



PROGRAM MATERIALS

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Identifying and Mitigating Legal Risk in Fintech Programs: Governance, Oversight, and Early-Stage Exposure for Counsel


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Speaker Introduction

Alex Nahai, Esq.: Alex Nahai is the Founder and Managing Attorney of Alex Nahai Law. He advises businesses, investors, and entrepreneurs on corporate, securities, real estate, and commercial matters.



Stephanie Schumacher, CAMS, RIMS-CRMP, is a Global Risk Advisor at SightSpan and a risk and compliance leader with more than 20 years of experience across banking, fintech, payments, lending, and emerging financial services. She specializes in AML and sanctions compliance, enterprise and third-party risk management, and sponsor bank/BaaS oversight.



Shawn Dean - Experienced VP working with Strategic Relationship Managers and Technical Project Managers while overseeing new project implementations and the transition into the strategic relationship group.



Justin Muscolino is the CEO and Co-Founder of Founder of the Fintech Training Center. With more than 20 years of experience in compliance, risk management, and regulatory training.



Amanda Estiverne is a payments strategist, fintech leader, and Founder of AGE Advisors, with more than 20 years of experience across banking, fintech, and technology. She advises financial institutions and startups on payments innovation, digital transformation, strategic growth, and financial inclusion.



Agenda

- The Current Fintech Risk Environment
- Governance and Accountability
- Fraud, Identity, and AI Risks
- Sponsor Bank Oversight Expectations
- Escalation and Documentation Practices
- Building Defensible Programs
- Panel Discussion and Audience Q&A
- Key Takeaways



Why Legal Risk Matters in Fintech

- The Fintech Risk Environment
 - Regulatory scrutiny continues to increase
 - Sponsor banks face heightened oversight obligations
 - Third-party risk management expectations are expanding
 - Fraud and identity threats are becoming more sophisticated
 - AI introduces new operational and legal considerations
 - Governance failures often emerge before compliance failures



Governance as a Risk Control

- Governance Beyond the Checklist
 - Clear ownership and accountability
 - Effective oversight structures
 - Defined escalation channels
 - Risk reporting and transparency
 - Board and management engagement
 - Documentation supporting decision-making



Accountability and Risk Ownership

- Who Owns the Risk?
- Challenges frequently arise when:
 - Responsibilities overlap
 - Risk decisions lack clear ownership
 - Sponsor banks and fintechs have different expectations
 - Legal, compliance, and business teams operate independently
 - Escalations are delayed or ignored



Fraud, Identity, and AI Risk

- Emerging Threats
- Current challenges include:
 - Synthetic identities
 - AI-generated fraud schemes
 - Deepfakes and document manipulation
 - Account opening fraud
 - Transaction laundering
 - Automated attack campaigns



Defensible Fraud Programs

- What Makes a Fraud Program Defensible?
 - Clearly defined monitoring processes
 - Escalation and investigation procedures
 - Documented decision-making
 - Risk-based controls
 - Management reporting
 - Ongoing testing and improvement



Sponsor Bank Oversight

- Rising Expectations
- Sponsor banks increasingly expect:
 - Strong governance frameworks
 - Effective risk assessments
 - Comprehensive policies and procedures
 - Third-party oversight controls
 - Documented monitoring activities
 - Clear evidence of accountability



Preparing Before the Questions Come

- Documentation and Operational Readiness
- Organizations should have:
 - Governance documentation
 - Risk assessments
 - Escalation procedures
 - Board and committee reporting
 - Issue management processes
 - Vendor oversight records
 - Fraud and compliance metrics



Escalation and Documentation

- Turning Signals into Action
- Common breakdowns include:
 - Unclear escalation paths
 - Delayed decision-making
 - Poor communication across teams
 - Lack of ownership
 - Insufficient documentation
 - Failure to track remediation efforts



Regulatory Inquiries and Examinations

- What Regulators Look For
- Examiners often focus on:
 - Governance effectiveness
 - Evidence of oversight
 - Accountability structures
 - Documentation quality
 - Risk assessment processes
 - Issue identification and remediation
 - Management and board involvement



Panel Discussion Questions

- Discussion Topics
 - Early warning signs of risk
 - Governance effectiveness
 - Accountability structures
 - Fraud and AI threats
 - Sponsor bank expectations
 - Escalation processes
 - Documentation practices
 - Reducing future exposure



Audience Q&A

- What challenges are you seeing today?
- Where do governance structures struggle most?
- How are sponsor bank expectations changing?
- What legal risks concern you most?

Key Takeaways

- Most major risk events begin with early warning signs.
- Governance must function in practice, not just on paper.
- Clear accountability reduces confusion and delays.
- Fraud, identity, and AI risks require continuous adaptation.
- Sponsor bank expectations continue to increase.
- Escalation processes are critical to effective risk management.
- Documentation often determines how organizations withstand scrutiny.
- Building trust and governance infrastructure early is significantly less costly than responding to a crisis later.



THANK YOU!