

CHATFUSE LLC, NICO COETZEE

Proposal and Comment Information

Title: Proposed Third-Party Risk Management Guide for Traditional Community Banking Organizations, OP-1880

Comment ID: FR-2026-0030-01-C09

Subject

Docket No. OP-1880, comments of ChatFuse LLC

Submitter Information

Organization Name: ChatFuse LLC

Organization Type: Company

Name: Nico Coetzee

Submitted Date: 10/01/2026

To the Secretary of the Board,

ChatFuse LLC respectfully submits the attached public comment regarding Docket No. OP-1880, which concerns the proposed Third-Party Risk Management Guide for Traditional Community Banking Organizations.

This comment proposes that Section IV.C of the guide would benefit from the inclusion of a ninth category of vendors, specifically for artificial intelligence and generative artificial intelligence solutions. This category would encompass both standalone AI services and AI functionalities integrated into existing core, digital banking, BSA/AML, and fraud detection products. For vendors in this category, the guide could recommend that community banks inquire about whether client data would be used for model training, the identities of the model developers engaged by the vendor, requirements for advance notification of any model modifications, the provision of access to output logs, mechanisms for human review of outputs, and procedures for service termination and data exit. Corresponding contract terms could be suggested in the portion of the guide addressing negotiations.

Please note that this comment may be published in its submitted form.

Respectfully,

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Comments on Docket No. OP-1880

Proposed Third-Party Risk Management Guide for Traditional Community Banking Organizations

Submitted to	Board of Governors of the Federal Reserve System, publiccomments@frb.gov
Commenter	ChatFuse LLC, San Diego, California (company comment)
Contact	Nico Coetzee, Founder and CEO, nico@chatfuse.ai, 949-232-0220
Date	1 October 2026

About the commenter

ChatFuse LLC is an AI company located in San Diego. ChatFuse is an organization of specialized AI agents, each responsible for a different function (engineering, solutions architecture, QA, research and client communications), led by founder and CEO Nico Coetzee. The platform manages task allocation among more than 100 AI models sourced from various model developers. ChatFuse LLC does not hold a banking charter and does not presently provide services to financial institutions. This comment is submitted because artificial intelligence solutions now reach community banks both as independent offerings and as integrated elements within products supplied by the eight categories of vendors identified by the proposed guidance. The proposed guide is, therefore, an appropriate forum to assist smaller financial institutions in formulating relevant inquiries.

Response to the question on vendor categories in Section IV.C

We recommend the inclusion of a ninth category: providers of artificial intelligence and generative artificial intelligence solutions, encompassing AI capabilities incorporated within products offered by core processors, digital banking suppliers, BSA/AML solution providers, and fraud prevention vendors. For many community banks, the initial encounter with AI is likely to occur through an enhancement to an existing vendor relationship, rather than the procurement of a novel service agreement. Accordingly, the guide could clarify that the introduction of AI functionality into a current service may alter the associated risk profile, and may merit renewed risk assessment.

The following points pertain specifically to this category and are not fully addressed by the general topics described in Section IV.B:

Use of bank data. A bank may wish to ask whether the provider, or any developer responsible for the AI model, may access customer data or prompt information from the bank for the purposes of model training or improvement, as well as the duration for which both inputs and outputs are stored.

Fourth parties. The majority of AI enabled features rely on a limited number of foundational model developers. Banks may wish to identify which model developers are involved in processing their information, the locations of such processing, and whether the vendor is able to transition to an alternative developer in the event of failure or contractual changes. These considerations relate to both operational continuity and concentration risk.

Silent changes. It is possible for an underlying model to be modified or substituted without any visible indication to the bank, which may result in the same input yielding different outputs. Banks could consider requesting advance notice regarding substantive changes to models and information on the vendor's validation procedures preceding such modifications.

Accuracy and records. When AI tools are employed in areas such as customer communications, BSA/AML alert analysis, or fraud determination, banks may wish to request information about how the vendor evaluates accuracy, whether each output links back to the material it relied on, and if the bank can access logs detailing what the AI system generated and at what time, for regulatory review and

complaint resolution.

Human review. Clarification may be necessary regarding the types of decisions made or proposed by the AI system, and the circumstances under which a bank employee examines the AI's output before customer impact occurs.

Exit. It should be considered whether the bank is able to export its data, configuration settings, and prompt records in the event of a transition to a different provider.

Response to the question on contract negotiations

For this category, it may be appropriate for the guide to enumerate example contract provisions that a community bank could consider requesting. These provisions might include a prohibition on the training of models using bank data unless prior consent has been granted; a requirement for a regularly updated roster of model developers and any additional subprocessors, along with prompt notification when changes occur; advance notice in the event of significant modifications to the model; ongoing access to logs detailing usage and system outputs; the ability to request deletion of data both during the contractual relationship and upon its conclusion; and notification of incidents that encompasses failures unique to artificial intelligence, such as instances where a model generates customer facing outputs that are either harmful or inaccurate.

Level of detail

The Board's method of offering illustrative considerations, rather than establishing standards, is an appropriate strategy. Providing a concise set of questions for each relevant category, as described above, aligns with this approach and remains practical for use by community banks that do not possess dedicated artificial intelligence personnel.

Contact

Nico Coetzee, Founder and Chief Executive Officer, ChatFuse LLC, 302 Washington St, #150-7038, San Diego, CA 92103. nico@chatfuse.ai, 949-232-0220. These remarks may be made public.

Respectfully submitted,



Nico Coetzee, Founder and CEO, ChatFuse LLC, 1 October 2026