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Key Takeaways from the SEC Roundtable on Artificial Intelligence in the Financial Industry

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On March 27, 2025, the Securities and Exchange Commission (SEC) convened a roundtable at its Washington, D.C. headquarters to address the rapidly evolving role of artificial intelligence (AI) in the financial industry.

The event featured opening remarks from Acting Chair Mark Uyeda, Commissioner Hester Peirce, and Commissioner Caroline Crenshaw, followed by four expert panels that explored the benefits, risks, and future implications of AI. These discussions underscored the transformative potential of AI while highlighting the regulatory and ethical challenges it poses.

Drawing from the insights shared throughout the day, five key points emerged, offering a thought-provoking perspective on AI's current capabilities and its trajectory in the financial sector..

1. AI's Current Strengths: Fraud Detection and Anti-Money Laundering

One of the most compelling takeaways from the roundtable was the consensus on AI's exceptional proficiency in specific domains, particularly fraud detection and anti-money laundering (AML). Panelists emphasized that AI's ability to analyze vast datasets at scale and identify patterns invisible to human analysts makes it an indispensable tool in these areas.

For instance, representatives from Nasdaq and Chase highlighted how AI is already enhancing operational efficiency and security by detecting anomalies in trading patterns and flagging suspicious transactions. Beyond financial crimes, AI's capabilities extend to broader societal threats, including identifying human trafficking and terrorism financing networks. This precision stems from AI's capacity to process and correlate data points in real time, a feat that traditional methods struggle to match. However, this strength also carries a significant downside, as the same technology powering these defenses is being exploited to orchestrate sophisticated scams, a concern that surfaced repeatedly during the day.

2. The Regulatory Challenge: Defining AI for Oversight

A recurring theme across the opening remarks and panels was the difficulty of defining AI in a way that supports effective regulation. Acting Chair Uyeda noted the absence of a precise definition and questioned whether a

technological or legal framing would be more suitable. This lack of clarity complicates the SEC's ability to evaluate how long AI has been deployed, how it will be implemented, and whether its use is directed toward investors or limited to back-office functions.

The roundtable drew comparisons to past efforts to regulate high-frequency trading, suggesting that lessons from that period could guide AI governance. Commissioner Peirce reinforced this idea by asking whether firms need SEC guidance and how such guidance can remain relevant amid rapid technological change. Without a clear definition, the SEC risks falling behind an industry that is adopting AI at an unprecedented pace, potentially leaving investors vulnerable to emerging risks.

3. Agentic AI: The Next Frontier of Complexity and Risk

A substantial portion of the discussion centered on Agentic AI, a development poised to redefine the technology's role in finance. Agentic AI refers to systems capable of autonomously creating new agents, retrieving data from external APIs, and executing tasks without human oversight. Panelists cautioned that this autonomy introduces new vulnerabilities, such as the potential to disrupt internal models or contaminate datasets relied upon by subsequent systems. The future trends panel predicted that within 12 to 24 months, non-Agentic AI will become obsolete, with all systems transitioning to Agentic frameworks.

This evolution promises unparalleled scale, speed, and hyper-personalization, qualities already leveraged in advertising, but it also heightens the difficulty of tracing fraud origins. For example, an Agentic AI could generate a sub-agent that bypasses ethical constraints, triggering a cascade of vulnerabilities. Panelists urged firms to thoroughly vet their tools and vendors, stressing that the rise of Agentic AI necessitates a fundamental reassessment of risk management and cyber security strategies.

4. AI-Powered Scams: A Growing Threat to Investors

While AI excels at detecting fraud, it is equally adept at perpetrating it, a duality that dominated the cyber security panel. Data breaches have provided AI models with vast troves of personal information, enabling highly targeted scams that combine scale, speed, and personalization. Panelists described a disturbing evolution in fraud tactics: AI systems can now continuously scan web properties for irregularities, shift focus to targeting individuals, clients, and vendors, and persistently iterate scams until they succeed.

The discussion pointed to cryptocurrency and romance scams as current examples, with Agentic AI expected to amplify this threat by obscuring the sources of fraudulent activity. Authentication weaknesses, once exploited through brute force or social engineering, are increasingly shifting to the client side, placing individual investors at greater risk. Panelists warned that this escalation will intensify with advancements like quantum computing, rendering traditional defenses inadequate and necessitating robust, AI-enhanced countermeasures.

5. Adoption Barriers and Workforce Implications

Despite AI's potential, significant barriers to adoption persist. The panels identified an urgent need for skilled technologists, with one speaker advising firms to hire talent now while it remains affordable and available. However, integrating AI into workflows presents challenges beyond recruitment. A striking observation was that employees, especially those under 25, exhibit an intense enthusiasm for AI tools and will find ways to use them, whether on personal devices or at home, if firms impose restrictions.

This reality suggests that banning AI use is impractical; instead, firms must channel this eagerness into secure, approved applications. The discussion also highlighted the need for a new governance, risk, and compliance (GRC) framework, noting that stakeholders often lack the technical understanding to articulate the problems AI should address. Without closing this knowledge gap, the financial industry risks uneven adoption, where innovation outstrips oversight and potentially jeopardizes investor protection.

Conclusion: A Call for Vigilance and Adaptation

The SEC Roundtable on Artificial Intelligence in the Financial Industry revealed a technology that is both indispensable and fraught with peril. AI's proven strengths in fraud detection and AML affirm its value, yet its capacity to enable scams and the impending dominance of Agentic AI point to a future of heightened complexity.

The SEC faces a formidable challenge: developing a regulatory framework that keeps pace with an industry where today's advanced tools will soon be outdated. As Commissioner Crenshaw emphasized, collaboration with experts and stakeholders through forums like this roundtable is an essential starting point. For financial firms, the imperative is clear: rigorous diligence, investment in talent, and proactive risk management are critical in this AI-driven era. The stakes are high, and time is of the essence.

How can Waystone help?

Waystone Compliance Solutions is a leading provider of cyber security consulting and compliance services to the financial services industry. If you would like to find out how Waystone can help you to assess your current cyber security measures, please reach out to your usual Waystone representative, or contact us below.

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