Quarterly Perspectives: Financial Reporting & Beyond / Q3 2025

October 16, 2025

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Meet the Presenters From Forvis Mazars A&A Professional Standards Group & Audit Methodology & Innovation

Greg Faucette
Partner
National Financial Reporting Leader – SEC

Adam Roark
Partner
National Director of Assurance
Methodology & Innovation

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Special Guests

Nik Fahrer
Director
Blockchain & Digital Assets Practice
Leader

Jared Forman
Principal
Quantitative Consulting Service Line
Leader

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Looking Back

What Has Caught Our Eye

- AI coming to a crescendo across the board

- Movement on the SEC's regulatory agenda

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Here & Now

Understanding AI
AI, ML, GenAI, & Automation

Concept	Artificial Intelligence (AI)	Machine Learning (ML)	Generative AI (GenAI)	Automation
Definition	Broad field of creating systems that simulate human intelligence.	Subset of AI that learns from data to improve performance.	Subset of ML that generates new content (text, images, code).	Technology that performs rule-based tasks without learning.
Goal	Enable reasoning, decision making, and automation.	Predict outcomes and detect patterns.	Create narratives, code, or designs based on patterns in data.	Increase efficiency by eliminating manual effort.
Examples	Chatbots, fraud detection, robotics.	Credit scoring, anomaly detection.	ChatGPT, image generators, code assistants.	Robotic Process Automation (RPA) for invoice processing, workflow automation.
Illustrative Risks*	Bias, explainability, data privacy.	Model drift, overfitting, data quality issues.	Hallucinations, IP risk, misinformation.	Process errors, lack of flexibility
Internal Audit Relevance*	Audit AI governance, validate risk frameworks, assess AI risk exposure.	Use ML for predictive analytics, risk scoring, trend analysis.	Use GenAI for drafting audit reports, summarizing policies, generating test plans.	Automate evidence collection, control testing, and workflow orchestration.

*Not exhaustive

Artificial Intelligence (AI)
Machine Learning (ML)
Generative AI (GenAI)
Automation
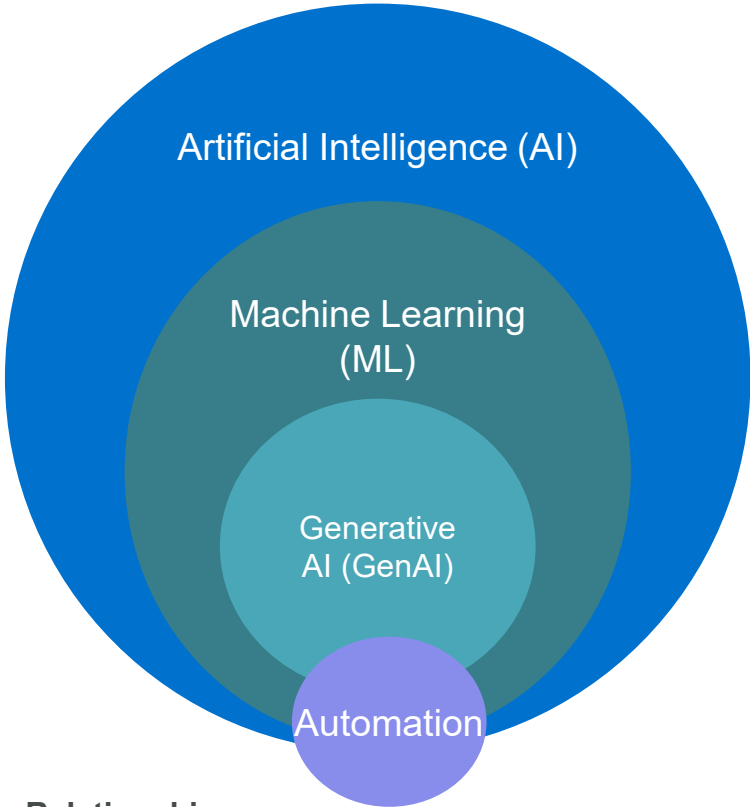
Relationship:
- AI often combines ML + automation + other techniques (*e.g.*, NLP, reasoning)
- ML is a subset of AI
- GenAI is a subset inside ML
- Automation can exist without AI (*e.g.*, RPA scripts)

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AI in Practice
Use Case Primitives

AI opportunities are typically categorized across six core use case styles. These serve as a structured foundation for ideation, but each must be assessed within the specific context of a team's objectives, workflows, and constraints—and then evaluated based on feasibility and potential impact.

Content Creation
- Generate first drafts of text, images, and visualizations
- Edit, polish, and proofread
- Translate and localize for global reach

Research
- Rapid learning, exploration, and web searching for new topics
- Summarize and extract data or insights from large texts

Automation
- Handle repeatable, routine tasks, reducing human time and errors
- Optimize workflows with clearly defined instructions, inputs, and outputs

Coding
- Generating, debugging, and translating code
- Empowers non-developers to use tools like Python, SQL, and visualizations

Ideation & Strategy
- Brainstorm and build content, structures, and comprehensive plans
- Refine and iterate on complex problems across text, voice, and visuals
- Provide feedback on work, aligning with KPI and stakeholder goals

Data Analysis
- Detect trends and anomalies, and produce visualizations and dashboards
- Extract and analyze data from spreadsheets, dashboards, CRMs, screenshots, or charts

Feasibility

Risk:
- Legal, regulatory, operational, transparency, and bias/fairness risks
- End-user sophistication and client impact

Data:
- Data privacy, security, readiness, and quality

Operability:
- Infrastructure and organizational readiness
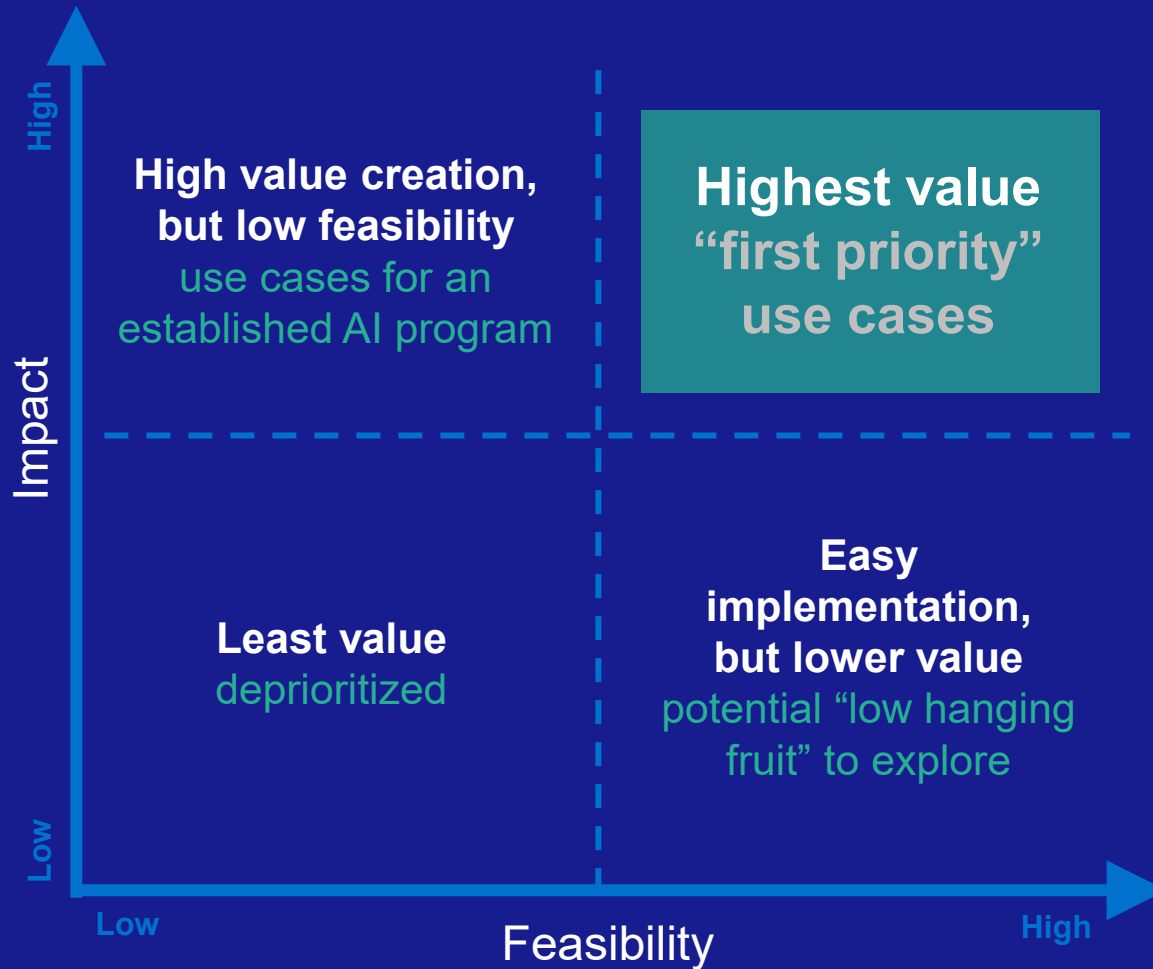- Deployment and maintenance complexity

Impact

Financials:
- Cost increase vs. increased revenue expectations
- Risk exposure
- Expense reduction

Performance:
- Increased productivity and efficiency
- Error rates and reliability
- Scalability, flexibility, and adoption rates

Underlying criteria, including the above, is used to determine feasibility, impact, and further prioritize and refine use case selection

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Criteria for AI Use Case Assessment

High value creation, but low feasibility
use cases for an established AI program

Highest value "first priority" use cases

Least value
deprioritized

Easy implementation, but lower value
potential "low hanging fruit" to explore

Impact — Low / High

Feasibility — Low / High

Each organization is unique in its needs, resources, and perception of value. To understand what is deemed highest impact, we must consider:

• Existing procedural pain points
• Resourcing across the organization, *e.g.*, groups that are under resourced, existing technology capabilities
• Any existing timelines for implementation or commitments made

The outputs are to be paired with tailored AI use cases and cross-referenced against additional risk criteria to determine the best starting point for each organization.

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AI Use Case Solutions
Overcoming Challenges

While the adoption of AI presents transformative opportunities, it is prudent to anticipate and address potential operational complexities early in the process to proactively address challenges for smoother and more effective implementation.

Data Restrictions

Data readiness is at the forefront of AI adoption. This includes data cleanliness, accuracy, availability, labeling, traceability, and mapping.

Data Architecture Constraints

For successful integration, use cases should align with existing systems and infrastructure or be supported by a clear and actionable build plan.

People & Talent

Responsible and ethical AI use requires SME involvement, as well as continuous oversight, training, and informed, experienced users.

Process Transparency

Using AI to automate internal operations requires an in-depth understanding of existing processes and procedures.

Internal Governance & Policy

AI integration and adoption will be subject to internal governance procedures and technology approval policies.

Regulatory Compliance

Ensuring compliance is key to AI adoption, requiring transparent, explainable decisions that align with cross-jurisdictional regulations.

By comprehensively understanding and navigating the challenges of AI adoption, we streamline the implementation processes, ensuring timely and effective integration of AI technologies.

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Approach to Auditing AI
Adapting Governance to Stay Ahead

As AI adoption accelerates, so does the complexity of the regulatory environment that surrounds it.
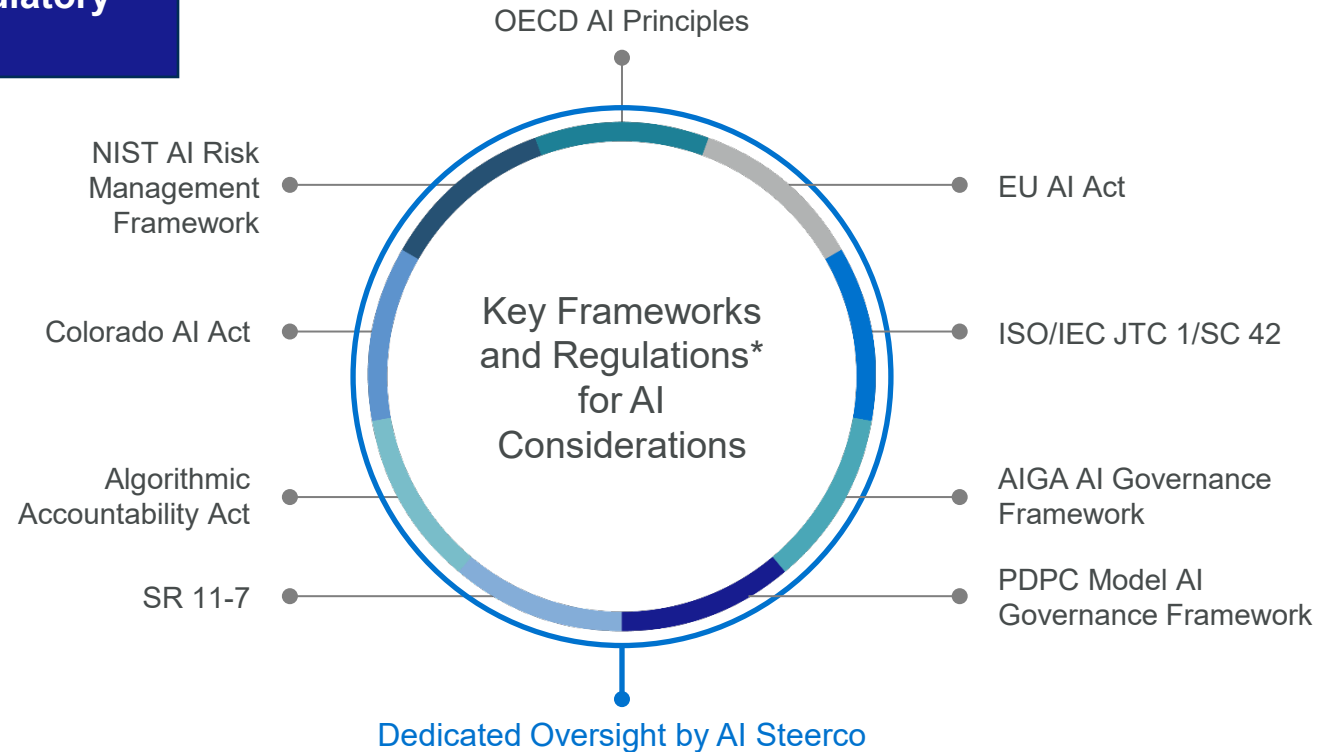
New rules, evolving guidance, and cross-border standards are reshaping what it means to use AI responsibly. Organizations must ensure their governance models can keep pace.

Regulatory expectations are no longer abstract, as they directly shape how AI must be designed, deployed, and monitored. **Governance is the mechanism that connects these expectations to operational reality.**

It is important to respond by:
- Translating emerging AI regulations into practical governance structures and controls.
- Establishing frameworks for cross-functional AI SteerCos to provide oversight and risk accountability.
- Embedding compliance and risk management into every stage of the AI lifecycle.
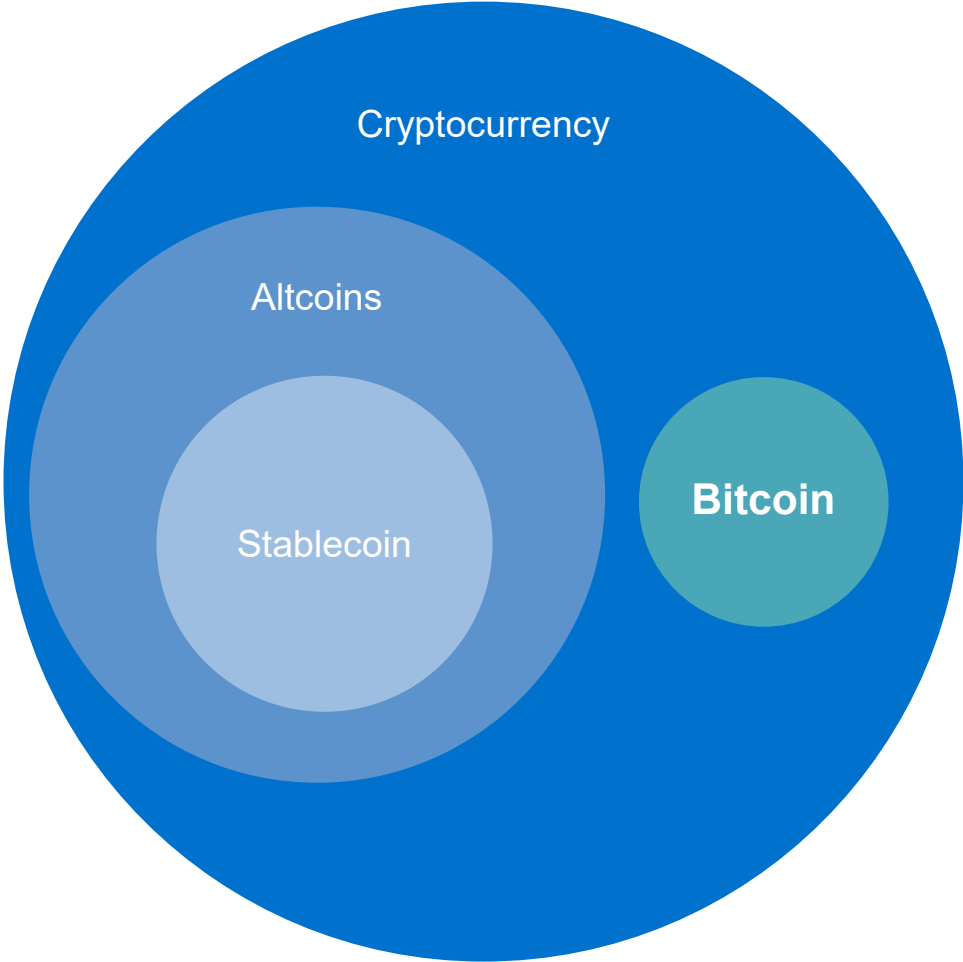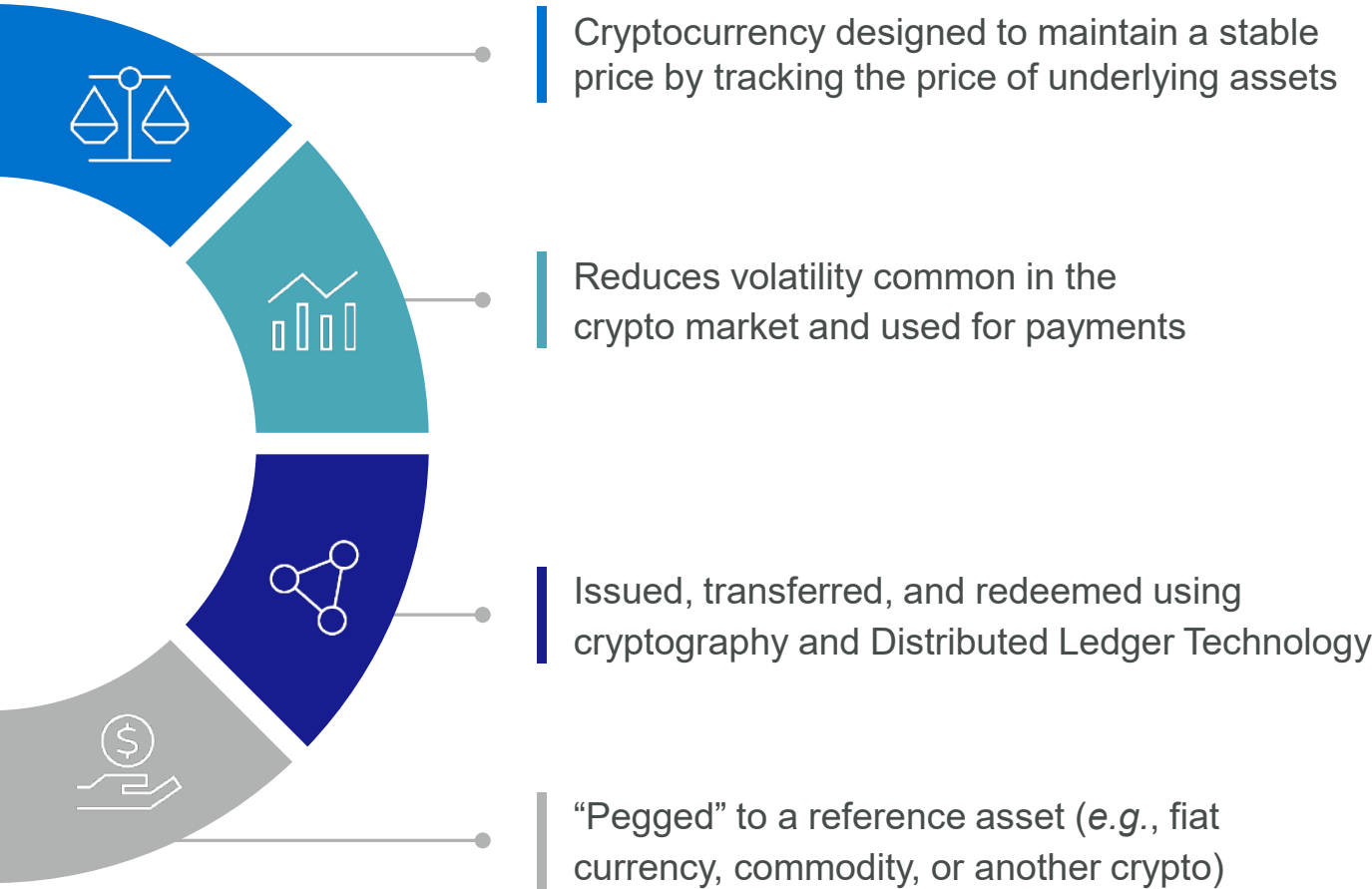- Assessing and evolving governance maturity in line with global frameworks.

Key Frameworks and Regulations* for AI Considerations

- OECD AI Principles
- EU AI Act
- ISO/IEC JTC 1/SC 42
- AIGA AI Governance Framework
- PDPC Model AI Governance Framework
- Dedicated Oversight by AI Steerco
- SR 11-7
- Algorithmic Accountability Act
- Colorado AI Act
- NIST AI Risk Management Framework

It is important to make sure your governance program remains agile, compliant, and aligned with the pace of regulatory change.

*Note, the frameworks and regulations shown are demonstrative and not an exhaustive list

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What Is a Stablecoin?
Definition & Purpose

Cryptocurrency designed to maintain a stable price by tracking the price of underlying assets

Reduces volatility common in the crypto market and used for payments

Issued, transferred, and redeemed using cryptography and Distributed Ledger Technology

"Pegged" to a reference asset (*e.g.*, fiat currency, commodity, or another crypto)

Cryptocurrency

Altcoins

Stablecoin

Bitcoin

*not exact definition used in the GENIUS Act
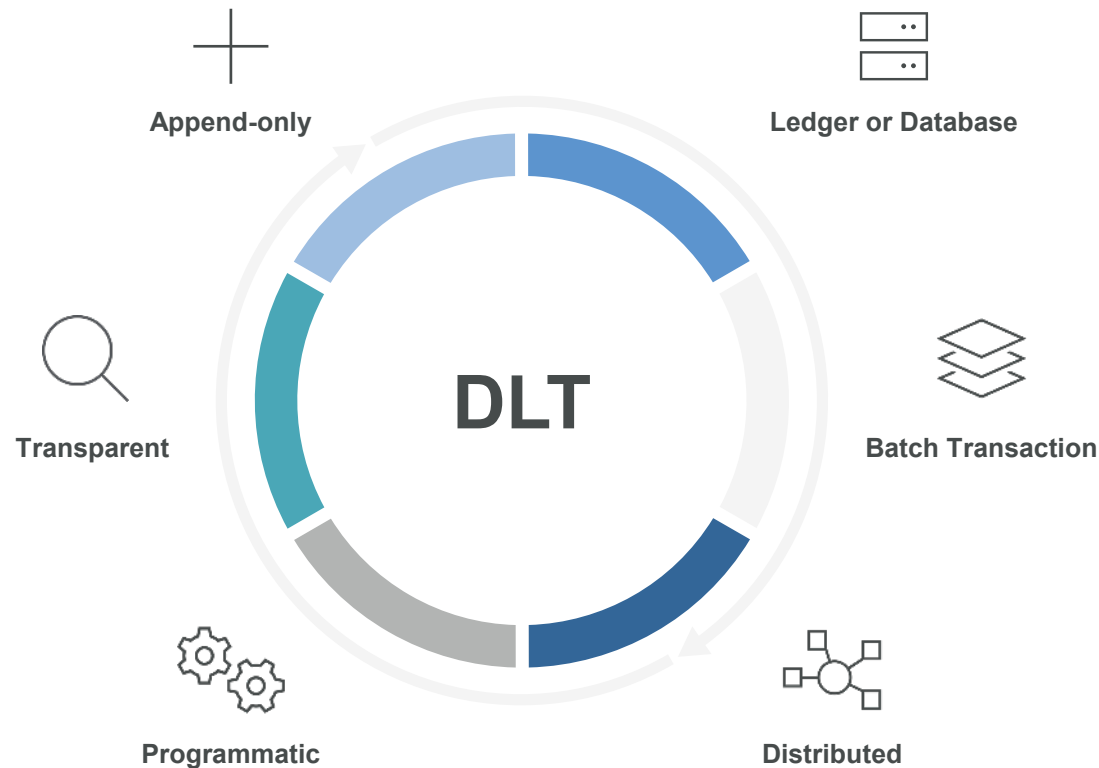
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What Is a Stablecoin?
Blockchain or Distributed Ledger Technology (DLT)

What is Distributed Ledger Technology (DLT)?
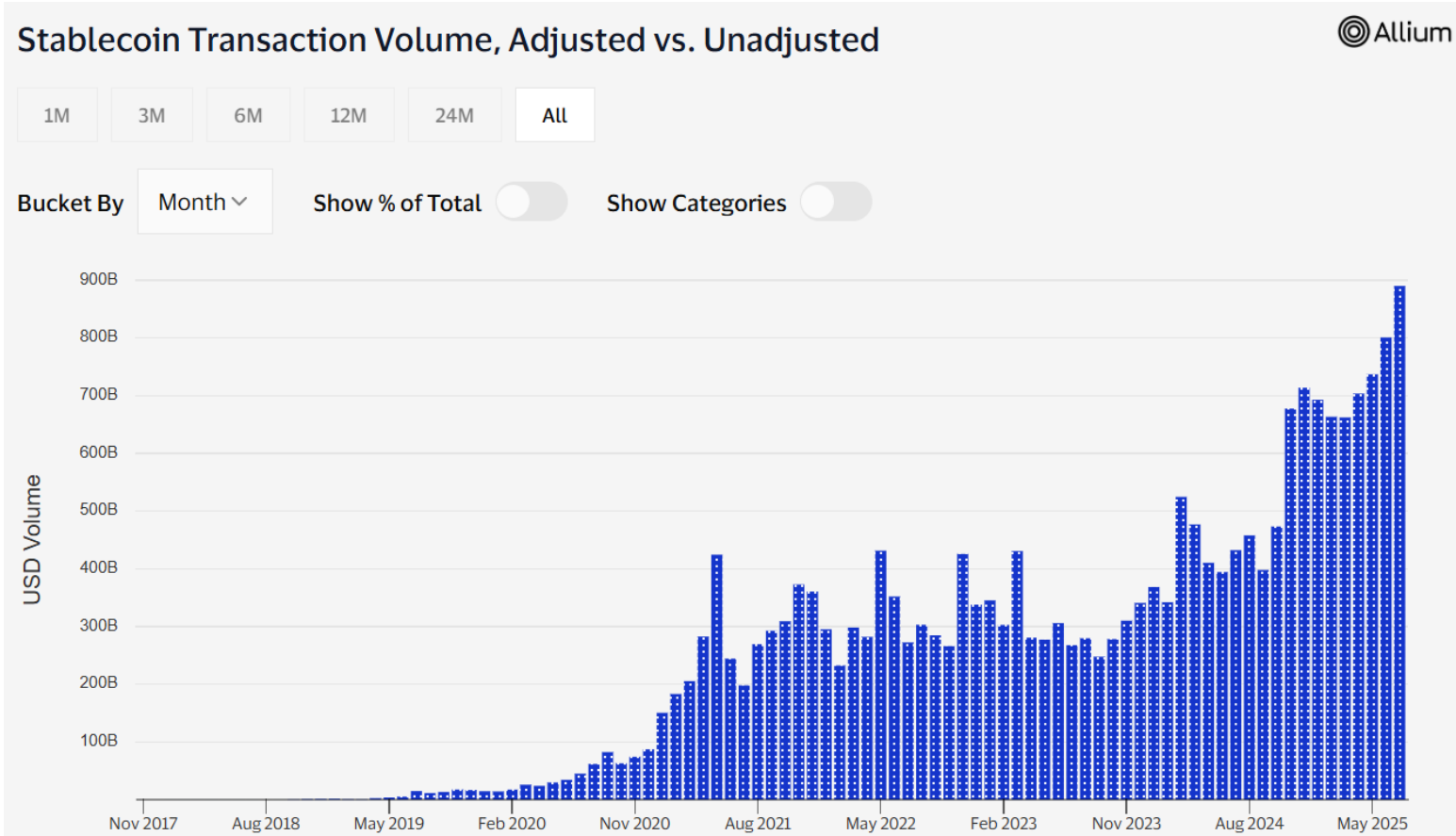
Blockchain is a common form of DLT

Why use Distributed Ledger Technology?

- Near-instantaneous settlement

- 24/7

- Reduced reliance on 3rd party intermediaries

- May also reduce fees

- No cap on amount that can be moved

- Use of cryptography

- Programmability

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Stablecoin – By the Numbers
Total Transaction Volume

Stablecoin Transaction Volume, Adjusted vs. Unadjusted ⊚ Allium

| 1M | 3M | 6M | 12M | 24M | **All** |

Bucket By [Month ⌄]   Show % of Total ⬤   Show Categories ⬤

y-axis: USD Volume (100B – 900B)
x-axis: Nov 2017, Aug 2018, May 2019, Feb 2020, Nov 2020, Aug 2021, May 2022, Feb 2023, Nov 2023, Aug 2024, May 2025

Observations

Steady Growth

- ~$900B in adjusted transaction volume for trailing 30 days
- Adjusted to remove high-frequency trading and bots

Transaction Count

- ~240 million
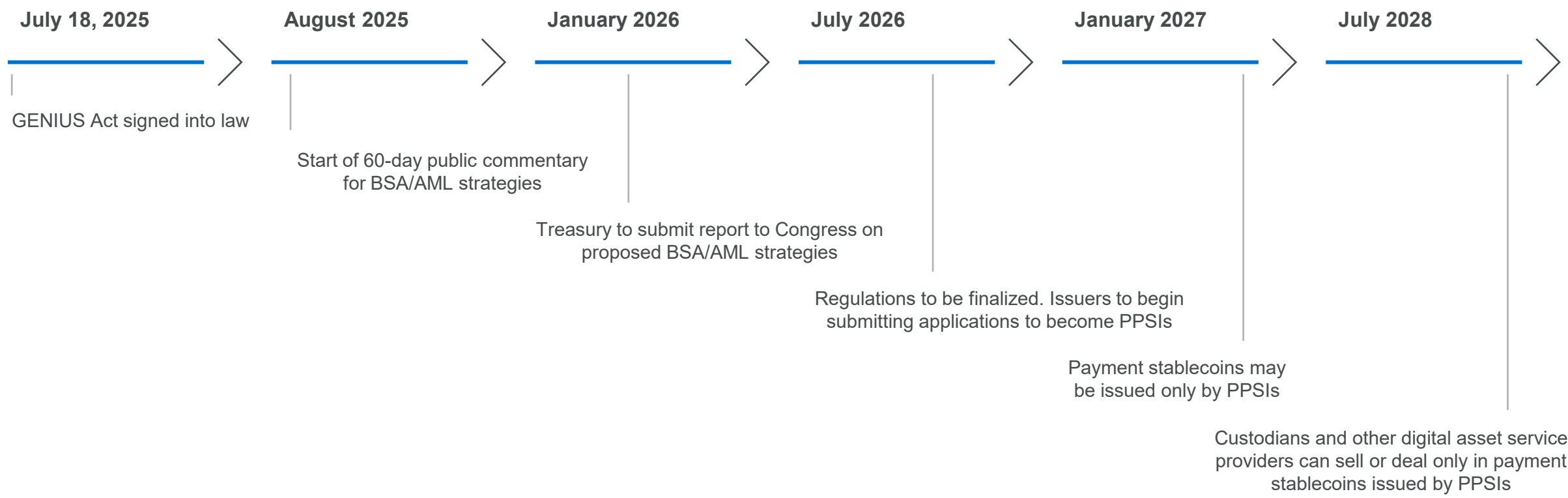- Average transaction amount: ~$3,750

Retail vs. Non-retail

- ~99% of volume is non-retail
- ~49% of transaction count is retail

Data as of July 2025: Visa Onchain

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The GENIUS Act
Timeline & Expected Guidance

The Act will take effect on the earlier of (1) the date that is 18 months after the date of enactment of this Act; or (2) the date that is 120 days after the date on which the primary Federal payment stablecoin regulators issue any final regulations implementing this Act.
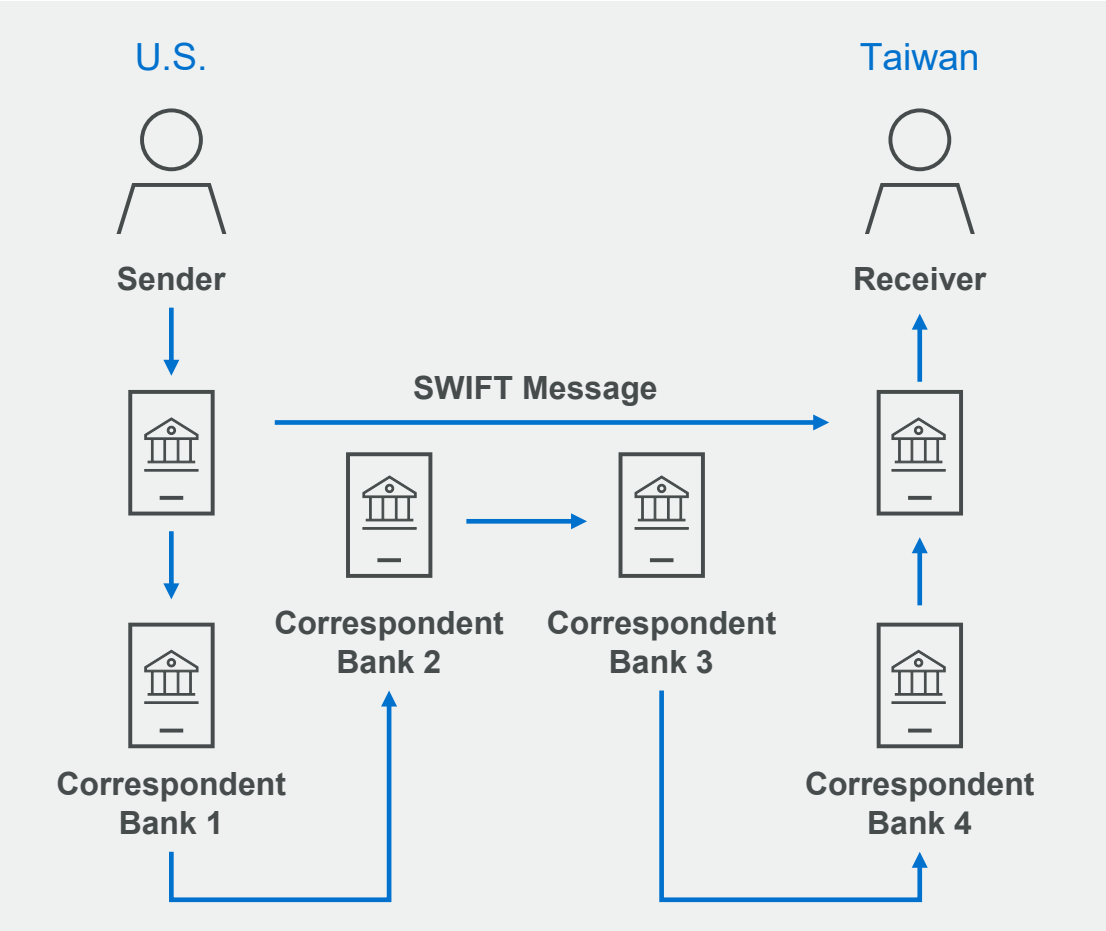
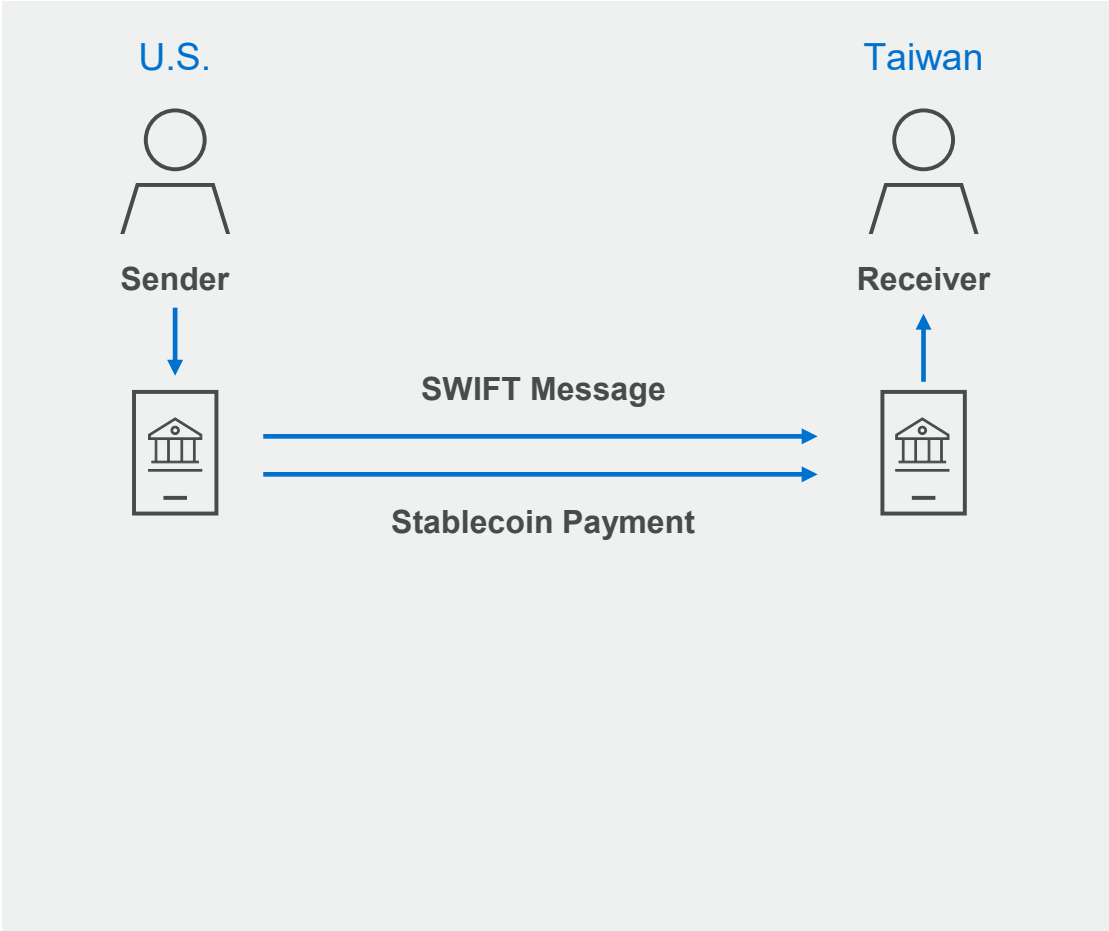| The GENIUS Act		
Permitted Payment Stablecoin Issuers	Licensure & Regulators	Anti-Money Laundering
Reserves & Transparency	Allowable & Prohibited Activities	Foreign Payment Stablecoin Issuers
Non-Bank Issuers	**Timeline & Expected Guidance**	Safe-Keeping Requirements

July 18, 2025

GENIUS Act signed into law

August 2025

Start of 60-day public commentary for BSA/AML strategies

January 2026

Treasury to submit report to Congress on proposed BSA/AML strategies

July 2026

Regulations to be finalized. Issuers to begin submitting applications to become PPSIs

January 2027

Payment stablecoins may be issued only by PPSIs

July 2028

Custodians and other digital asset service providers can sell or deal only in payment stablecoins issued by PPSIs

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Anticipated Impact
International Payments

Without Stablecoin

U.S. — Sender
Taiwan — Receiver
SWIFT Message
Correspondent Bank 1
Correspondent Bank 2
Correspondent Bank 3
Correspondent Bank 4

With Stablecoin

U.S. — Sender
Taiwan — Receiver
SWIFT Message
Stablecoin Payment

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FASB's Private Company Council

PCC Roles & Responsibilities

- Advisory
  - Primary FASB advisor on private company matters
  - Creates working groups to support responsibilities
  - Regular communications and meetings with FASB

- Accounting Alternatives for Private Companies
  - Manages own meetings to achieve objectives
  - Review GAAP using framework
  - Develop projects leading to FASB proposals

- Outreach
  - Outreach with private company stakeholders with and on behalf of the FASB
  - Conduct town hall meeting and liaison sessions with stakeholders

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FASB's Private Company Council

Recent Accomplishments

- ## Standard Setting and Publications
  - Private Company Council – 2024 Annual Report
  - FASB Staff Educational Paper – Topic 606: Presentation and Disclosure of Retainage for Construction Contractors
  - ASU 2025-05: Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets

- ## Research and Working Groups
  - Research on debt modifications and extinguishments
  - Working group on simplifying lease accounting

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FASB's Private Company Council

PCC Agenda Actions & Priorities

March 2025 Meeting

- Prioritized preliminary research on:
  - Weighted-Average Disclosures
  - Short-Cycle Manufacturing
  - Subjective Acceleration Clauses
  - Interest Method

June 2025 Meeting

- Continued research on:
  - Subjective Acceleration Clause
  - Interest Method
  - Lease Accounting Simplifications
- Discontinued research on:
  - Weighted-Average Disclosures
  - Short-Cycle Manufacturing

September 2025 Meeting

- Continued research on:
  - Lease Accounting Simplifications
  - Subjective Acceleration Clauses
- Paused research on Interest Method

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Conversations You Should Be Having

What Is on the Horizon

- AI – Speed of evolution is increasing. Strategy is important to keep pace with industry leaders.

- Digital assets – Educate yourself and define your strategy now. Failing to prepare is preparing to fail.

- Emerging technologies – Internal controls are critical.

- FASB's ASU 2023-09 on improvements to income tax disclosures is to be adopted by calendar year public business entities for this year-end, *i.e.*, December 31, 2025.

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- [A GENIUS Act Playbook: Ways Financial Institutions Can Integrate Payment Stablecoins](#)
- [How AI Is Quietly Rewriting Finance Rules for Midsize Enterprises](#)
- [2025 AICPA & CIMA Conference on Banks & Savings Institutions and Conference on Credit Unions: Highlights From Forvis Mazars](#)
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Thank you!

Please join us again January 8, 2026, for the final installment of the 2025 Quarterly Perspective webinar series!

Don't miss our next invitation—subscribe to Assurance FORsights today!

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