markets and GDP despite unclear returns. Costs continue rising as demand outpaces computing supply, while investors lack visibility into actual AI profitability. This creates valuation risk and potential overexposure to AI-linked equities. At the same time, heavy vendor spending introduces operational risks through concentration and continuity concerns. Institutions should reassess both investment exposure and vendor risk, factoring in dependence on large-scale AI infrastructure and uncertain monetization timelines.

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## **Wall Street Shifts AI Investment Beyond Nvidia as Infrastructure Build-Out Broadens**

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Investors are shifting from Nvidia to second-tier AI infrastructure firms such as Intel, AMD, and Micron, which have seen strong valuation gains as demand for memory and supporting components surges. This reflects a maturing AI investment thesis that now extends beyond processors to the full infrastructure stack, including memory, networking, and power. Capital flows are broadening across the supply chain as large-scale AI deployment grows. This shift introduces different volatility and risk profiles, requiring more precise due diligence on individual companies' AI monetization timelines and market positions rather than relying on broad sector exposure.

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## **Fed, OCC, and FDIC Revise Model Risk Rules but Leave Generative AI in Regulatory Limbo**

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U.S. banking regulators (Fed, OCC, FDIC) issued SR 26-2, replacing legacy model risk guidance with a flexible, risk-based framework that is not prescriptive or enforceable. It targets large banks (>\$30B assets) but applies proportionally to smaller institutions. Notably, generative and agentic AI are excluded due to their evolving nature, with separate AI-specific

guidance planned. This exclusion does not relax oversight expectations—AI remains subject to existing regulatory scrutiny. In the absence of formal rules, institutions should strengthen internal AI governance, documenting how AI systems are evaluated, approved, and monitored to ensure defensibility ahead of future regulation.

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## **Powell and Bessent Called Bank CEOs to Emergency Meeting Over Anthropic AI Threat**

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Federal officials convened an urgent April meeting with the CEOs of six major U.S. banks after Anthropic began releasing an AI model (Mythos) capable of identifying and exploiting system-wide vulnerabilities. The White House had already engaged tech leaders on the risks, highlighting concern at the highest levels. This marks the first time a single AI system triggered coordinated action across regulators, government, and financial institutions, signaling AI as a systemic risk issue. The event sets a precedent: firms should not wait for regulation but instead establish formal processes to assess risks from third-party AI releases, especially those that could impact critical infrastructure or financial stability.

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