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AI for Banking Risk

Practical, compliant AI skills for sharper risk insight, better reporting, and stronger decision support - 1 day

FA-0062 · 1 day

Agentic & Generative AI

Introduction

Banking risk teams are under pressure to move faster without lowering the standard of judgment, control, confidentiality, or accountability. AI can help analysts review information, identify patterns, improve reporting, support fraud analysis, strengthen credit-related workflows, and prepare management-ready insights. Used badly, however, it can introduce hallucinated outputs, weak evidence trails, data leakage, bias, overreliance, and regulatory exposure.

This one-day course is designed for Risk Department participants from both IT and business backgrounds. It focuses on practical AI usage in banking risk functions, with minimal emphasis on general operations. The course is aligned with the EU AI Act's risk-based approach, including AI literacy, human oversight, transparency, and high-risk system governance expectations. The EU AI Act establishes risk-based rules for AI systems, while EU supervisory attention continues to focus on how banks use AI for credit scoring, fraud detection, governance, and risk management.

The preferred tool environment is ChatGPT 5.0, used as a hands-on productivity and analysis assistant rather than a replacement for professional banking judgment. OpenAI positions GPT-5 as a model available in ChatGPT with stronger reasoning capabilities across areas including finance and law. The instructor brings over 30 years of industry experience and will focus on real industry-demanded content rather than academic theory.

Learning outcomes

By the end of the course, participants will be able to:

- Understand where AI can safely support banking risk functions
- Apply EU AI Act concepts to practical AI usage in risk-related banking work

- Use ChatGPT 5.0 effectively for risk assessment, reporting, analytics, fraud detection, credit support, and decision support
- Write stronger prompts with clear context, constraints, output formats, and review criteria
- Identify AI output risks such as hallucination, bias, missing context, weak reasoning, and unsupported conclusions
- Build practical review habits for validating AI-assisted analysis
- Prepare AI-assisted outputs that are clearer, more traceable, and more management-ready
- Understand when human oversight, escalation, or non-use of AI is required

Prerequisites

- Basic understanding of banking, risk, compliance, or financial services processes
- Familiarity with risk reports, policies, controls, or management reporting
- Basic computer literacy
- No programming background required
- Prior exposure to ChatGPT or similar AI tools is helpful but not required

Training outline

1. AI in Banking Risk: Practical Foundations

1. AI, machine learning, generative AI, and large language models
2. How ChatGPT 5.0 supports banking risk work
3. Suitable and unsuitable AI use cases in regulated banking
4. Human judgment versus AI-assisted analysis

   Common AI limitations in banking environments

   1. Hallucinated information
   2. Incomplete context
   3. False confidence
   4. Bias and fairness concerns
   5. Confidentiality and data exposure risks

2. EU AI Act Awareness for Banking Risk Teams

EU AI Act risk-based structure

1. Unacceptable-risk AI
2. High-risk AI

    3. Limited-risk AI
    4. Minimal-risk AI
2. AI literacy expectations
3. High-risk AI considerations in financial services
4. Creditworthiness and credit scoring considerations
5. Fraud detection and monitoring considerations
6. Transparency obligations
7. Human oversight principles
8. Documentation and audit trail expectations
9. Data governance expectations
10. Model risk and validation considerations
11. Third-party and vendor AI considerations
12. Responsible AI usage boundaries for business and IT teams

3. ChatGPT 5.0 Prompting Mastery

Structure of an effective prompt

1. Role
2. Task
3. Context
4. Constraints
5. Source material
6. Output format
7. Review criteria

Prompting for regulated banking environments

1. Clear assumptions
2. Evidence-based responses
3. Conservative wording
4. Risk-aware conclusions
5. Escalation triggers

Prompt refinement techniques

1. Iterative prompting
2. Clarification prompting
3. Comparison prompting
4. Red-team prompting
5. Validation prompting

Prompting controls

1. Confidential data boundaries
2. Sensitive information handling
3. Avoiding unsupported decisions
4. Separating analysis from approval
5. Maintaining human accountability

4. AI for Risk Assessment

1. Risk identification support
2. Risk event summarisation
3. Control gap analysis
4. Risk and control self-assessment support
5. Scenario analysis support
6. Key risk indicator interpretation
7. Policy and procedure review support
8. Emerging risk scanning
9. Risk register enhancement
10. Risk statement improvement
11. Control effectiveness narrative review

5. AI for Reporting and Analytics

1. Risk report drafting support
2. Executive summary preparation
3. Board and committee paper support
4. Trend commentary development
5. Exception reporting support
6. Risk dashboard narrative support
7. Data interpretation prompts
8. Variance explanation support
9. Management pack refinement
10. Report consistency checking
11. Plain-language rewriting for senior stakeholders

6. AI for Management and Decision Support

1. Decision memo structuring
2. Options analysis support
3. Pros and cons assessment
4. Risk impact analysis
5. Stakeholder question preparation
6. Meeting briefing preparation
7. Management response drafting
8. Action tracking support
9. Escalation note preparation
10. Challenge and review prompts

7. AI for Fraud Detection Support

1. Fraud typology review
2. Suspicious pattern explanation
3. Alert narrative enhancement
4. Case summary drafting
5. Investigation question preparation
6. Control weakness identification
7. Fraud risk indicator refinement
8. False-positive review support
9. Cross-channel fraud scenario support
10. Human review and escalation boundaries

8. AI for Credit Support

1. Credit file review support
2. Borrower profile summarisation
3. Financial narrative drafting
4. Covenant and condition tracking support
5. Credit risk factor identification
6. Early warning signal interpretation
7. Credit memo enhancement
8. Credit policy comparison support
9. Exception justification review

10. Non-decision-making AI usage boundaries

9. AI Output Review and Quality Control

1. Accuracy checking
2. Source verification
3. Assumption testing
4. Bias and fairness review
5. Regulatory sensitivity review
6. Confidentiality review
7. Explainability review
8. Auditability review
9. Human approval checkpoints
10. Final sign-off discipline

10. Practical Banking Risk Prompt Library

1. Risk assessment prompts
2. Reporting prompts
3. Analytics commentary prompts
4. Management briefing prompts
5. Fraud support prompts
6. Credit support prompts
7. Compliance review prompts
8. Challenge and validation prompts
9. Executive communication prompts
10. Prompt reuse and version control

11. Responsible Adoption for Risk Teams

1. Safe use guidelines
2. Approved versus unapproved AI usage
3. Business and IT collaboration model
4. AI usage documentation
5. Internal policy alignment
6. Review and escalation workflows
7. Maintaining professional accountability

8. Building AI confidence without overreliance

Disclaimer

This training outline is provided as a structured guideline for planning and discussion purposes. The trainer may amend, reorder, expand, reduce, or otherwise modify the content, emphasis, activities, tools, and delivery approach at his professional discretion, without prior notice, to reflect participant needs, organisational requirements, regulatory developments, tool availability, and the practical suitability of the training environment.

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