SolomonEdwards

BANKING & FINANCIAL SERVICES

AI Governance Policy Checklist for Financial Institutions



A practical framework to build, govern, document and defend your AI program

AUTHOR

Prescott Ford

Principal, Banking & Financial Services

AI Governance

2026 DIGITAL GUIDE

Have your policy ready *before* the examiner asks about it

Regulators are converging on a common set of AI governance expectations, even as formal rules evolve.

In August, the Conference of State Bank Supervisors (CSBS) released its AI Supervisory Framework Core Examiner Guide for assessing AI governance and risk management. In September, the Connecticut Department of Banking issued guidance on oversight, documentation and third-party risk, and the Financial Stability Board (FSB) finalized its *Sound Practices for Responsible Adoption of AI*.

These all serve as clear indications of where regulatory expectations around AI are heading. This checklist distills those shared expectations, so it applies wherever your institution operates.



How to use this checklist

Check each practice you can confidently say is in place today. Unchecked boxes indicate your priority gaps.



At financial institutions, ungoverned AI tools outnumber monitored ones by

4 to 1

Concentrated in treasury, payments and correspondent banking

Source: Reco via Forbes, May 2026

Six Operational Areas to Assess

The checklist on the next page walks through each area with practical checks, so your team can see where governance gaps are most likely.

1. **Board & Senior Management**
   Accountability, expertise, resources and training
2. **AI Inventory & Risk Assessment**
   Every material AI system, including vendor AI
3. **Lifecycle & Human Oversight**
   Testing to retirement, with people able to intervene
4. **Third-Party Risk**
   What your vendors' AI does with your data
5. **Cybersecurity & Privacy**
   AI risks managed inside your security program
6. **Written Plan & Records**
   Required governance components, ready for examiners

Learn more about our AI governance capabilities or take our **free AI governance assessment**

Learn More →

The AI Governance Checklist

Check each practice you can confidently say is in place today. **Unchecked boxes are your priority gaps.**

1 Board & Senior Management

Senior management owns AI risk; the board actively oversees it, with enough expertise and resources.

- ☐ Senior management accountable to the board for AI systems and framework
- ☐ Designated personnel responsible for organization-wide AI use and governance
- ☐ Board reviews regular AI reports, with enough expertise or advisors
- ☐ Role-based AI training for board, management and staff, kept current

2 AI Inventory & Risk Assessment

You can't govern what you can't see. Include every material AI system, even AI built into vendor software.

- ☐ Inventory covers internal, employee-adopted and embedded vendor AI
- ☐ Each system tiered by materiality, data sensitivity and consumer impact
- ☐ Risks feed enterprise risk management, with escalation and remediation

3 Lifecycle & Human Oversight

Approval is the starting line. Govern each system through retirement, with people able to step in.

- ☐ Lifecycle procedures cover testing, deployment, changes and retirement
- ☐ Performance, drift and unfair outcomes monitored at risk-based intervals
- ☐ Named staff can review, override or halt AI-supported decisions

4 Third-Party Risk

Much of your AI exposure sits with vendors. Ask what AI is active, what's planned and how your data is used.

- ☐ Due diligence asks directly about embedded and planned AI features
- ☐ Contracts address data use, model-change notice and audit rights
- ☐ Vendors monitored for life of relationship, scaled to risk and reliance
- ☐ Create and uphold end-of-life/termination policies for third-party AI providers

5 Cybersecurity & Privacy

Regulators treat data protection as paramount. Address AI risks inside your existing security program.

- ☐ AI cyber and privacy risks covered by the existing infosec program
- ☐ Data collection, quality and sensitivity governed for each AI system
- ☐ Controls protect consumer data and NPI, scaled to each system's risk

6 Written Plan & Records

Examiners will review your written plan. Cover the core components and keep evidence ready.

- ☐ Written plan covers governance, risk, controls and legal compliance
- ☐ Each system's purpose, data, testing, approvals and changes documented
- ☐ Staff can explain plainly whether AI materially affects consumer decisions

AI governance policies are a matter of when, not if. Are you ready?

Talk to Our AI Governance Experts →



Prescott Ford
Principal, Banking & Financial Services
P: 312.235.3451
E: pford@solomonedwards.com | LINKEDIN

SolomonEdwards

www.SolomonEdwards.com/bfs/AI

For general informational purposes only; not legal advice.