FSB FINANCIAL STABILITY BOARD

Sound Practices for Responsible Adoption of Artificial Intelligence (AI): Consultation report

Response to Consultation

Credit Agricole

1. **Do you agree with the benefits and risks of AI adoption by financial institutions described in this report? Are there any substantive benefits or risks not covered?**

Yes, we agree. We have a couple suggestions for your consideration:

• Clarification on why Agentic AI risk was specifically referenced as a separate category vs. traditional categories (e.g., operational, model). and what within that asset class requires a specific risk category vs. other types of AI models.

• It would be useful to see a discussion on aspects of operational risk involving poor AI integration with fragmented legacy systems or in-house builds.

2. **Are the sound practices sufficiently comprehensive and clear to enable financial institutions' responsible AI adoption?**

We have a few suggestions for your consideration:

• Enhanced and expanded guidance of Third-Party providers when performing due diligence would be appreciated. For example, a checklist to use for due diligence related to Third-Party vendors would be useful.

• It would be helpful to understand how SR 26-2 on model risk management and this report collectively shape expectations for Banks' AI and model governance frameworks, and where the two approaches intersect or diverge including how each frames AI-related model risk, operational risk, and financial stability considerations.

i. Related recommendation would be to add detail on how to manage the AI Inventory in conjunction with the model inventory and how they work together and differences in managing an AI inventory when the AI model is deemed a tool/non model.

• Given the significance of independent validation as a control for AI specific risk, including model degradation, bias overfitting and limited explainability, we recommend the final report either consolidate the expectation or add explicit cross-references among the relevant

Sound Practices so that institutions can apply what is needed for AI model validation and testing consistently.

• It would be helpful to clarify how these sound practices are intended to interact with existing MRM framework. For example, SR26-2 excludes generative and agentic AI models from its scope. Is separate or supplemental guidance anticipated on the governance, validation, and monitoring of these models?

• Additional details on the level of human oversight would improve the adoption and practicality of the guidance, aided by case studies. For example, how does the concept vary depending on the audience (e.g. different size banks or financial institutions) as recommended by the FSB.

3. **Do the sound practices strike an appropriate balance between managing risks relating to all forms of AI, and addressing some of the risks relating to emerging and new complex forms of AI, such as GenAI and agentic AI?**

We have a couple suggestions for your consideration:

• Expanding the sound practices on metrics and KPIs would be beneficial for effective AI Governance. Examples of metrics and KPIs that should be in place for effective AI Governance would be helpful.

• Guidance on timeline for rollout, including sequence of activities and dependencies, with specific tools/ technologies and templates for Policies and Procedures would be helpful for good governance.

4. **Are the sound practices sufficiently flexible to accommodate and address newer types of AI and responsible adoption over time?**

Generally we agree, we have a suggestion for your consideration:

• The framework does not address frontier AI models (models at or near the capability frontier, such as those with advanced reasoning, tool use, or autonomous research capabilities). As these become commercially available and financially deployed, their risk profile may exceed what the current sound practices contemplate. A brief forward-looking section on frontier AI governance would future-proof the framework. Further, if this is included, it would be helpful to have a definition for Frontier AI models to clearly understand their differences and why they are in different categories.

5. **Do the case studies in this report sufficiently highlight how different types of financial institutions can benefit from responsible AI adoption? Are there additional case studies for inclusion in the report? If so, please provide such case studies, particularly for nonbanks.**

In the 12 case studies presented, it would be useful to see actionable insights, such as relevant KPIs, KRIs, cycle time savings, time-to-value indicators, etc.

6. **Do the case studies in this report provide actionable insights for financial institutions in their responsible AI adoption?**

The case studies provide actionable insights. We have a suggestion for additional case studies:

• Two Case Studies to highlight the differences across the entire lifecycle (notably regarding development, documentation, inventory, validation, performance monitoring and oversight) between an AI system that is also a model vs. an AI system that would not typically fall under the MRM framework

7. Are the definitions in the glossary clear and aligned with industry sound practices, including recent developments in AI?

Although the document states that the glossary is non-exhaustive, it would be helpful for the definitions to be more robust to avoid misinterpretations and the need to go to other resources (e.g., data drift, model drift, Traditional AI and Gen AI)

8. Are there any comments you would like to make on this report? Please fill in.

Overall, the document is very well written with a lot of valuable information regarding sound practices for AI governance. We believe the above suggestions would further enhance the usefulness of the document to the users.