Credit Union Compliance Faceoff: Nquiry vs. General-Purpose AI

Spoiler alert: Nquiry wins every time.

Compliance professionals at credit unions are using AI to manage the workload — and for good reason. It can transform hours of research into minutes. But general-purpose AI tools don't tell you when they're wrong. It doesn’t matter whether a citation is accurate or invented or if a rule applies to your credit union or not. They answer with the same polished confidence.

If you want even a shot at getting an accurate answer, you'll need to provide enough context without exposing confidential information, then verify what comes back. At that point, the time savings disappear.

We put general-purpose AI head-to-head against Nquiry, the AI-powered compliance tool available in Ncomply that delivers auditable, accurate regulatory answers in minutes. Here's what happened.

7 Compliance Questions. Zero Correct Answers.

7 of 7 Tests where general AI cited incorrect or incomplete regulatory guidance.	**0 of 7 Times** general AI flagged active proposed rules that could change the answer.	**0 of 7 Tests** where general AI identified the correct threshold first.

Where General-Purpose AI Gets it Wrong – and Where Nquiry Gets It Right

Test 1: Are there substantive differences between NCUA's 12 CFR 701.31 and HUD's 24 CFR 100?

✕ General-Purpose AI — Material factual error

✓ Nquiry — Accurate and current

General-purpose AI asserted that 12 CFR 701.31 incorporates ECOA-aligned protected classes — including marital status, age, and receipt of public assistance income. That's wrong. Section 701.31 implements the Fair Housing Act, not ECOA. The response also treated both regulations as settled, missing two active 2026 proposed rulemakings that could reshape the entire landscape.

Nquiry correctly identified marital status and age as ECOA/Regulation B bases — not covered under 701.31 — then flagged both pending developments: NCUA's proposed elimination of 12 CFR 701.31 entirely (January 2026) and HUD's proposed removal of disparate impact standards from Part 100.

What this could cost you: Citing protected classes your regulation doesn't cover, while two proposed rulemakings quietly render your compliance program outdated.

Test 2: What is the maximum allowable flood insurance coverage amount on a commercial loan?

✕ General-Purpose AI — Wrong statutory formula

✓ Nquiry — Correct formula

General-purpose AI stated the mandatory coverage amount is "the lesser of" three factors: outstanding principal balance, insurable value, and the NFIP maximum. The statute uses a two-part test — which the AI missed entirely.

Nquiry cited the correct two-part formula, traced it to 42 U.S.C. § 4012a and 12 CFR 22, and noted that excess flood coverage is optional, not required. It also surfaced the operational details general-purpose AI omitted: the escrow exception for commercial loans, the 45-day force-placement timeline, mandatory acceptance of qualifying private flood insurance, and borrower notice requirements.

What this could cost you: Flood compliance built on the wrong formula, plus examination exposure over an excess coverage requirement that doesn't exist in federal law.

Test 3: How long do we need to retain a credit application?

✕ General-Purpose AI — Single-regulation answer

✓ Nquiry — Full regulatory stack

General-purpose AI treated this as a Regulation B question only — providing consumer (25 months) and business (12 months) retention tiers and stopping there. It acknowledged overlapping rules like HMDA at the end, then never addressed them.

Nquiry recognized it as a multi-regulation question from the start, delivering a layered answer across Reg B, TILA Regulation Z, and HMDA — with specific timeframes, conditional triggers, and a flag on NCUA's active proposed rulemaking on records preservation under 12 CFR 749.

What this could cost you: A retention policy that looks complete but leaves TILA and HMDA obligations unmet.

Test 4: How frequently must we file a Currency Transaction Report, and what is the threshold?

✕ General-Purpose AI — Missing operational nuance

✓ Nquiry — Exam-ready precision

General-purpose AI got the fundamentals right — $10,000 threshold, same-day aggregation, 15-day filing. What it produced was a training handout, not a compliance reference.

Nquiry traced the $10,000 threshold to 31 U.S.C. § 5313, confirmed it has been unchanged since 1970, and delivered the operational details examiners look for: weekend and holiday aggregation timing, the 5-year retention requirement, the DOEP 30-day filing deadline, and the physical currency limitation.

What this could cost you: A BSA gap in weekend aggregation procedures — one of the first places examiners look — and teller training built on incomplete guidance.

Test 5: How do we disclose the rate in an advertisement for a money market account as a federal credit union?

✕ General-Purpose AI — Wrong regulation, wrong institution

✓ Nquiry — Profile-aware and complete

General-purpose AI led with Regulation DD (12 CFR 1030) — the bank regulation — and cited §1030.8 throughout. NCUA Part 707 appeared only in a closing note. Every specific citation in the response pointed to the wrong rule.

Nquiry led with NCUA Part 707, the correct regulation for the institution type, while noting its parallel relationship to Regulation DD. It also surfaced media-specific exemptions for broadcast, outdoor, and telephone advertising, the indoor signage rule, and the prohibition on misleading representations.

What this could cost you: An advertising review checklist built on the wrong regulation, with terminology that draws examiner attention for the wrong reasons.

Test 6: A customer disputes an ACH debit 45 days after it posted. Are we required to investigate?

✕ General-Purpose AI — Confident and wrong

✓ Nquiry — Caught the trap

General-purpose AI read "45 days after posting" against Regulation E's 60-day window and concluded the dispute was timely — then delivered detailed error resolution guidance. The analysis is wrong. Regulation E's 60-day clock runs from the date the institution sends the periodic statement, not from the posting date.

Nquiry identified the analytical trap immediately. It explained that the clock runs from statement transmittal, flagged the 45-day posting reference as a potential red herring, and instructed the institution to confirm when the statement was sent before reaching any conclusion on timeliness.

What this could cost you: Committing full error resolution resources to a dispute your organization may not be required to investigate.

Test 7: Do points-based rewards redeemable for gift cards need to be factored into Reg DD APY disclosures?

❌ General-Purpose AI — Right answer, wrong framework

✓ Nquiry — Correct framework and full compliance picture

General-purpose AI correctly concluded that gift card rewards are excluded from APY — but arrived there through a non-cash functional test that is not the regulatory standard. It also treated the mandatory bonus disclosure requirements under 12 CFR 1030.4(b)(7) and 1030.8(d) as general best practices rather than specific regulatory obligations.

Nquiry anchored the analysis in 12 CFR 1030.2(f), correctly identifying points redeemable for gift cards as "merchandise or equivalent" under the bonus definition. It surfaced the $10 de minimis threshold that determines whether mandatory disclosure requirements are triggered, the general statements exception for top-of-funnel marketing, and the 12 CFR 1033 covered data implication — meaning rewards program terms may need to be accessible to authorized third parties under open banking requirements.

What this could cost you: Applying the wrong framework means you can't evaluate edge cases, design a compliant program, or defend the analysis to an examiner.

How Nquiry Gets It Right

Across all seven tests Nquiry cited the correct regulatory authority, recognized when a question crossed multiple regulations, and surfaced the operational details general-purpose AI consistently missed. Four things drive that difference.

- **Regulatory precision.** Answers are anchored to the specific regulations governing your credit union — not a generalized overview that may not apply.
- **Multi-regulation awareness.** Compliance questions rarely live inside a single rule. Nquiry identifies the intersections and addresses them in a single response.
- **Proprietary data.** Nquiry draws on 17 years of anonymized audit findings, management findings, and practitioner-verified answers from more than 5,000 financial organizations — data general-purpose AI tools don't have.
- **Current regulatory awareness.** Nquiry flags proposed rulemakings and pending changes, so you're working from the current landscape, not a snapshot of it.

Still fact-checking your AI? There's a better way. Learn how Nquiry can help.