

118TH CONGRESS
2D SESSION

H. R. 10262

To require the financial regulators to carry out studies on the realized and potential benefits of artificial intelligence, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 26, 2024

Ms. WATERS (for herself and Mr. MCHENRY) introduced the following bill;
which was referred to the Committee on Financial Services

A BILL

To require the financial regulators to carry out studies on the realized and potential benefits of artificial intelligence, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Analysis and Improve-
5 ment Act of 2024” or the “AI Act of 2024”.

6 **SEC. 2. STUDY ON AI BENEFITS AND RISKS BY BANKING**
7 **REGULATORS.**

8 (a) REPORT REQUIRED.—Not later than 180 days
9 after the date of the enactment of this Act, the Board
10 of Governors of the Federal Reserve System, the Federal

1 Deposit Insurance Corporation Board, the Comptroller of
2 the Currency, the Director of the Bureau of Consumer Fi-
3 nancial Protection, and the National Credit Union Admin-
4 istration Board shall submit to the Committee on Finan-
5 cial Services of the House of Representatives and the
6 Committee on Banking, Housing, and Urban Affairs of
7 the Senate, and publish publicly, a report that examines—

8 (1) realized and potential benefits and risks of
9 AI technology, including—

10 (A) banking institutions' use of AI for cus-
11 tomer service;

12 (B) banking institutions' use of AI in loan
13 underwriting and servicing;

14 (C) banking institutions' use of AI in home
15 valuation;

16 (D) banking institutions' use of AI to de-
17 tect and deter fraud, money laundering,
18 cybercrime, and other illicit activity;

19 (E) the use of AI in debt collection, includ-
20 ing foreclosures;

21 (F) banking institutions' use of AI for in-
22 ternal processes and compliance procedures, in-
23 cluding for compliance with Federal fair lending
24 laws;

1 (G) how a variety of smaller banking insti-
2 tutions, including community banks, credit
3 unions, rural depository institutions, minority
4 depository institutions, and community develop-
5 ment financial institutions, can leverage the
6 benefits of AI technology;

7 (H) banking institutions' use of AI to miti-
8 gate bias and discrimination and increase bank-
9 ing services to historically underserved and
10 underbanked consumers;

11 (I) banking institutions' use of AI to en-
12 hance cybersecurity risk management;

13 (J) the use of AI to enhance competitive-
14 ness among banking institutions of all sizes;

15 (K) the use of AI, including for the pur-
16 poses described in subparagraphs (A) through
17 (J), by nonbank financial technology firms; and

18 (L) any other use cases such agency heads
19 determine appropriate;

20 (2) statutes, regulations, and agency guidance,
21 or the lack thereof, impacting the development and
22 the use of AI by entities regulated by such agencies;

23 (3) current use cases of AI by such agencies for
24 supervision, and other areas where AI applications

1 would be uniquely suited but are not currently being
2 deployed; and

3 (4) any challenges such agencies have in
4 leveraging AI and hiring and retaining staff with ex-
5 pertise in AI technology and potential solutions to
6 overcome such challenges.

7 (b) RECOMMENDATIONS.—The report required under
8 subsection (a) shall include regulatory proposals and legis-
9 lative recommendations that facilitate the responsible
10 adoption of AI within the financial services industry.

11 (c) PUBLIC INPUT.—The agency heads described
12 under subsection (a) shall publish a request for informa-
13 tion to collect public input to inform the drafting of the
14 report required under subsection (a).

15 (d) BANKING INSTITUTION DEFINED.—In this sec-
16 tion, the term “banking institution” means a depository
17 institution (as defined in section 3 of the Federal Deposit
18 Insurance Act) and a State credit union or a Federal cred-
19 it union (as such terms are defined, respectively, under
20 section 101 of the Federal Credit Union Act).

21 **SEC. 3. STUDY ON AI BENEFITS AND RISKS BY THE SECURI-**
22 **TIES AND EXCHANGE COMMISSION.**

23 (a) REPORT REQUIRED.—Not later than 180 days
24 after the date of the enactment of this Act, the Securities
25 and Exchange Commission shall submit to the Committee

1 on Financial Services of the House of Representatives and
2 the Committee on Banking, Housing, and Urban Affairs
3 of the Senate, and publish publicly, a report that exam-
4 ines—

5 (1) realized and potential benefits and risks of
6 AI technology, including—

7 (A) market participants' use of AI for
8 market research, examining the difference be-
9 tween public and private markets;

10 (B) market participants' use of AI for
11 portfolio management;

12 (C) exchanges' use of AI for market sur-
13 veillance, fraud detection, and order placements;
14 and

15 (D) any other use cases the Commission
16 determines appropriate;

17 (2) statutes, regulations, and agency guidance,
18 or the lack thereof, impacting development and use
19 of AI;

20 (3) current use cases of AI by the Commission
21 in supervision and other areas where AI applications
22 would be uniquely suited but are not currently being
23 deployed; and

24 (4) any challenges the Commission has in
25 leveraging AI and in hiring or retaining staff with

1 expertise in AI technology and potential solutions to
2 overcome such challenges.

3 (b) RECOMMENDATIONS.—The report required under
4 subsection (a) shall include regulatory proposals and legis-
5 lative recommendations that facilitate the responsible
6 adoption of AI within the financial services industry.

7 (c) PUBLIC INPUT.—The Commission shall—

8 (1) publish a request for information to collect
9 public input to inform the drafting of the report re-
10 quired under subsection (a); and

11 (2) consult with self-regulatory organizations to
12 inform the drafting of the report under subsection
13 (a).

14 **SEC. 4. STUDY ON AI BENEFITS AND RISKS BY HOUSING**
15 **AND MORTGAGE REGULATORS.**

16 (a) REPORT REQUIRED.—Not later than 180 days
17 after the date of the enactment of this Act, the Secretary
18 of Housing and Urban Development, the Administrator of
19 the Rural Housing Service of the Department of Agri-
20 culture, the Director of the Federal Housing Finance
21 Agency, and the Director of the Bureau of Consumer Fi-
22 nancial Protection shall submit to the Committee on Fi-
23 nancial Services of the House of Representatives and the
24 Committee on Banking, Housing, and Urban Affairs of
25 the Senate, and publish publicly, a report that examines—

1 (1) realized and potential benefits and risks of
2 AI technology, including—

3 (A) the use of AI to create efficiencies for
4 homebuyers in evaluating, comparing, and ob-
5 taining a mortgage loan and in sustaining their
6 homeownership over time;

7 (B) the use of AI to enhance the accuracy,
8 efficiency, and fairness of credit decisions, par-
9 ticularly for homebuyers in underserved com-
10 munities;

11 (C) the use of AI to enhance the effective-
12 ness of risk management and compliance within
13 the housing finance system, including for com-
14 pliance with Federal fair lending laws;

15 (D) the use of AI by real estate agents;

16 (E) the use of AI in the marketing and
17 outreach to retail customers regarding housing
18 products;

19 (F) the use of AI in property management;

20 (G) the use of AI by landlords;

21 (H) the use of AI by online housing plat-
22 forms;

23 (I) the use of AI by mortgage servicers;

24 (J) the use of AI in mortgage underwriting
25 and servicing; and

1 (K) any other use cases such agency heads
2 determine appropriate;

3 (2) statutes, regulations, and agency guidance,
4 or the lack thereof, impacting development and im-
5 plementation of AI;

6 (3) current use cases of AI by such agencies in
7 supervision and other areas where AI applications
8 would be uniquely suited but are not currently being
9 deployed; and

10 (4) any challenges such agencies have in
11 leveraging AI and hiring or retaining staff with ex-
12 pertise in AI technology and potential solutions to
13 overcome such challenges.

14 (b) RECOMMENDATIONS.—The report required under
15 subsection (a) shall include regulatory proposals and legis-
16 lative recommendations that facilitate the responsible
17 adoption of AI within the housing industry and the hous-
18 ing finance industry.

19 (c) PUBLIC INPUT.—The agency heads described
20 under subsection (a) shall publish a request for informa-
21 tion to collect public input to inform the drafting of the
22 report required under subsection (a).

1 **SEC. 5. STUDY ON AI BENEFITS AND RISKS IN SECURING**
2 **THE U.S. FINANCIAL SYSTEM FROM NA-**
3 **TIONAL SECURITY THREATS.**

4 (a) **REPORT REQUIRED.**—Not later than 180 days
5 after the date of the enactment of this Act, the Secretary
6 of the Treasury shall submit to the Committee on Finan-
7 cial Services of the House of Representatives and the
8 Committee on Banking, Housing, and Urban Affairs of
9 the Senate, and publish publicly, a report that examines—

10 (1) realized and potential benefits and risks of
11 AI technology, including—

12 (A) the use of AI by financial institutions
13 (as defined in section 5312(a) of title 31,
14 United States Code) to meet the institutions’
15 obligations under the Bank Secrecy Act and
16 sanctions laws; and

17 (B) the use of AI by financial institutions
18 to protect against cybersecurity threats and to
19 respond to cybersecurity attacks;

20 (2) statutes, regulations, and agency guidance
21 impacting development and use of AI by financial in-
22 stitutions to comply with the Bank Secrecy Act and
23 sanctions laws;

24 (3) current use cases of AI by the Department
25 of the Treasury and areas where AI applications

1 would be uniquely suited but are not currently being
2 deployed; and

3 (4) any challenges the Department of Treasury
4 has in leveraging AI and hiring or retaining staff
5 with expertise in AI technology and potential solu-
6 tions to overcome such challenges.

7 (b) RECOMMENDATIONS.—The report required under
8 subsection (a) shall include regulatory proposals and legis-
9 lative recommendations that facilitate the responsible
10 adoption of AI within the financial services industry.

11 (c) PUBLIC INPUT.—

12 (1) The Secretary shall publish a request for in-
13 formation to collect public input to inform the draft-
14 ing of the report required under subsection (a).

15 (2) The Secretary shall consult with the Board
16 of Governors of the Federal Reserve System, the
17 Federal Deposit Insurance Corporation Board, the
18 Comptroller of the Currency, the Director of the Bu-
19 reau of Consumer Financial Protection, and the Na-
20 tional Credit Union Administration Board to inform
21 the drafting of the report required under subsection
22 (a).

23 **SEC. 6. DEFINITIONS.**

24 In this Act:

1 (1) AI.—The term “AI” has the meaning given
2 the term “artificial intelligence” under section 5002
3 of the National Artificial Intelligence Initiative Act
4 of 2020 (15 U.S.C. 9401).

5 (2) BANK SECRECY ACT.—The term “Bank Se-
6 crecy Act” means—

7 (A) section 21 of the Federal Deposit In-
8 surance Act (12 U.S.C. 1829b);

9 (B) chapter 2 of title I of Public Law 91–
10 508 (12 U.S.C. 1951 et seq.); and

11 (C) subchapter II of chapter 53 of title 31,
12 United States Code.

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