

Banking Workflow Catalog — 12 Flows for Regional and Mid-Market Banks

KYC, AML, lending operations, treasury, customer service, and back-office paperwork — ranked by hours-recovered-per-risk. Each with starting trust setting, supervision protocol, and regulatory considerations.

From HitLai Institute — Module B2: “Banking AI Workflows — KYC, AML, and Beyond”

HOW TO USE THIS CATALOG

For each flow: - **What it does** — one-line summary - **Hours recovered/month** — typical regional or mid-market bank range - **Risk class** — Low / Medium / High under the regulatory frameworks summarized in [[B1-02-Regulatory-Mapping-Matrix]] - **Starting trust setting** — never higher than these defaults - **Supervision protocol** — minimum required oversight - **Regulatory considerations** — frameworks in scope and how the flow stays inside the ceilings

These flows assume the bank is using a HitLai/AICtrlNet deployment configured for regulated financial institutions — including self-hosted or local-AI options for customer-data and investigation workloads. Public AI services alone are NOT appropriate for customer NPI or BSA/AML material.

TIER 1 — START HERE (LOW RISK, HIGH TIME SAVINGS)

Flow 1: KYC document extraction (pre-disposition)

What it does: New account or refresh-KYC document package arrives. AI extracts entity name, address, beneficial ownership, document type, expiry, ID numbers, and other CIP fields. Output is structured for the KYC platform; the KYC analyst dispositions the customer.

Hours recovered/month: 80-200 (per 5 FTE KYC team) **Risk class:** Medium — extraction errors propagate to customer risk rating. **Starting setting:** AI suggests, KYC analyst writes the final disposition. **Supervision:** Analyst verifies every extracted field against the source document before customer onboarding decision. **Regulatory considerations:** FinCEN CIP/CDD/Beneficial Ownership Rule, GLBA, OCC SR 11-7 (if extraction informs risk rating). **Deployment:** Self-hosted strongly preferred — customer ID documents and beneficial-owner data are sensitive NPI.

Flow 2: AML alert summarization

What it does: Transaction monitoring system fires an alert. AI summarizes the customer’s profile, transaction history relevant to the alert, prior alerts on the customer, and the pattern that triggered the alert. AML analyst reads the summary as the starting point for investigation.

Hours recovered/month: 40-120 (per AML investigations team) **Risk class:** Medium — investigative quality must not degrade. **Starting setting:** AI suggests, AML analyst writes the disposition and any SAR narrative. **Supervision:** Analyst reviews source data behind every claim in the AI summary; BSA officer

reviews sample weekly. **Regulatory considerations:** FinCEN BSA, FFIEC AML Manual, OCC/Fed model risk if AI used in tuning, SOC 2 confidentiality. **Deployment:** Self-hosted only — investigation material includes SAR-sensitive content. **Ceiling:** AI never clears alerts or files SARs.

Flow 3: Vendor invoice processing

What it does: Vendor invoice arrives in AP inbox. AI extracts vendor, invoice number, line items, GL coding, PO match, payment terms. AP clerk reviews and approves; payment runs on the normal cycle.

Hours recovered/month: 30-80 (per 3-5 FTE AP team) **Risk class:** Low — administrative, with monetary impact. **Starting setting:** AI acts, AP clerk approves before payment release. **Supervision:** AP clerk verifies extraction; manager approves payments over threshold; quarterly internal audit sample.

Regulatory considerations: SOX-equivalent controls for the bank, vendor risk for material spend, GLBA for any vendor handling NPI. **Deployment:** Private-tenant cloud acceptable if no NPI in vendor invoices; self-hosted otherwise.

TIER 2 — OPERATIONAL EFFICIENCY (MEDIUM RISK, HIGH VOLUME)

Flow 4: Customer service first-draft responses

What it does: Customer inquiry arrives via email, secure message, or web form. AI drafts a response using the bank's approved language, product disclosures, and CRM context. CSR reviews, edits, sends.

Hours recovered/month: 60-180 (per 10 FTE service team) **Risk class:** Medium — UDAAP, disclosure accuracy, customer experience. **Starting setting:** AI suggests, CSR writes / edits. **Supervision:** Every customer-facing response reviewed by CSR; compliance samples weekly; manager reviews complaints + AI-handled cases together. **Regulatory considerations:** UDAAP, Reg E / Reg Z disclosures, fair lending in any credit-related message, GLBA for any NPI. **Deployment:** Private-tenant cloud with no-training contracts acceptable for general inquiries; self-hosted for any matter that touches an investigation, complaint to a regulator, or sensitive account event.

Flow 5: Loan document pre-review

What it does: Commercial loan package or consumer loan file uploaded. AI checks completeness against the bank's checklist, summarizes financial statements, flags inconsistencies, and produces a pre-review memo. Underwriter reviews; credit officer approves.

Hours recovered/month: 40-100 (per 5 FTE credit team) **Risk class:** Medium-High — credit decisions, fair lending, model risk. **Starting setting:** AI suggests, underwriter writes the analysis. **Supervision:** Underwriter validates all AI-extracted figures against source; credit officer signs off; periodic fair-lending review on sample. **Regulatory considerations:** OCC/Fed SR 11-7 (model risk), fair lending (ECOA, Reg B), CRA implications, HMDA reporting accuracy. **Deployment:** Self-hosted for any matter that includes borrower identity or financial statements at field level. **Ceiling:** AI never makes the credit decision.

Flow 6: Sanctions / negative-news screening summarization

What it does: Sanctions screening tool flags a hit. AI pulls the underlying records, summarizes relevance to the customer, and notes any negative-news matches in the timeline. Sanctions analyst reviews and dispositions.

Hours recovered/month: 20-60 **Risk class:** High — sanctions violations carry severe penalties. **Starting setting:** AI suggests, sanctions analyst writes the disposition. **Supervision:** Analyst reviews every source; compliance reviews every confirmed match before action. **Regulatory considerations:** OFAC, FinCEN, BSA, FFIEC AML manual. **Deployment:** Self-hosted only. **Ceiling:** AI never blocks, holds, or releases a transaction.

TIER 3 — INTERNAL EFFICIENCY (LOW-TO-MEDIUM RISK, INTERNAL-FACING)

Flow 7: Audit and exam evidence preparation

What it does: Internal audit or examiner requests evidence for a control. AI pulls relevant policies, procedures, control test results, and prior evidence packages; drafts the cover memo. Audit lead reviews and finalizes.

Hours recovered/month: 20-60 **Risk class:** Low (internal-facing) but high-visibility. **Starting setting:** AI suggests, audit lead writes. **Supervision:** Audit lead validates every cited document; head of audit signs off on examiner-bound packages. **Regulatory considerations:** Examiner expectations on auditability and document control; SOC 2 evidence handling. **Deployment:** Self-hosted; some packages may include MNPI or examination work papers.

Flow 8: Policy and procedure refresh assistance

What it does: Policy refresh due. AI compares current policy to peer policies (anonymized public sources), regulatory updates since last refresh, and incident learnings; drafts redlines. Policy owner reviews; compliance and legal approve.

Hours recovered/month: 10-30 **Risk class:** Low — internal, with audit visibility on the resulting policy. **Starting setting:** AI suggests, policy owner writes. **Supervision:** Policy owner, compliance, legal review; board approval where required. **Regulatory considerations:** OCC/Fed policy governance expectations; SOX-equivalent change control. **Deployment:** Private-tenant cloud acceptable; self-hosted for any policy referencing customer data examples.

Flow 9: Regulatory change tracking

What it does: AI monitors OCC, FDIC, Fed, FinCEN, NYDFS, and SEC publication feeds; summarizes new guidance; maps changes to the bank's existing policies, procedures, and AI use cases; flags items requiring action.

Hours recovered/month: 10-30 (per compliance research analyst) **Risk class:** Low (internal awareness). **Starting setting:** AI suggests, compliance analyst writes / verifies. **Supervision:** Compliance analyst

confirms every regulatory change against the source publication. **Regulatory considerations:** General compliance program effectiveness. **Deployment:** Private-tenant cloud — public regulatory documents have no NPI.

Flow 10: Branch and back-office knowledge base routing

What it does: Employee question (procedure, product feature, compliance escalation path) routed through AI to the relevant approved knowledge-base article and named SME. Reduces “ask a colleague” delays.

Hours recovered/month: 20-60 (across a 100-person ops staff) **Risk class:** Low — internal information. **Starting setting:** AI acts, employee chooses to escalate if not satisfied. **Supervision:** Knowledge-base owners review AI answers monthly; gaps trigger article updates. **Regulatory considerations:** Limited; ensure no NPI in employee questions. **Deployment:** Private-tenant cloud or self-hosted; firm-policy decision.

TIER 4 — TREASURY AND PAYMENTS (HIGH RISK, CONTROLLED USE)

Flow 11: Reconciliation breakage triage

What it does: Daily reconciliations flag breaks. AI classifies breaks (timing, fee, fee-waiver, missing entry, fraud-suspect), summarizes context, and routes. Reconciliation analyst clears the simple ones, escalates fraud-suspect to fraud team.

Hours recovered/month: 30-80 **Risk class:** Medium-High — fraud and ops loss exposure. **Starting setting:** AI suggests, reconciliation analyst writes the disposition. **Supervision:** Analyst clears with sign-off; supervisor reviews aged breaks weekly; fraud-suspect items escalated immediately. **Regulatory considerations:** Internal controls over financial reporting; ops-risk reporting to risk committee. **Deployment:** Self-hosted — transaction-level data. **Ceiling:** AI never closes a fraud-suspect break.

Flow 12: Wire / ACH exception narrative drafting

What it does: Payments exceptions flagged (Reg E investigation, fraud suspicion, beneficiary mismatch). AI drafts the investigation narrative from system records; payments analyst verifies and finalizes.

Hours recovered/month: 20-60 **Risk class:** High — customer-impact and Reg E timelines. **Starting setting:** AI suggests, analyst writes. **Supervision:** Analyst verifies every narrative claim against source records; supervisor sign-off on Reg E disposition letters. **Regulatory considerations:** Reg E, Reg J / UCC for wires, FedNow / RTP rules, OFAC, FinCEN. **Deployment:** Self-hosted only. **Ceiling:** AI never decides whether to refund a customer or credit a loss to the bank.

FLOWS TO AVOID (OR RUN ONLY WITH EXTREME CONTROLS)

✗ AI dispositioning AML alerts or filing SARs. This is the fastest path to a finding. AI summarizes; the BSA analyst dispositions; the BSA officer signs the SAR.

✘ **AI making credit decisions.** Fair-lending exposure, ECOA / Reg B, model risk. AI can pre-review; the credit officer decides.

✘ **AI sending external regulatory communications.** Examiner responses, regulator letters, MRA responses. AI can draft; human approvers and counsel finalize and sign.

✘ **AI handling customer escalations / complaints without human in the loop.** UDAAP exposure. Complaints always reach a qualified human, no exceptions.

✘ **AI executing wire transfers, ACH batches, or any payment release.** Authorization stays with named, authenticated humans — full stop.

✘ **AI use on customer data in public AI services.** GLBA, contractual, and reputational disaster. Not in scope, ever.

THE SUPERVISION RHYTHM

Every bank running these flows should have:

- **Daily:** Operating supervisor reviews exceptions and any AI-handled escalations.
- **Weekly (10 minutes):** AI governance owner reviews the audit log dashboard — what flows ran, what was caught, anything off.
- **Monthly:** Risk committee briefed on AI use volumes, exceptions, near-misses, and any model performance drift.
- **Quarterly:** Internal audit samples AI-assisted decisions across flows; compliance updates regulatory mapping; legal refreshes vendor risk.
- **Annually:** Full AI governance policy review by the board / risk committee; independent model validation refresh per SR 11-7 schedule.

This rhythm is the practice that survives an exam.

THE TRUST JOURNEY FOR BANKING – STRICTER CEILINGS FOR HIGH-RISK FLOWS

Setting	Maximum use case in banking
AI watches	Always available; default for any new tool.
AI suggests	Default for any operational AI work touching customer, credit, AML, or payments data.
AI acts, you approve	Administrative work with monetary impact (e.g., invoice intake), internal information routing, low-risk customer messaging. Never on KYC dispositioning, AML clearing, SAR decisions, credit decisions, sanctions clearance, or payment release.
AI handles routine	Limited to internal information routing, paperwork triage, calendar/reminder workflows, and similar non-customer-impact tasks. NEVER for KYC dispositioning, AML clearing, SAR decisioning, credit decisions, sanctions decisions, payment release, regulator communications, or any customer-impact decision.

The ceiling is enforced at the workflow level – not by policy hope.

THE HITLAI / AICTRLNET ANSWER, IN ONE LINE

AI tools, your team, your systems – running together, safely.

For a bank: AI extracts, pre-screens, and drafts. Your KYC analysts, AML investigators, sanctions team, credit officers, payments analysts, and customer service team do the work AI cannot. Supervisors review. Customer data and investigation material stay inside your bank’s network – including with self-hosted, air-gapped local AI via Ollama or vLLM. Your core, AML platform, KYC vendor, loan origination, payments, and case management systems take what’s been verified. Every step auditable for OCC, FDIC, Fed, SEC, FinCEN, GLBA, NYDFS, and SOC 2.

Want to configure these flows live for your bank’s specific operating model? That’s Module B2 – the 120-minute live-build session for banking operations. → hitlai.net/institute/banking

This catalog is not legal, regulatory, or audit advice. It is operational guidance intended for internal bank planning under the supervision of compliance, audit, risk, and your primary regulator.

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