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AI in Investor Services & Technology Risk

From Automation to Resilience - 1 day

FA-0071 · 1 day

AI for Leaders & Business

Introduction

Understanding how AI is reshaping securities servicing, operational workflows, technology risk and control environments across financial institutions.

Artificial intelligence is becoming part of the operational infrastructure of financial services. Its significance is increasingly visible not only in customer-facing applications, but also in the less visible processes that keep markets and financial institutions functioning: transaction processing, custody and asset servicing, reconciliations, fund administration, investor servicing, data management, regulatory operations, exception handling, technology operations and risk monitoring.

For professionals working in **Investor Services**, the relevant question is not how AI can recommend investments or construct portfolios. It is how AI can make high-volume, data-intensive and control-sensitive servicing activities faster, more accurate and easier to supervise. Modern Investor Services businesses span areas such as custody, settlement, asset servicing, fund services, transfer agency, middle-office support, collateral processes, reporting and investor recordkeeping. Industry providers increasingly combine these services with automation, APIs, cloud platforms and governed data environments.

AI adds another layer to this transformation. Machine learning can detect patterns and anomalies across large operational datasets, while generative AI can summarize information, classify documents, retrieve institutional knowledge and support employees in resolving exceptions. Emerging AI agents can go further by coordinating multiple steps across systems and workflows. In an Investor Services environment, these capabilities may ultimately influence how firms investigate settlement issues, process corporate-action information, handle servicing requests, monitor operational exceptions, review documentation and support technology operations.

This potential also introduces a much stronger **Technology Risk** dimension. AI systems depend on applications, data pipelines, models, cloud infrastructure, external technology providers, APIs and increasingly complex software supply chains. Failures can therefore arise not only from inaccurate AI

output, but from access-control weaknesses, data leakage, insecure integrations, model misuse, service outages, cyberattacks, third-party concentration, poorly controlled automation and insufficient monitoring. The 2026 global discussion around AI in financial services has consequently moved beyond model accuracy toward operational resilience, cybersecurity, third-party dependencies and maintaining effective human oversight. The Financial Stability Board's June 2026 consultation, for example, proposes organisation-wide practices covering AI governance and lifecycle management, while recent international analysis highlights cyber resilience and critical third-party risk as major areas of concern.

These concerns are particularly important for financial infrastructure and servicing operations because disruption can propagate through interconnected systems supporting payments, trading, clearing and settlement. The IMF and Bank of England have highlighted how AI can both strengthen cyber defence and accelerate vulnerability discovery and exploitation, especially where institutions depend on common cloud, software and technology providers.

At the same time, Investor Services itself continues to evolve. Current industry offerings encompass custody, transaction settlement, fund services, transfer agency, middle-office processing, collateral management, data services and investor servicing, while digital servicing models are beginning to extend into tokenized funds and digitally native assets. BNY launched digital transfer-agency capabilities in July 2026, while State Street has announced tokenized fund-servicing capabilities spanning fund administration, custody and transfer agency.

This one-day introductory course therefore concentrates on the intersection of **AI, Investor Services operations and Technology Risk**. The emphasis is on understanding what the technology can realistically do, where it could affect servicing and operational processes, and what new control, resilience and technology-risk considerations arise when AI becomes embedded in financial infrastructure.

The instructor brings **over 30 years of industry experience** and will approach the subject using real industry requirements, operating environments and risk considerations rather than presenting AI as a purely academic or theoretical discipline.

Learning outcomes

By the end of this course, participants should be able to:

- Explain AI, machine learning, generative AI, large language models and AI agents at a practical level
- Describe how AI can support Investor Services operations and servicing workflows
- Identify AI applications across custody, asset servicing, fund services, transfer agency and securities operations
- Recognize opportunities for AI-assisted operational processing, exception management and client servicing
- Understand the role of AI in reconciliations, document processing, data management and operational monitoring
- Identify Technology Risk arising from AI applications, infrastructure and integrations
- Recognize cybersecurity, data, access-control, third-party and operational-resilience risks associated with AI

- Understand the importance of human oversight and controlled automation
- Recognize hallucination, bias, model-risk and explainability concerns
- Understand governance and accountability requirements surrounding enterprise AI
- Evaluate where AI can realistically improve Investor Services operations without weakening existing controls

Prerequisites

- Basic familiarity with financial services or financial-institution operations
- General awareness of operational, technology or risk-management processes
- No investment-advisory or portfolio-management knowledge required
- No programming or data-science experience required
- No previous knowledge of artificial intelligence required

Training outline

1. Artificial Intelligence Fundamentals

Understanding Modern AI

1. Artificial intelligence
2. Machine learning
3. Generative AI
4. Large language models
5. AI agents

How Modern AI Works

1. Data and training
2. Models and pattern recognition
3. Predictions and probabilities
4. Tokens and language generation
5. Training and inference

Enterprise Generative AI

1. Prompts and context
2. Retrieval-Augmented Generation
3. Enterprise knowledge integration
4. Multimodal AI
5. Agentic AI

2. AI in Investor Services

Investor Services Operating Environment

1. Custody and safekeeping
2. Clearing and settlement
3. Asset servicing
4. Fund administration
5. Transfer agency
6. Middle-office services
7. Investor servicing

AI-Assisted Securities Operations

1. Transaction-processing support
2. Reconciliation support
3. Exception identification
4. Exception investigation
5. Corporate-action processing
6. Settlement monitoring
7. Operational workflow automation

Fund and Investor Servicing

1. Investor onboarding
2. Document classification and extraction
3. Investor recordkeeping
4. Servicing-request support
5. Reporting support
6. Knowledge retrieval

Data and Operational Intelligence

1. Data-quality monitoring
2. Pattern and anomaly detection
3. Operational trend analysis
4. Workflow intelligence
5. Management information
6. Operational reporting

3. AI in Operational Risk and Control

Operational Risk Applications

1. Process-failure detection
2. Transaction anomalies
3. Control monitoring
4. Exception trending
5. Early-warning indicators
6. Operational-loss intelligence

AI-Assisted Control Activities

1. Control testing support
2. Issue identification
3. Documentation review
4. Policy and procedure analysis
5. Regulatory information processing
6. Risk reporting

Human and AI Collaboration

1. Human-in-the-loop controls
2. Escalation requirements
3. Output verification
4. Decision authority
5. Accountability

4. Technology Risk in AI-Enabled Financial Services

AI Technology Risk

1. Model failure
2. Application and integration risk
3. Data-pipeline risk
4. API and interface risk
5. Automation failure
6. AI-agent risk

Cybersecurity Risk

1. AI-enabled cyber threats
2. Prompt injection
3. Sensitive-data exposure
4. Identity and access management
5. Privileged access
6. Vulnerability management

Third-Party and Concentration Risk

1. AI service providers
2. Cloud dependencies
3. External models
4. Software supply chains
5. Service-provider concentration
6. Vendor resilience

Operational Resilience

1. Critical business services
2. Technology dependencies
3. Service disruption
4. Failure containment
5. Recovery considerations
6. Incident management

Technology Controls for AI

1. AI inventory
2. Access controls
3. Environment segregation
4. Logging and monitoring
5. Change management
6. Testing and validation

5. Responsible AI Governance

AI Limitations

1. Hallucinations
2. Bias
3. Data quality
4. Explainability
5. Model limitations

Data and Information Governance

1. Confidential information
2. Personal data
3. Data classification
4. Data lineage
5. Retention requirements

AI Governance Framework

1. AI use-case approval
2. Risk classification
3. Model and application ownership
4. Control responsibilities
5. Monitoring and review
6. Auditability and recordkeeping

Responsible Enterprise Usage

1. Approved AI environments
2. Output verification
3. Human oversight
4. Segregation of duties
5. Escalation and exception handling

6. Emerging Direction of Investor Services

1. Intelligent Operations
2. AI-Assisted Exception Management
3. Agentic Workflow Automation
4. Digital and Tokenized Asset Servicing
5. Real-Time Data and Servicing
6. Continuous Technology Risk Monitoring
7. Increasing Human-AI Collaboration

Current Industry Context

The course reflects developments visible through **2026**, with particular attention to operational resilience and Technology Risk rather than investment advice or portfolio decision-making.

Investor Services businesses increasingly operate as technology-enabled processing and servicing platforms covering custody, settlement, asset servicing, fund administration, transfer agency, investor servicing, middle-office processing and data services. The continuing movement toward automation and straight-through processing makes AI particularly relevant to transaction workflows, reconciliations, exception handling, documentation, data quality and operational monitoring.

Technology Risk has simultaneously become more important. The 2026 Cambridge global financial-services AI study identifies cyber and operational resilience, critical third-party risk and loss of human oversight among significant industry concerns. The IMF has also highlighted the potential for AI to increase the speed and scale at which vulnerabilities can be identified and exploited across interconnected financial infrastructure.

For Malaysia specifically, Bank Negara Malaysia has identified cyber risk, IT disruptions, execution failures and growing reliance on external service providers among important operational-risk concerns for 2026, alongside its continuing work on operational resilience and technology requirements.

The practical direction is therefore clear: AI in Investor Services should be understood not as an investment-selection technology, but as an increasingly important component of **operations, servicing, technology infrastructure, control, resilience and risk management**.

Disclaimer

This training outline is provided as an indicative framework for instructional planning and delivery. The trainer retains professional discretion to amend, reorganize, expand, reduce, replace or omit any topic where considered appropriate having regard to participant requirements, available training time, organizational relevance, regulatory or industry developments, and instructional priorities. Such adjustments may be made without prior notice where necessary to preserve the relevance, practicality and effectiveness of the programme.

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