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

Response to Consultation

Dynamo AI

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 - Did not have any to add at this time

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

   Yes. Additionally I would consider adding in content aligned to the importance of consistent controls applied across generative AI use cases (regardless of AI system architecture). Consistency is critical for training, usage, alignment on how to set risk tolerance, and regulatory engagement. It is critical for training personal, reporting, and applying governance across jurisdictions. This may represent itself in a consistent evaluation technique, or the way models are inventoried, but consistent control application is a practice in itself.

   Additionally, the importance of independence in technical controls inclusion is critical and FSB may suggest adding additional content. I think the risks identified (especially concentration risk) touch upon this, but it could be highlighted further

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?**

   Yes

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

   Yes, but I suggest including some guidance on how internal governance may effectively mitigate future risks. I've seen a number of FSIs closely aligning their AI Governance strategy with their innovation teams in order to incorporate new risk and controls market perspective into their strategies, as the space (and risks) is changing rapidly. Guidance around this may be helpful to further innovative strategies embedding themselves quickly throughout an organization.

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.**

   No Comment

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

   Yes

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

   Yes

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

   I thought the report was comprehensive, and helpful in its clarity and succinctness. I think a follow up on how regulators can best engage with industry on evaluation of process / controls will be a helpful addition as clarity on oversight will only strengthen risk management.