



CBA Risk & Compliance Conference

Community Development Lending in the Age of AI

Data Enrichment and Opportunity Identification



September 30, 2026



Today's Presenter

Charles LeFevre

Director of Compliance Operations

charles@kadince.com



Connect with me on LinkedIn!

TALK
TO
CHUCK



Charles LeFevre
[linkedin.com/in/talktochuck](https://www.linkedin.com/in/talktochuck)



This Session is Sponsored By Kadince

Software for Compliance & Marketing Professionals at Financial Institutions



CRA
Management



Community
Involvement



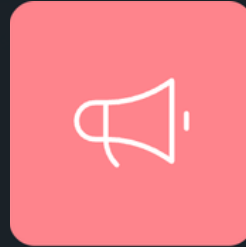
HMDA
Management



Fair Lending
Compliance



Complaint
Management



Marketing
Compliance



Geocoding
and Mapping

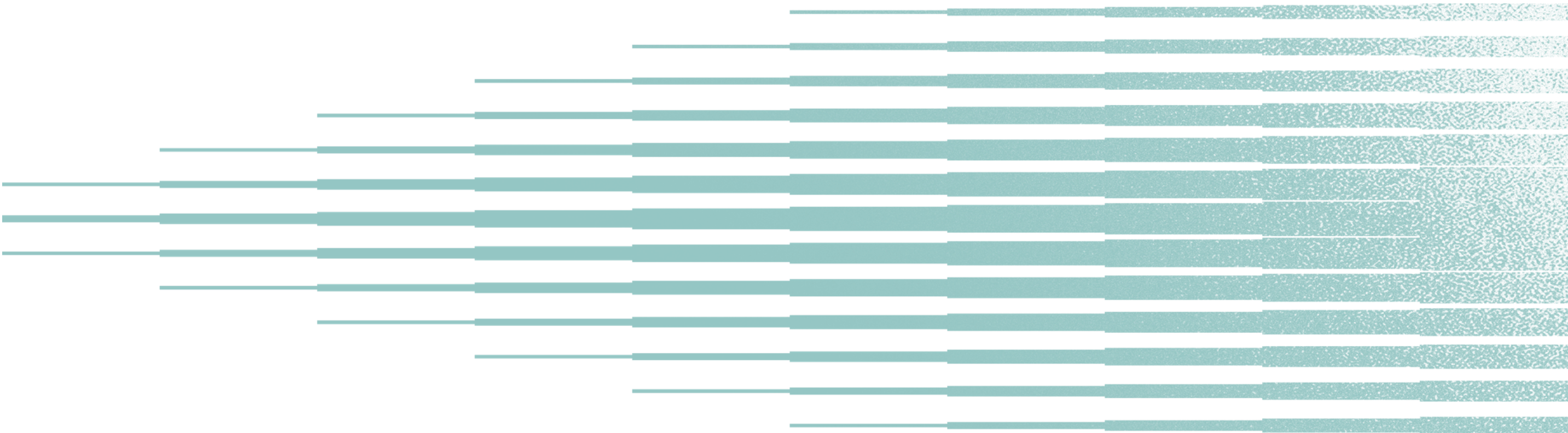


Disclaimer

Today's session is intended only for educational purposes and is not intended to qualify as legal advice. Kadince does not warrant the information, material, and content in this session and the official understanding of the federal government or any state or local government with regard to federal regulations and guidelines, such as the Community Reinvestment Act. All information, material, and content provided in this session is offered as general information and is not tailored to or specific to any particular bank or regulator. No user should act on the basis of any material contained in this session without obtaining proper legal or other professional advice specific to their situation.



They've Been Doing it for 40 Years





1988

the year Capital One bet the company on
test-and-learn marketing



All credit cards were built the same

Bank A
20%_{APR}
\$20 Annual Fee

Bank B
20%_{APR}
\$20 Annual Fee





But all customers weren't

Customer A

20%_{APR}

\$20 Annual Fee

Customer B

20%_{APR}

\$20 Annual Fee





How do we find them?

Customer B

20% APR

\$20 Annual Fee

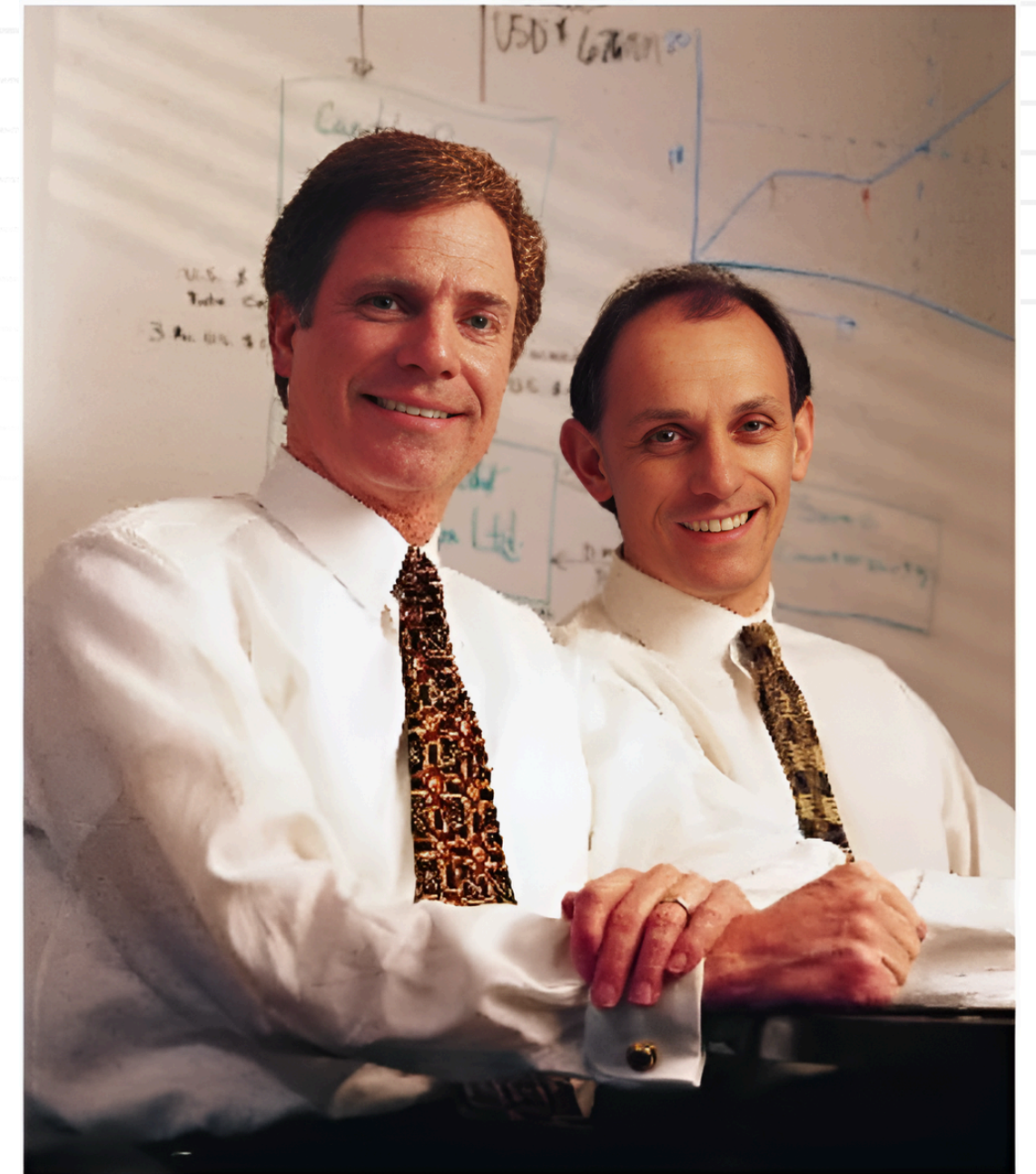
Pays Minimum Monthly

\$6,000 Balance

\$1,200 Annual Interest & Fees

Questions

- What are the **behaviors** of customers who don't pay down their balance?
- AND who don't charge off?





How do we find them?

Customer B

20% APR

\$20 Annual Fee

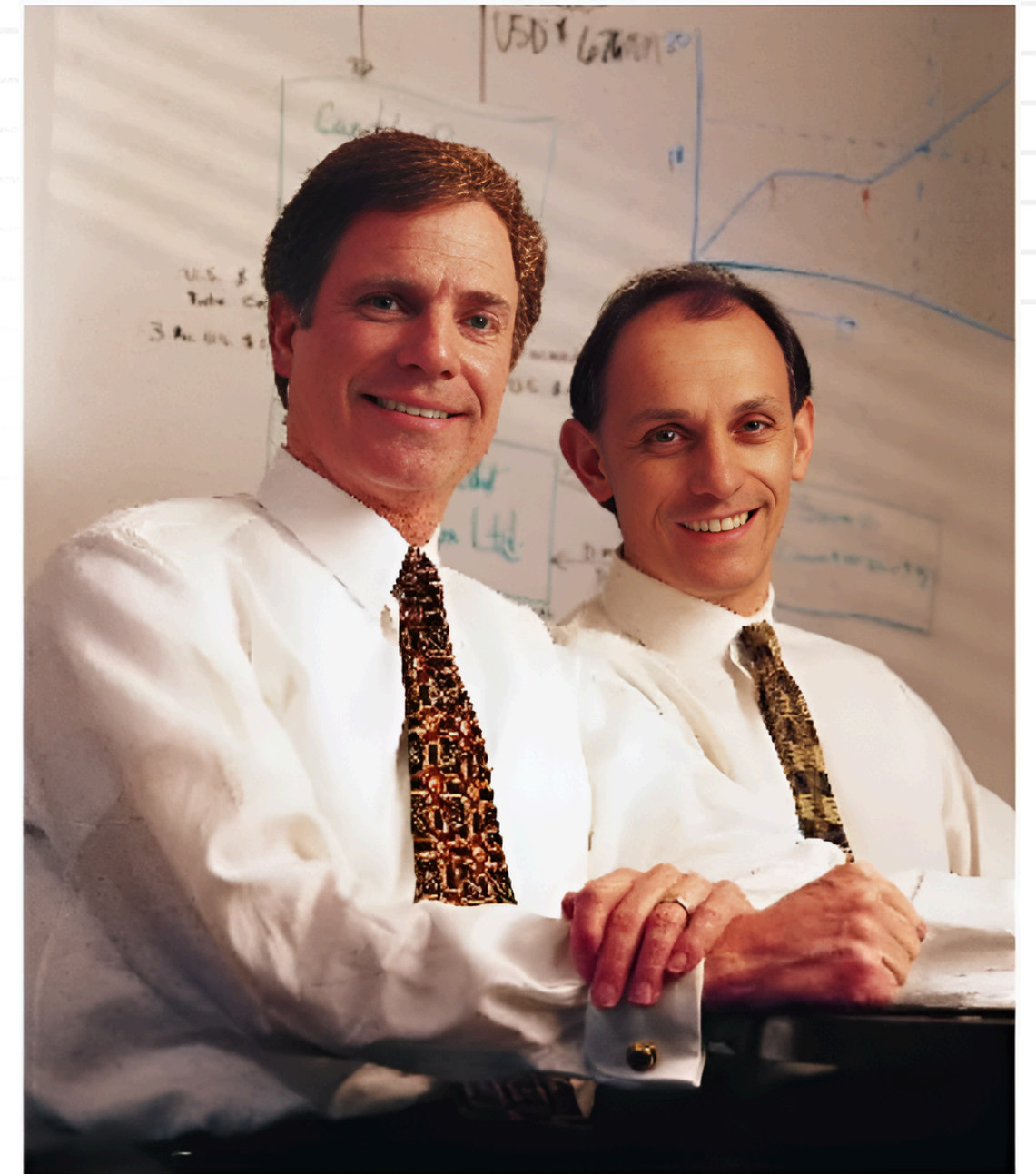
Pays Minimum Monthly

\$6,000 Balance

\$1,200 Annual Interest & Fees

Answers

- They don't have late payment history
- They have account longevity





All credit card approvals were the same

Bank A

20%_{APR}

\$20 Annual Fee

**GOOD BEACON SCORE
GOOD INCOME**

Bank B

20%_{APR}

\$20 Annual Fee

**GOOD BEACON SCORE
GOOD INCOME**





Model behavior



Customer B

20%_{APR}

\$20 Annual Fee

Pays Minimum Monthly

New Inputs

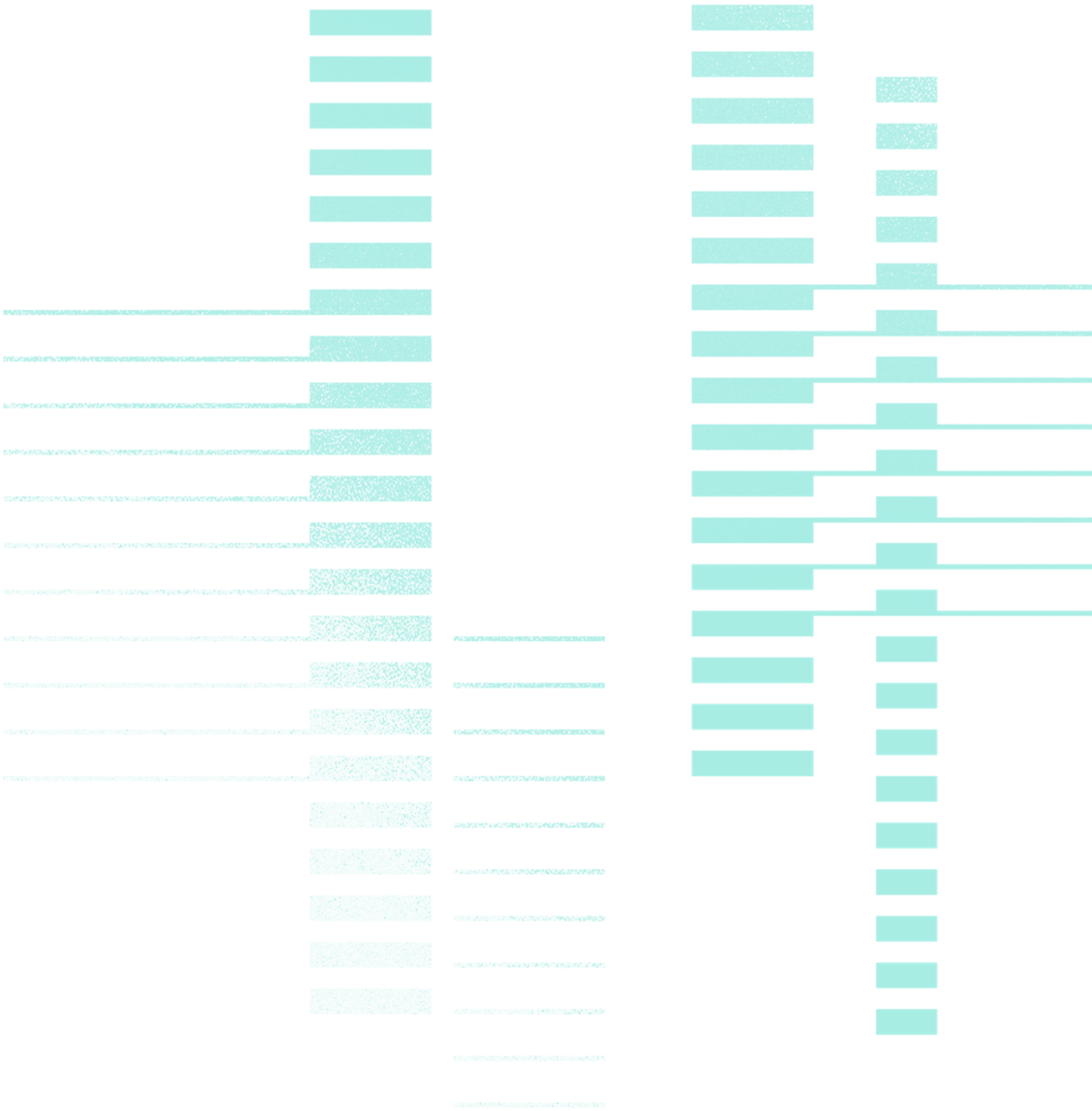
- Good Credit History, not Score
- Open Lines with Competitors

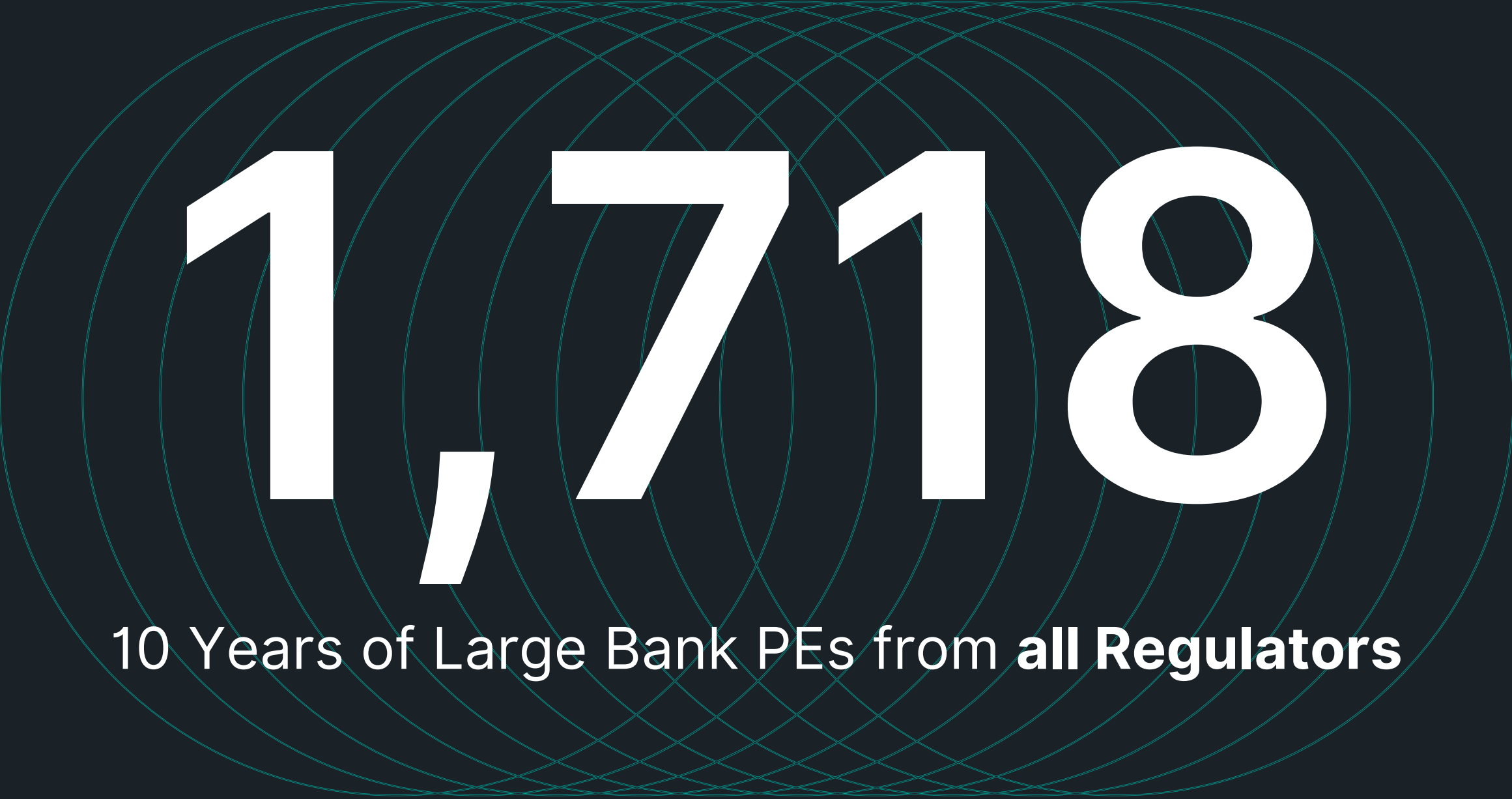
\$6,000 Balance
\$1,200 Annual Interest & Fees



7.5B

model-targeted credit offers mailed in a
single year





1,718

10 Years of Large Bank PEs from **all Regulators**



75%

of banks received a **Satisfactory**

A decorative background consisting of multiple concentric circles in a light teal color, centered behind the main text.

24%

of banks received an **Outstanding**



Large Bank CRA Ratings

2016-2026

	Outstanding	Satisfactory	Needs to Improve	Total
Regulator	%	%	%	#
FDIC	15.9	81.8	2.2	879
OCC	39.5	58.8	1.7	420
FRB	23.2	74.9	1.9	419
Total	23.5%	74.5%	2.0%	1,718

What the evaluations say about CD lending

- The CD lending section is written from what the bank handed over. Examiners will not go digging.
- Satisfactory+ could see and prove their work.
- You want an outstanding? You need a good narrative.

WHAT TEN YEARS OF PEs REVEAL

They wanted evidence.



None of them were born a CD loan

\$137B in community development loans
reported by 646 institutions in
2024

Institutional knowledge is not a control

WHAT EVERY RECORD HAS TO ANSWER

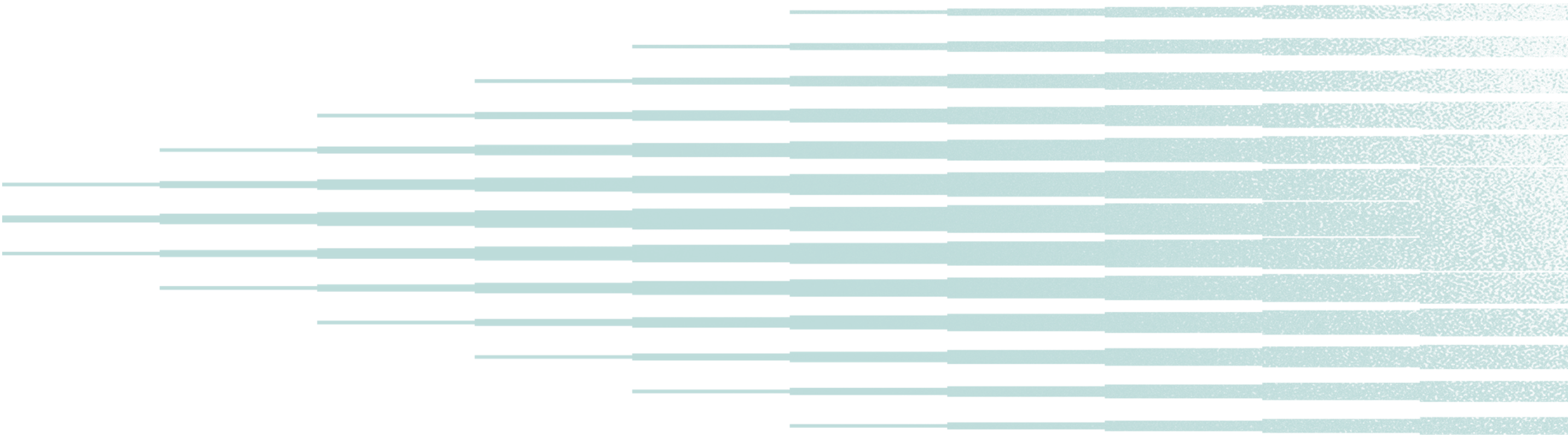
- What happened? What the bank actually financed
- Who benefited? Households, businesses, geographies
- Why is it CD? Purpose and primary-purpose basis
- How do we know? A source for every fact

Examiners rely on what the bank supplies. If the answer lives in one lender's head, it doesn't exist.

THE RECORD DEFENDS ITSELF



The Hunt





Toto, we're not in Kirklands anymore...

>\$10,000

what a family's painting brought at a
New Orleans estate auction in 2005

\$450M

what the same painting sold for twelve
years later

Nothing about the paint changed. The attribution did.



It's hanging in your home right now

The loan origination is the visible part.

**The purpose, the beneficiaries, and the proof
are the *valuable* part.**





Why your da Vincis are hiding in plain sight

5^{+/-}

systems you would open to answer whether one loan qualifies: Core, LOS, imaging/credit file, FFIEC, CRA spreadsheet.

0

of them have *everything* you need to qualify a CDL.

FOUR WAYS THEY HIDE

The purpose usually lives in prose. The borrower's name alone does not tell the story. The geography moves. And nobody has a field to put the answer in.

Not one of these is "we don't do community development lending." Every one is a visibility problem.



WHERE BANKS ARE TODAY

Why most banks are stuck

Three stages of AI adoption. The competitive gap opens between Stage 2 and Stage 3.

HOW INSTITUTIONS ADOPT AI

- › Stage 1: individual experimentation with public tools, sanctioned or not
- › Stage 2: approved assistance with rules and sanctioned tools
- › Stage 3: embedded intelligence inside your workflows and knowledge
- › Most institutions are somewhere between Stage 1 and Stage 2

WHAT STAGE 3 LOOKS LIKE

↓ Embedded

⚙️ Grounded

🛡️ Governed

✅ Provable

🔄 In the workflow

📖 Your knowledge

👤 Human approval

🔍 Audit-ready

Stage 3 is where the Capital One playbook becomes yours



Your lenders are not the problem

THE REAL CONSTRAINT IS THE SYSTEM

- Your CRA team is not too small. It reads files it shouldn't
- Your lenders are not careless. Nobody gave them a field to fill
- Your bank is not behind. Most of this room is mid-transition
- People need systems that make the right tag easier than no tag

You cannot manage community development activity you cannot see.

The machine is an extremely confident intern

WHAT 1,600 SANCTIONED LAWYERS LEARNED

- 2023: six fake cases. ChatGPT confirmed they were real
- By mid-2026: 1,600-plus cases worldwide, several a day
- Severity was set by the 72 hours after getting caught
- “The software said it qualified” is the CRA version of blaming the intern

Useful assistant. Terrible final authority.

THE GOLDEN RULE OF AI



BUT FIRST...

Boring tools for boring jobs. No AI required.



ROUTING

Let a workflow sort things

- Detects specific attributes
- Routes to the right reviewers: missing data to Loan Ops
- Stops incomplete requests before they waste anyone's time
- Matches review priority to probability. Humans always decide

Stop spending limited capacity looking through everything! Use your time wisely by focusing on high probability items first

RISK-BASED REVIEW BEATS STARE AND COMPARE



AI'S FIVE JOBS

What AI can actually be used for in CD lending?

1 Discovery

2 Extraction

3 Enrichment

4 Narrative

5 Quality control



The name on the note is not the whole story

DATA ENRICHMENT

- Match borrower EINs to the IRS master file. Nonprofits surface
- NTEE code to CD hook: a likelihood tier, never a verdict
- NAICS plus revenue flags economic development candidates

Connect the dots before the exam.



WHAT MAKES IT YOURS

Give AI your bank's knowledge

1 Policies and procedures

2 Prior decisions as memory

3 Look-a-likes

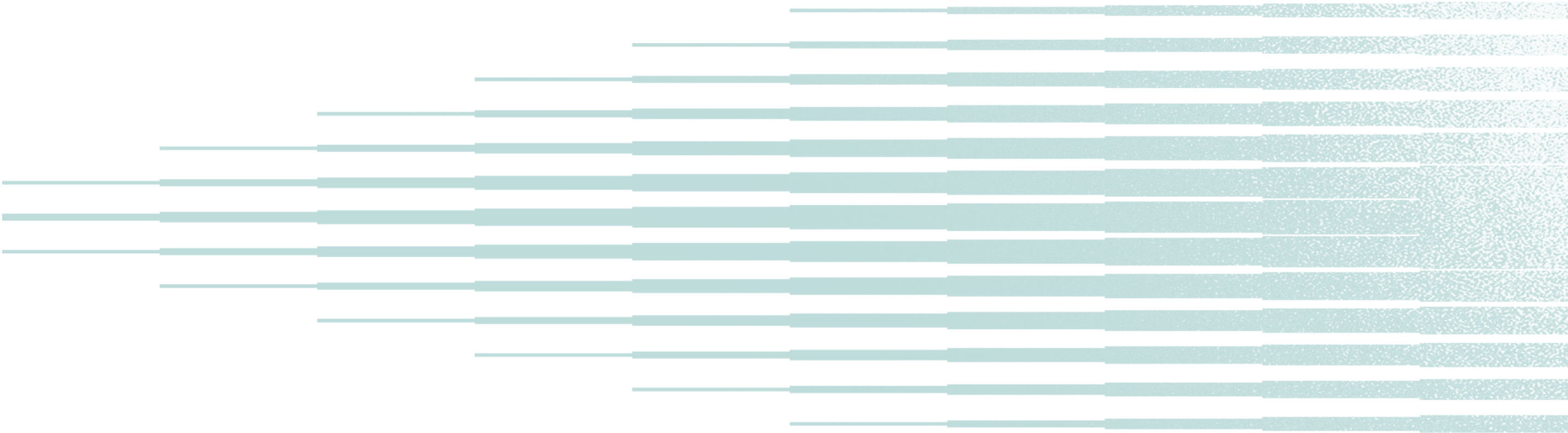
4 Documentation standards

5 Your risk tolerance



The Pattern

Make it a repeatable loop.





THE EVIDENCE

What an examiner-ready CD record carries

EIGHT FIELDS THAT SUPPORT QUALIFICATION

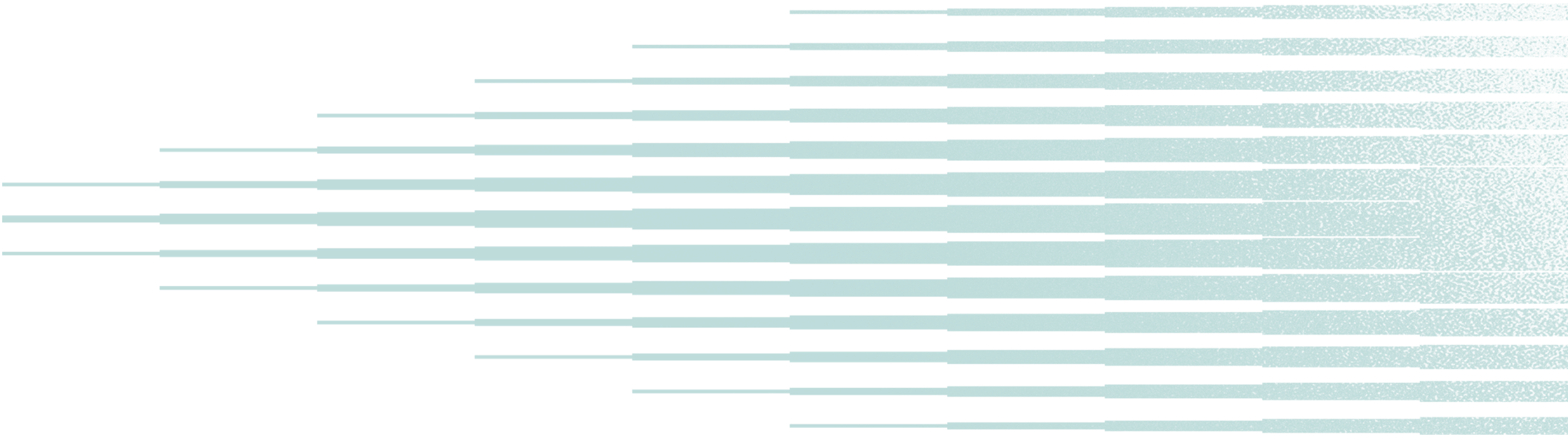
 Transaction Loan ID, amount, date, balance, commitment	 Borrower Info GAR, # employees, EIN, nonprofit status, NTEE, NAICS	 Project Address, use of proceeds, total cost, program	 Geography Tract, income level, assessment area, dataset year
 Beneficiaries Units, income tests, jobs, population served	 Purpose CD category and the primary-purpose basis	 Evidence Document, section, page, date pulled	 Decision Reviewer, status, rationale, audit trail



If a single field alone can't prove eligibility. You need support.



Start Next Week





Your Monday-morning playbook

Six moves. None of them requires a transformation. All of them require a decision.

THE FIRST 30 DAYS

- This week: sample confirmed CD loans, reverse-engineer why
- This month: find the evidence fields; stamp dataset years
- Next: screen the book and tag CD balances, not originations
- Then: shadow-mode AI on history. Count the surprises first

THE 8-POINT VENDOR CHECKLIST

- | | |
|-------------------------|------------------------|
| ⋮ Cites its sources | 📄 Versioned geography |
| 📖 Human approval | 🔒 Full audit trail |
| 🎯 Your data stays yours | 🗄️ Says “I don’t know” |
| 👤 Override log | 📄 Exam-ready output |

If a tool can’t do all eight, it is a chatbot with a logo.



What a visible program feels like

1 **Lenders**
"I flag a possible CD loan at origination, not two years later."

3 **Credit**
"The memo already says who benefits and why."

5 **Examiners**
"The evidence was there before we asked."

2 **CRA officer**
"I review the highly likely results the workflows surfaced, not every file."

4 **Management**
"I see CD activity by assessment area without asking for a report."

6 **The institution**
The knowledge stays in the record, not in somebody's head.



If You Remember Three Things

Before you leave, make sure these three are locked in.

ONE

The loan is worth what your evidence says it is worth.

TWO

AI discovers. Data proves. Rules constrain.
Humans decide.

THREE

The painting is hanging in your house.
Nobody is hiding it from you. Go get it.

BOTTOM LINE Find what is already there. Prove it. Then go find the next one.

A large, stylized teal 'X' graphic that serves as a background for the central text.

Questions?



Want to Learn More About Kadince

Software for Compliance & Marketing Professionals at Financial Institutions

Book a Free, No-Pressure Demo

www.kadince.com/demo



Thank You!

Thank you for joining
us today!

