

## **Cmte Financial Services (R)**

### **Contact:**

### **McHenry, Financial Services Committee Leaders Respond to Treasury's Request for Information on AI in Financial Services**

The lawmakers' letter outlines great potential AI holds for the financial services sector

Washington, Aug 16 -

House Financial Services Committee Chairman Patrick McHenry (NC-10) was joined by all six subcommittee chairmen in a [letter](#) to U.S. Treasury Secretary Janet Yellen in response to Treasury's Request for Information (RFI) on Artificial Intelligence (AI) in financial services. The lawmakers explain that AI holds great potential for the financial services sector and financial regulators must focus on this technology's potential benefit to consumers as firms increasingly leverage AI to serve more Americans.

**Read the full letter [here](#).**

### **Read key excerpts from the letter below:**

"We write in response to the Department of Treasury's Request for Information (RFI) on AI. Earlier this year, the House Committee on Financial Services (Committee) announced the formation of a bipartisan Working Group on Artificial Intelligence (AI) to assess how AI is impacting the financial services sector. The Working Group examined issues such as the development of new products and services, fraud prevention, compliance efficiency, and the enhancement of supervisory and regulatory tools, as well as how AI may impact the financial services workforce. As highlighted in our bipartisan staff report and recent hearing titled "AI Innovation Explored: Insights into AI Applications in Financial Services and Housing," we believe AI holds great potential for the financial services sector. Notwithstanding the Committee's work, it is critical that our financial regulators focus on this technology's potential and the benefits to consumers as firms increasingly leverage AI to serve more Americans.

#### **"Current and Potential Uses of AI in the Financial Services Sector**

"AI technologies are already being deployed across the financial services sector in areas such as fraud detection, underwriting, debt collection, customer onboarding, real estate, investment research, property management, and customer service. Continued adoption and further automation of services continue to result in significant cost reductions and greater access to financial services to more Americans.

...

#### **"Supporting Financial Firms of All Sizes**

"Smaller financial institutions often lack the resources or data to build their own AI models. As a result, they rely on access to third-party solutions to remain competitive with larger institutions. Third-party AI models offer immense benefits, enabling these institutions to access advanced technologies without the substantial investment required to develop them in-house. These partnerships allow smaller institutions to offer competitive services and products, thereby enhancing their ability to serve their communities and customers effectively.

...

#### **"Data Privacy**

“As AI technologies and use cases continue to advance within the financial system, data privacy has only become more critical and valuable for AI models. The Data Privacy Act of 2023, passed by the House Financial Services Committee, underscores the importance of modernizing financial data privacy laws to ensure consumers have control over their personal information. Committee Republicans want to empower consumers with respect to how their data is collected and used by financial institutions.

...

#### “Regulatory Frameworks for AI

“The current regulatory framework must evolve to keep pace with AI advancements. Committee Republicans strongly support a principles-based regulatory approach that can accommodate rapid technological changes more effectively. We caution against horizontal, cross-economy approaches that broadly regulate the use of AI. The government should take a sectoral approach that ensures primary regulators, who understand their respective markets and AI use cases within those markets, retain the regulatory authority to proceed in a technology-neutral manner.

...

#### “Conclusion

“AI presents an unprecedented opportunity to transform the financial services sector. Committee Republicans are committed to fostering an environment where AI can thrive while protecting consumers and maintaining market integrity. By focusing on fostering innovation, enhancing customer experiences, and ensuring financial inclusion, AI can significantly improve the financial sector's efficiency and accessibility. The potential benefits of AI are vast, and with thoughtful activity-based regulation and collaboration between the public and private sectors, we can harness these benefits to create a more inclusive and efficient financial system for all Americans.”

###