

# Credit Union CEO Briefing:

## What NCUA's AI Compliance Plan Means for Your Next Exam



March 2026



**AI Transformation, Governance, Risk & Compliance**  
Clarity. Compliance. Confidence.

# What NCUA's AI Compliance Plan Means for Your Next Exam: Credit Union CEO Briefing

Granite Fort Advisory | March 2026

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## The NCUA Wake-Up Call

In September 2025, NCUA published its formal Artificial Intelligence Compliance Plan - a document that signals a clear shift: AI is no longer a technology curiosity for examiners. It is an active supervisory lens.

In January 2026, NCUA updated its AI Resource Hub and published 2026 Supervisory Priorities that emphasize operational risk management, including AI governance. Examiners are being trained. Questions are coming.

Most credit union CEOs have not yet translated these regulatory signals into internal action. This briefing is designed to close that gap in 15 minutes.

**Short on time or prefer a quicker briefing?**

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## What the NCUA's AI Compliance Plan Actually Says - In Plain Language

- **Transparency is mandatory, not aspirational.** NCUA expects credit unions to be able to explain how AI models make decisions, especially in lending, fraud detection and member services. "Our vendor handles it" is not an acceptable answer.
- **Third-party AI risk is your risk, not your vendor's.** If your core processor, loan origination platform, or fraud tool uses AI, NCUA holds you accountable for its governance. Vendor contracts that lack AI-specific language are a direct exam liability. Examiners will review AI vendor compliance with rules, data handling, and transparency.
- **Data lineage and audit trails are expected.** Examiners will ask: where does member data flow when AI processes it? Who has access? How is it retained? If you cannot answer these questions today, your next exam cycle will surface them.

- **Fair lending exposure has expanded.** AI-driven underwriting or pricing tools that produce disparate impact - even unintentionally - create fair lending risk under ECOA and HMDA. Model bias testing is now an implied governance requirement.
  - **Model Risk Management (MRM) is no longer just for big banks.** NCUA's guidance draws heavily from OCC/Fed model risk frameworks and directs credit unions to NIST AI Risk Management Framework resources. Credit unions of all asset sizes are expected to inventory AI tools, document intended use and monitor outcomes.
  - **High-impact AI gets stricter scrutiny.** Any AI that could materially affect members - credit decisions, pricing, fraud actions, identity verification, collections outcomes - should be treated as high-impact and require documented risk assessment, board-level awareness and ongoing monitoring
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## Three Blind Spots Most CEOs Will Face First

1. **Your AI vendor relationships are undocumented:** Most credit unions have signed contracts that predate the AI features now embedded in their platforms. Those contracts contain no AI-specific governance language - no audit rights, no bias testing obligations, no data residency commitments, no explainability requirements. In your next exam, that gap is visible.
2. **You don't have an AI inventory:** Examiners will expect a list of every AI or automated decision-making tool in use including those embedded in third-party systems. Most credit unions, when asked, cannot produce one. Building that inventory is the single most immediate action you can take.
3. **Your board has not discussed AI governance formally:** NCUA's compliance framework implies board-level awareness and oversight, not just C-level management. If AI governance has never appeared on a board agenda with documented discussion, that is a gap. It is also a straightforward fix.

These three represent the most common examination findings - a deeper governance gap assessment will typically surface additional risk areas specific to your institution's AI footprint.

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## Your First 90 Days: Foundational Steps Only

*The steps below represent the minimum viable starting point for AI governance readiness - not a complete program. Most credit unions discover additional gaps during a formal AI Gap Assessment that this checklist alone cannot surface. A full governance framework requires structured policy development, vendor due diligence protocols, staff training, member disclosure reviews, incident response planning and ongoing model monitoring. This checklist gets you to the starting line.*

### Month 1, Weeks 1–2: Build Your AI Inventory

Conduct an AI tool inventory across all departments and all third-party vendors - including tools embedded inside your core processor, loan origination system, fraud platform and member-facing applications. Do not limit the inventory to tools your IT team purchased directly.

For each tool document: name, vendor, purpose, data inputs, decision outputs and risk tier:

- High Risk – influences lending, pricing, or fraud decisions
- Medium Risk – member-facing or data-intensive
- Low Risk – internal operations only

For each high and medium-risk tool, conduct an initial Member Impact Analysis - documenting how the tool's decisions or outputs directly affect member outcomes: credit access, pricing, fraud flags, collections and identity verification. Member impact must inform risk classification from the start, not as an afterthought.

**Note:** External help strongly recommended for AI Inventory and Member Impact Analysis. A big mistake credit unions make is treating AI Inventory as a simple list. Without a structured approach, critical systems are overlooked and risks are mislabeled. Getting this wrong weakens every governance step that follows. High and medium-risk tools require the deepest scrutiny in all subsequent steps.

### **Month 1, Weeks 3–4: Commission an Independent AI Gap Assessment**

Using your completed inventory as the foundation, commission an independent AI Gap Assessment. Allow minimum 3–4 weeks for a thorough assessment. Expect findings to surface risks your internal team cannot identify on their own. Do not commission this assessment from a vendor with a platform to sell - the assessment will reflect their solution, not your actual risk profile.

### **Month 2, Weeks 1–2: Review Vendor Contracts Against Gap Assessment Findings**

Using Gap Assessment findings as your lens, pull and review all active vendor contracts for AI-specific language - prioritizing high and medium-risk tools identified in your inventory.

Flag every contract missing: audit rights over AI model behavior, bias testing obligations, data residency commitments and AI-specific incident notification requirements.

Contracts signed before 2023 almost universally lack this language. Flag them all - remediation through contract amendment or renegotiation is a Month 3 priority.

### **Month 2, Weeks 3–4: Brief Your Board**

Present Gap Assessment findings to your board and document the discussion formally in board minutes. NCUA's compliance framework implies board-level awareness and oversight, not just C-level management. Undocumented board awareness is the same as no board awareness in an examination.

At this meeting: assign a named internal AI governance owner. This does not require a new hire - it requires a designated accountable executive with board-level visibility.

### **Month 3: Address High-Risk Tool Exposures**

Implement the top Gap Assessment recommendations for all high-risk AI tools influencing lending, pricing, or fraud decisions. Prioritize fair lending exposure under ECOA and HMDA - model bias in underwriting or pricing is an examination and litigation risk, not merely a compliance checkbox.

Begin vendor contract remediation prioritizing high-risk tool contracts first. Where vendors resist adding AI governance language, document the refusal. That documentation matters in an examination.

### **Beyond the First 90 Days: What a Complete AI Governance Program Also Requires**

- Written AI governance policies with board-approved risk appetite
- Staff AI literacy and responsible use training
- Member-facing AI disclosure language and transparency protocols
- Third-party and fourth-party AI due diligence protocols
- AI incident response and rollback procedures
- Model performance monitoring and validation framework
- Fairness testing and bias detection protocols
- ...and additional requirements specific to your AI risk profile

## Ongoing: Establish a Quarterly AI Governance Cadence

- Review all vendor AI updates - vendors frequently enhance AI capabilities between contract cycles without proactive customer notification. You are accountable for changes you didn't know about.
- Monitor NCUA regulatory guidance updates, CFPB fair lending signals, and emerging model risk guidance.
- Repeat Member Impact Analysis for any high or medium-risk tool and repeat them for those that have changed materially since last review.

*Credit unions that complete these steps will have made meaningful progress - but will remain exposed on the deeper governance dimensions that examiners and plaintiffs' attorneys are increasingly focused on. A foundational checklist is not a governance program. It is the diagnostic that reveals how much program you actually need.*

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## The Window Is Open - But Not Indefinitely

Credit unions were built on a founding principle that still matters: people helping people. That principle will survive the AI era - but only for institutions whose leadership treats AI governance as a personal obligation, not a compliance afterthought.

NCUA has given the industry an unusual gift: advance notice. The September 2025 AI Compliance Plan and January 2026 Resource Hub update are not ambushes - they are a roadmap published in plain sight. Institutions that act now will be ahead of their peer group. Those that wait will be managing examination findings under pressure - a far more expensive way to build a governance program.

The question is not whether your credit union has AI risk. It does. The only question is whether that risk is governed or ungoverned when your examiner walks in.

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# About Granite Fort Advisory

Granite Fort Advisory (GFA) is a specialized AI governance and risk advisory firm delivering expert, unbiased guidance in regulated industries. We believe trust is non-negotiable and that AI governance, done right, is not a compliance burden but a strategic advantage.

We do not sell software. We do not build AI models. We provide unconflicted guidance that puts our Customers' interests first - every single time.

GFA's Credit Union AI Governance services include:

- Board AI Literacy Training & AI Governance Briefing
- AI Governance Gap/Readiness Assessment & Implementation
- Vendor Contract AI Risk Review
- ISO 42001 / NIST AI-RMF Assessment & Implementation
- Model Risk Review, AI Incident Response Protocol Development and more.

Granite Fort Advisory uses its proprietary **TRUST360**<sup>TM</sup> framework, a structured, five-stage path from AI risk exposure to governance maturity - benchmarked against 36 industry best practices aligned to ISO 42001 and the NIST AI Risk Management Framework.

Credit unions that complete **TRUST360**<sup>TM</sup> have a documented, defensible AI governance program - built on the exact standards NCUA examiners are now applying.

**If this briefing raised questions you'd like to think through before your next examination cycle, we offer a complimentary 30-minute AI Governance Readiness Call. No pitch. No obligation.**

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