

# CREDIT UNIONS & MACHINE LEARNING

Chandra L. Middleton, JD

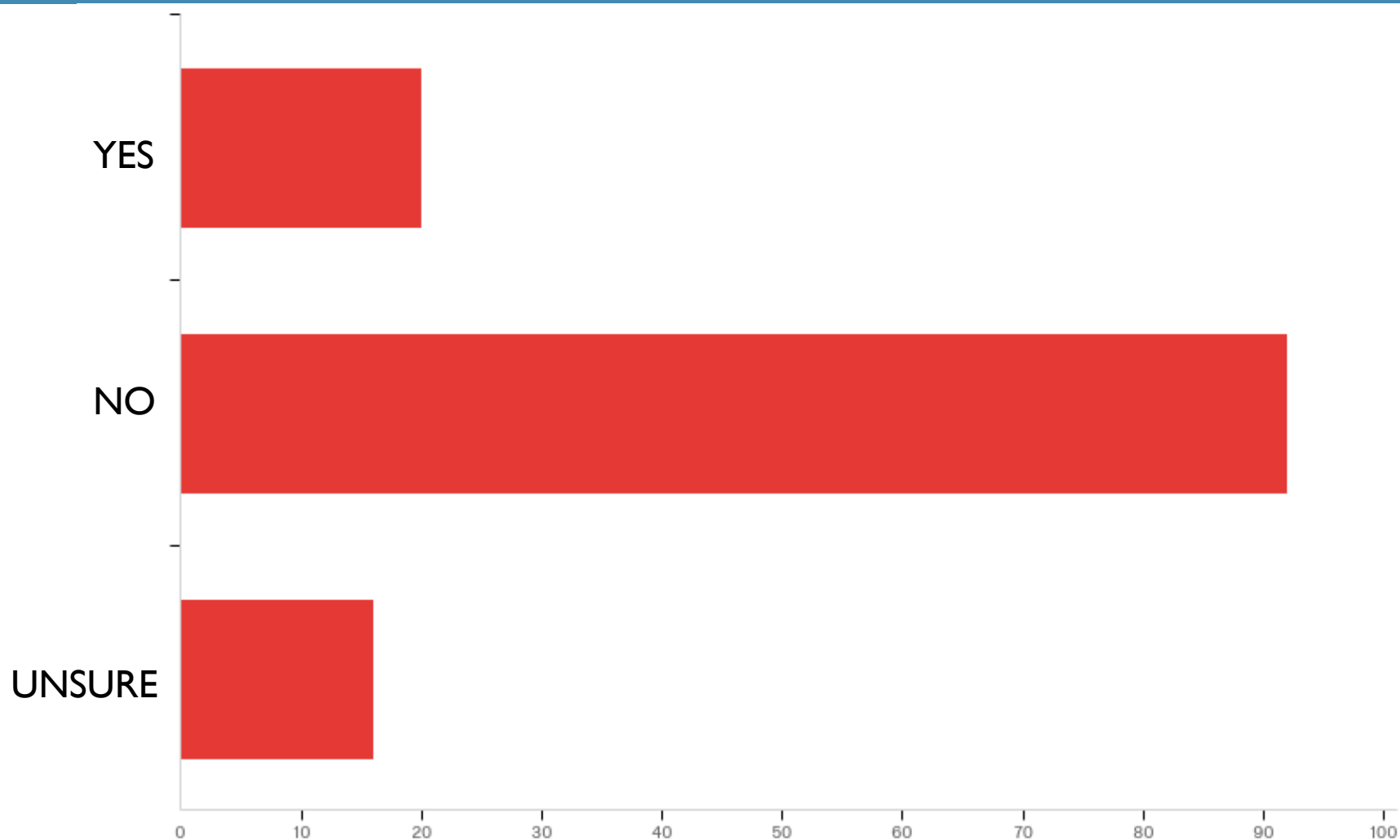
Graduate Student Researcher, Filene Center for Emerging Technology

PhD Candidate, UCI, Department of Anthropology

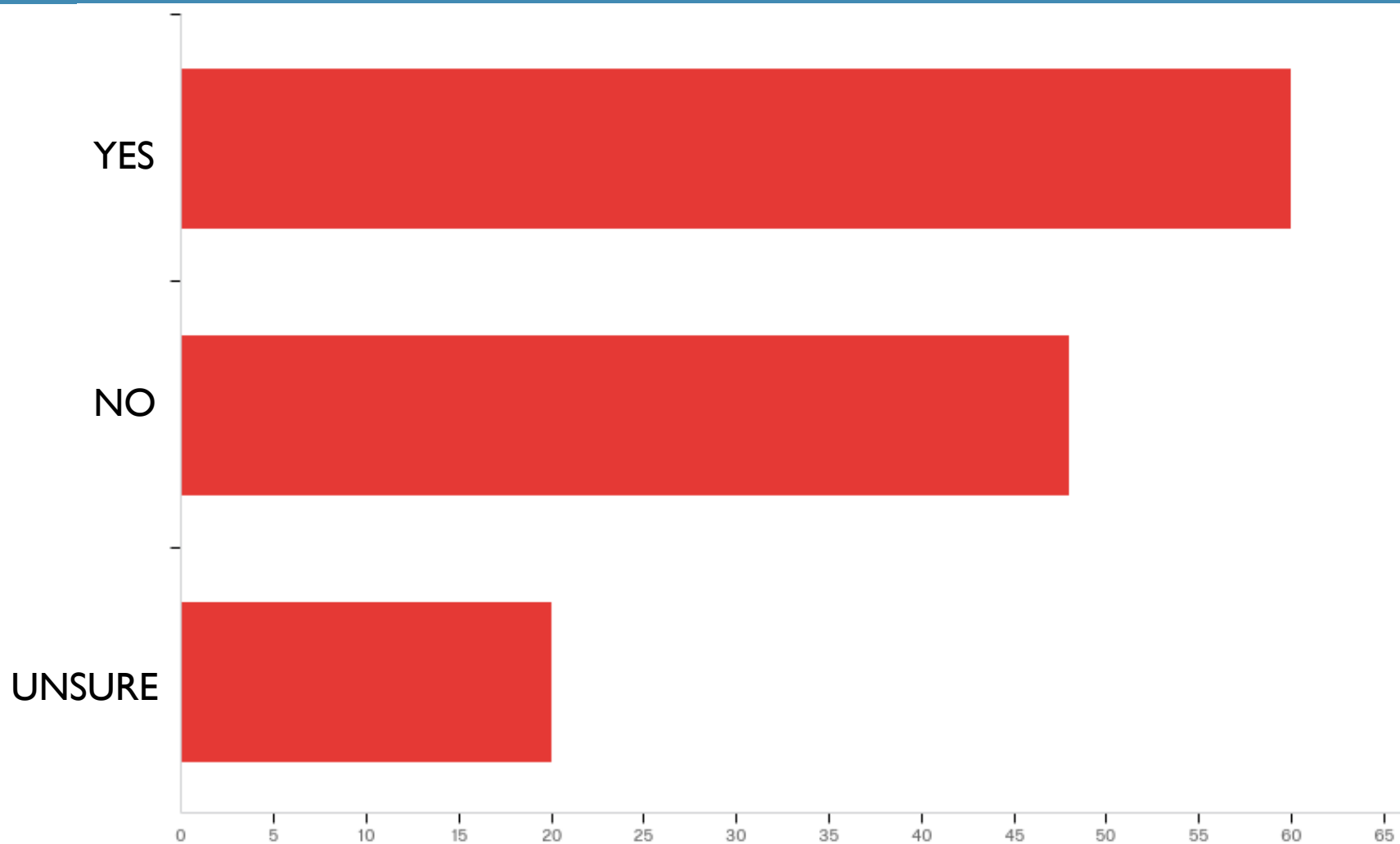
# MACHINE LEARNING IN THE CREDIT UNION CONTEXT

- Fraud and financial crimes prevention and identification
- Creating financial wellness by analyzing member data to offer personalized solutions
- Contextual corporate banking
- Improving member interfaces
- Risk (including credit scoring)

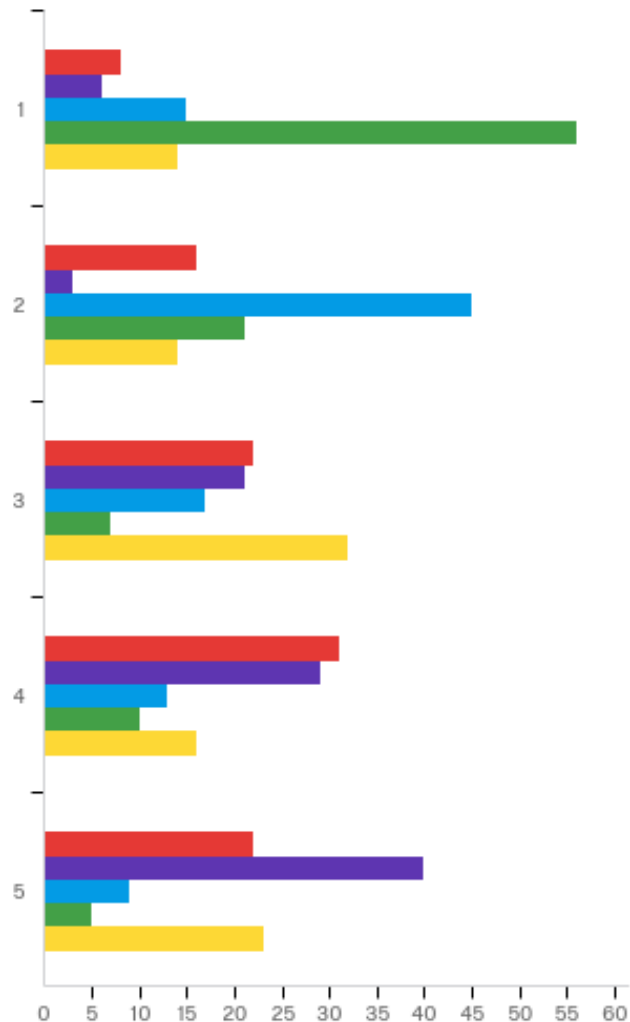
# DOES YOUR CREDIT UNION RELY ON PRODUCTS OR PROCESSES THAT USE ARTIFICIAL INTELLIGENCE?



# IS YOUR CREDIT UNION CONSIDERING PRODUCTS OR PROCESSES THAT USE ARTIFICIAL INTELLIGENCE?

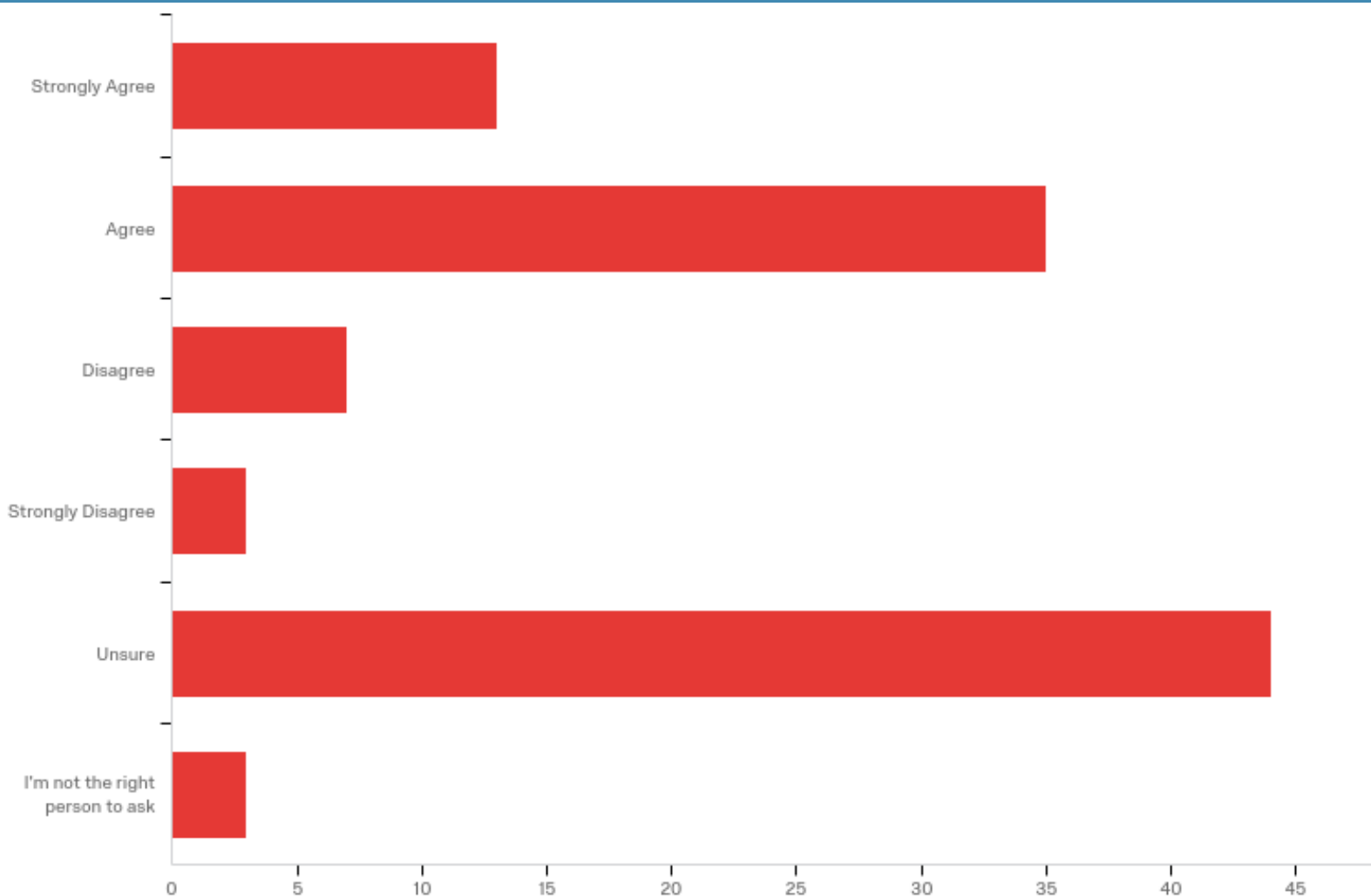


# WHAT DO YOU SEE AS THE BIGGEST OPPORTUNITY FOR THE CREDIT UNION SYSTEM OFFERED BY ARTIFICIAL INTELLIGENCE?

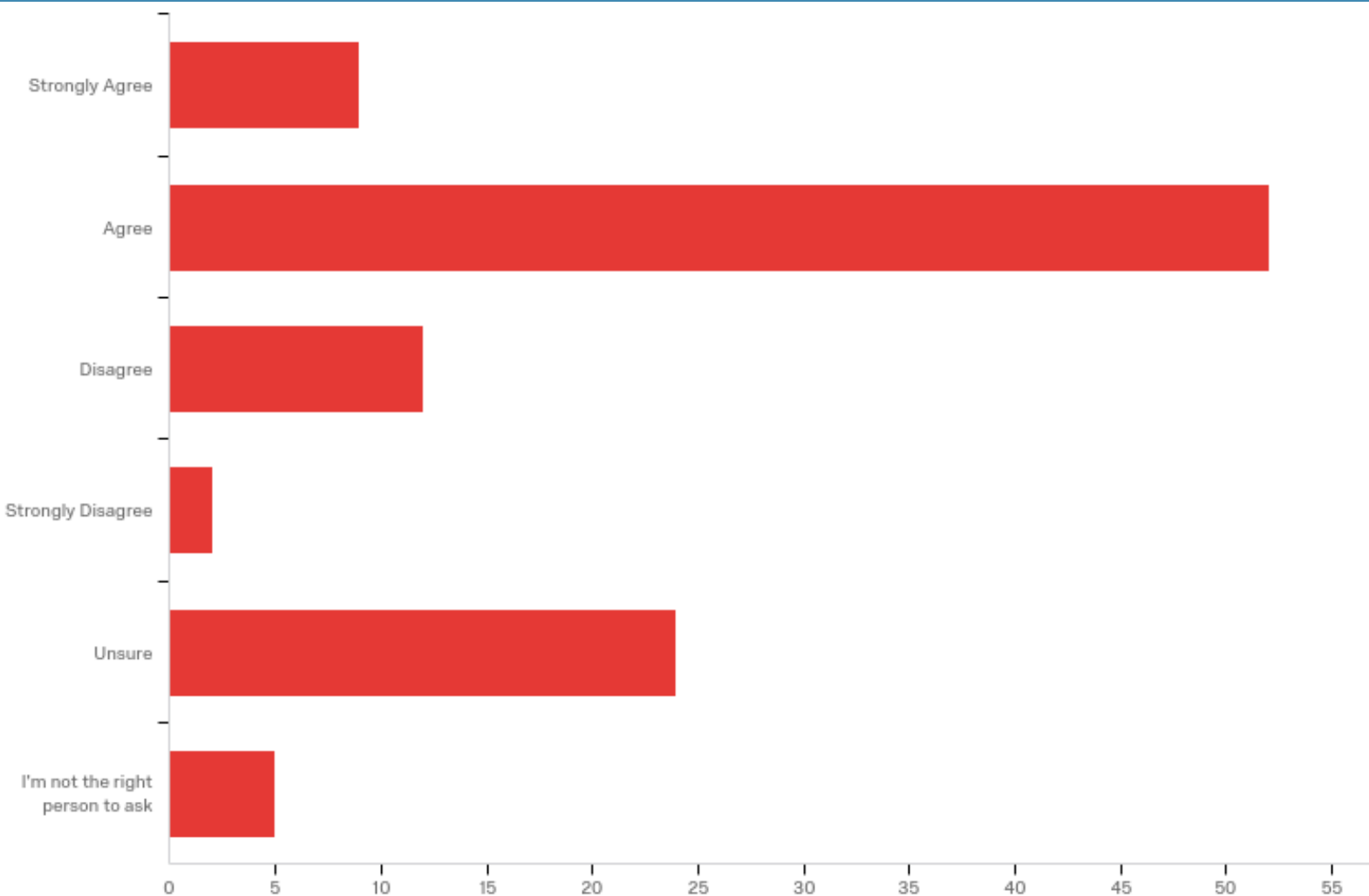


Adopting AI-based products and processes in a responsible manner will enable credit unions to differentiate ourselves from other financial institutions, earning the trust of our members.

THE USE OF ARTIFICIAL INTELLIGENCE CAN HELP FINANCIAL INSTITUTIONS REACH UNDER-BANKED AND UN-BANKED POTENTIAL MEMBERS.



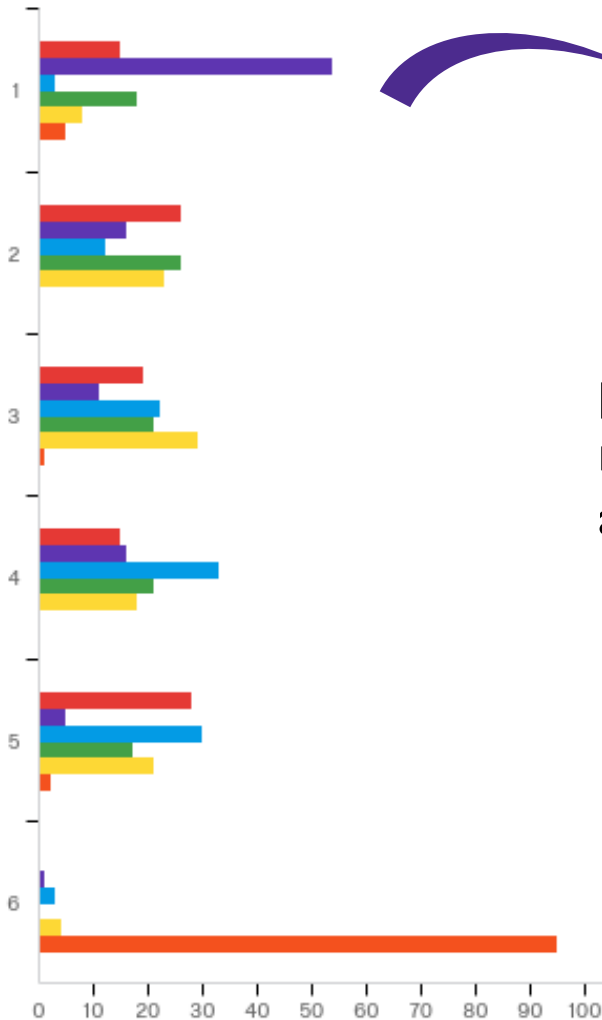
ALTERNATIVE CREDIT SCORING TECHNIQUES TAKE INTO ACCOUNT NON-TRADITIONAL DATA IN AN OBJECTIVE MANNER BECAUSE PREDICTIONS ARE MADE BY COMPUTERS, NOT HUMANS.







# WHAT DO YOU SEE AS THE BIGGEST RISK TO THE CREDIT UNION SYSTEM FROM ARTIFICIAL INTELLIGENCE?

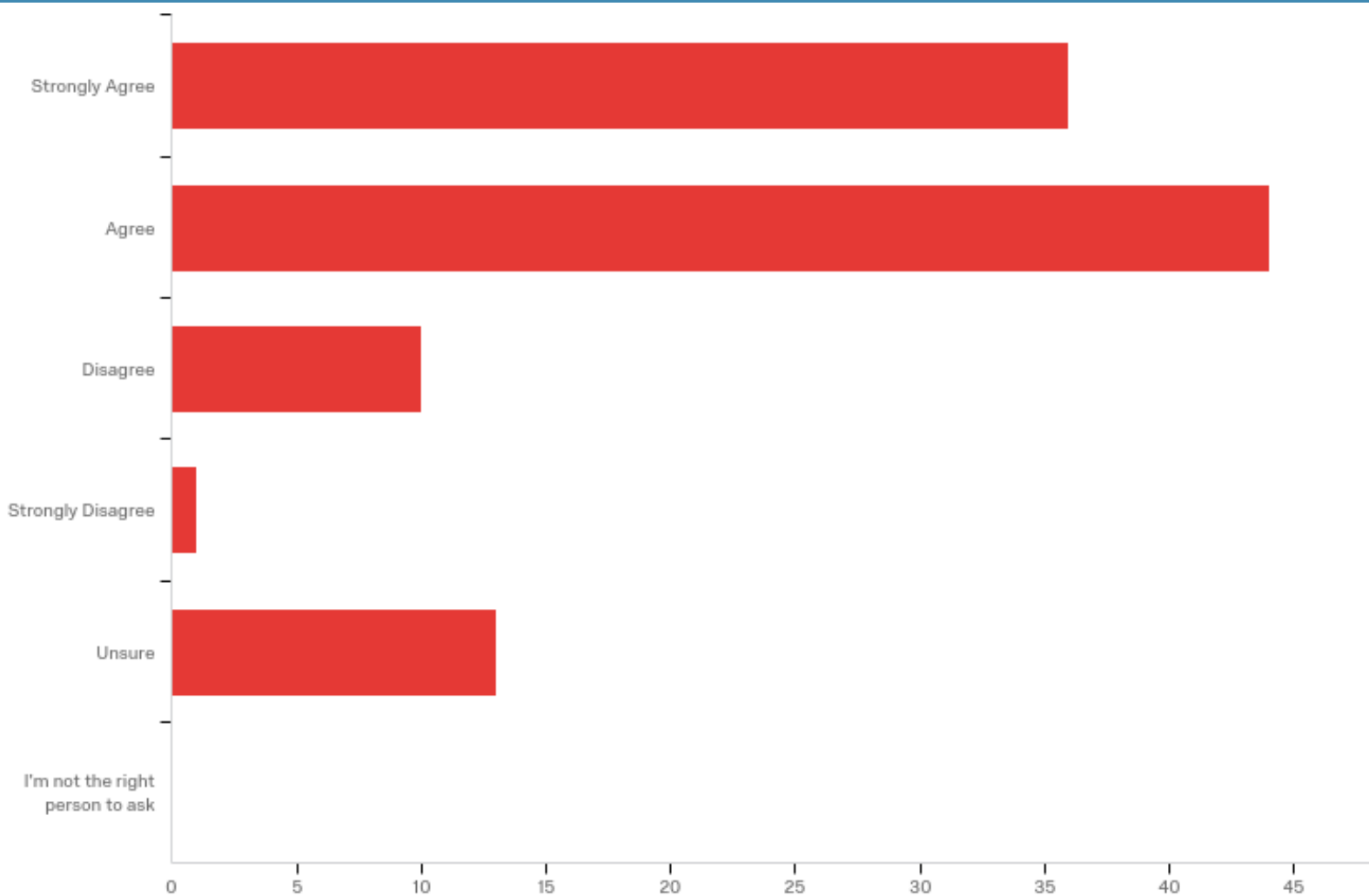


If we do not adopt AI-based products and processes: losing market share because our member–credit union communication channels are not as cutting-edge as banks’.

WHAT DO YOU SEE AS THE BIGGEST RISK TO THE CREDIT UNION SYSTEM FROM ARTIFICIAL INTELLIGENCE?



CREDIT UNIONS WILL HAVE TO ADOPT PRODUCTS AND SERVICES THAT RELY ON ARTIFICIAL INTELLIGENCE TO REMAIN RELEVANT IN THE MARKETPLACE BECAUSE OF INDUSTRY COMPETITION.



## OPEN LEGAL QUESTIONS OF AI SOLUTIONS

- Social contract still in flux
- Privacy concerns and the obsolescence of PII
- Due process for after breaches
- *Informed* consent concerns—interpretability requirements—in tension with intellectual property rights