NCONTRACTS

Wealth Management Compliance Faceoff: Nquiry vs. General-Purpose AI

Spoiler Alert: Nquiry wins every time

RIA compliance professionals 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 bank 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.

2 Compliance Questions. Zero Correct Answers.

Test 1: What are the minimum required elements of a risk-based AML/CFT program for a Registered Investment Adviser, and is a formal CIP currently required?

General-Purpose AI
Missing a required element and mischaracterizing the compliance timeline

Nquiry
All five pillars, correct timeline, accurate legal status

General-purpose AI identified four minimum required elements: written policies and procedures, a designated AML compliance officer, ongoing training, and independent testing. That is the classic bank and broker-dealer framework. The RIA rule under 31 CFR 1032.210 adds a fifth required element: risk-based customer due diligence. An RIA building its program from this answer would be missing a required pillar. The response also got the rule's finalization date wrong (August 28 vs. the correct September 4, 2024) and failed to distinguish between the currently effective FinCEN exemptive relief order and the proposed rule to codify the delayed compliance date — two separate regulatory actions with different legal status that belong on any RIA's compliance monitoring calendar.

What this could cost you: A four-pillar AML program when the regulation requires five, and a compliance calendar that doesn't reflect the current operative legal instrument.

Nquiry identified all five required elements with section-level citations to 31 CFR 1032.210, explained the customer due diligence requirement in detail including the ongoing monitoring obligation, correctly cited September 4, 2024 as the finalization date, and distinguished precisely between the August 5, 2025 exemptive relief order (the instrument currently in effect) and the September 22, 2025 proposed rule (not yet finalized). Also surfaced the board approval requirement, the mutual fund exclusion, the independence requirement for testers, the scope exclusions for state-registered and foreign advisers, and the dual registrant program consolidation option.

The difference: The correct number of required program elements, accurate legal status for the compliance timeline, and the scope and governance details that determine how the rule actually applies to your firm.

Test 2: Can our firm use an uncompensated client testimonial on our website, and what disclosures are still required?

General-Purpose AI
Imposing a disclosure obligation the regulation doesn't require

Nquiry
Correct trigger, correct threshold, complete picture

General-purpose AI stated that for uncompensated testimonials, the firm must affirmatively disclose that no compensation was provided — even building model language reading "No cash or non-cash compensation was provided in connection with this testimonial" into its compliance checklist. This is incorrect. Under Rule 206(4)-1, the compensation disclosure requirement is triggered only when compensation was actually provided. For a genuinely uncompensated testimonial, there is nothing to disclose. The response also contained no mention of the $1,000 de minimis threshold — the regulatory boundary that defines what "uncompensated" actually means under the rule, and the first question any testimonial review must resolve.

What this could cost you: A disclosure template that imposes an unnecessary affirmative obligation on every uncompensated testimonial, and no framework for evaluating whether a testimonial arrangement is actually uncompensated before the disclosure analysis begins.

Nquiry correctly stated that the compensation disclosure is not triggered for a genuinely uncompensated testimonial, identified the $1,000 de minimis threshold and its practical significance for gift cards, referral credits, and other non-cash items, flagged the third-party website incorporation rule — disclosure attaches when an adviser incorporates a testimonial from Google or Yelp onto its own site, one of the most commonly cited SEC examination deficiencies — and identified the ineligible person disqualification check that must be performed before determining whether a testimonial arrangement is permissibly uncompensated.

The difference: The correct compensation disclosure trigger, the de minimis threshold that defines the predicate question, and the examination deficiency patterns the SEC has specifically documented in risk alerts.

How Nquiry Gets It Right

Across both 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 organization type — 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 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.

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