



May 12, 2026

The Hon. French Hill, Chair  
The Hon. Maxine Waters, Ranking Member  
U.S. House Committee on Financial Services  
Washington, D.C. 20510

RE: the Unleashing AI Innovation in Financial Services Act, H.R. 4801

Dear Chairman Hill and Ranking Member Waters,

The National Association of Consumer Advocates (NACA) writes to oppose the Unleashing AI Innovation in Financial Services Act, H.R. 4801, and urge you to reject it at the mark-up scheduled for May 13, 2026. NACA is a national non-profit organization actively engaged in promoting a fair and open marketplace for all consumers, particularly those of modest means. This bill, which would establish “AI Innovation Labs” and allow financial institutions to seek waivers from federal laws and regulations for their new AI-based products and services, would create unacceptable risk of harm for consumers.

Financial institutions and many consumer-facing firms that have rapidly adopted AI systems or use AI in some capacity are rightly expected to comply with existing consumer protections that deter lawbreaking and abuses.<sup>1</sup> Under H.R. 4801, financial companies would be able to get around these protections so long as they are able to provide some justification for how their AI products increase access to financial services and improve business operations. While the bill would require financial institutions to show that their AI systems do not pose a risk to the safety of the U.S. financial system or national security, no similar requirement exists for firms to explain how these products would not pose major risks to consumers, such as potential privacy violations, inaccurate data reporting, or discrimination.

Further, the bill provides limited avenues for enforcement when a financial institution’s AI system harms consumers. The agency that approves the waiver would be required to adhere to an alternative enforcement plan proposed by and agreed to by the financial institution and other regulators would be prohibited from taking action unless explicitly permitted by the alternative enforcement plan. Even in instances where an AI system is shown to pose an immediate risk of harm, an agency would only be able to act to stop it by seeking an injunction in federal court. Given the fast-moving nature of AI, these are unacceptable roadblocks towards preventing consumer harms.

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<sup>1</sup> See e.g., MIT Technology Review, *Reimagining the future of banking with agentic AI*, Sept. 4, 2025, available at <https://www.technologyreview.com/2025/09/04/1123023/imagining-the-future-of-banking-with-agentic-ai>.

The extensive harms that consumers would face if this bill passed include:

- **Data privacy violations:** Data privacy is a longstanding concern with AI tools. Consumers' personal financial data is vulnerable to abuses in these systems. The bill would not require regulated entities to provide specific information on how their AI systems work, including what data they use and how they collect and store that data. Additionally, companies are not required to disclose their use of AI to consumers. As a result, AI systems may collect and use sensitive consumer information without informed consent and in ways that violate personal privacy rights.
- **Inaccurate consumer reporting:** Entities using AI to analyze data and generate consumer profiles used to make decisions about housing, employment, credit, etc. are likely subject to the requirements of the Fair Credit Reporting Act (FCRA) and must maintain reasonable procedures to ensure accuracy and respond to consumer disputes. However, AI systems trained on inaccurate data will produce inaccurate reports that prevent consumers from accessing essential resources. Companies that apply to get around the FCRA would have fewer accuracy requirements while these unwarranted exemptions would limit consumers' rights created under the FCRA.
- **Lending discrimination:** Studies have shown that AI systems can and do exhibit biases based on race, sex, national origin, income level, and more when used to evaluate applicants for credit, likely due to being trained on biased data.<sup>2</sup> Firms that seek to waive fair lending requirements under the Equal Credit Reporting Act and other applicable anti-discrimination statutes and regulations would endanger the financial lives of members of vulnerable populations, and ultimately would impact the broader population.
- **Predatory debt collection:** The Fair Debt Collection Practices Act (FDCPA) places limits on how debt collectors can interact with consumers to prevent harassment and abuse. But automated contacts using AI as well as AI systems trained on biased data may lead to certain demographics being targeted more for collections with an increasing volume of communications. Waiving the FDCPA would give AI-powered debt collectors leeway to treat consumers, particularly vulnerable consumers, unfairly without accountability.
- **Unhelpful or deceptive AI chatbots:** Consumer-facing AI chatbots, compared to human agents, have shown limited ability to solve complex problems, answer consumer questions accurately, and detect when consumers are attempting to invoke their rights.<sup>3</sup> Users of financial services can suffer monetary loss and other harms if, for example, an AI chatbot gives them inaccurate information about the material terms of a transaction like the interest rate of loan, or if they are prevented from resolving a dispute. Without regulatory oversight to monitor and require corrective actions, AI chatbots can continuously mislead and frustrate consumers.

H.R. 4801 has the potential to unleash and supercharge these consumer harms and more in an environment that lacks rules and proper safeguards. AI systems can be used to improve consumers' financial well-being, but not without the guardrails of longstanding protections and

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<sup>2</sup> See e.g., *When Algorithms Judge Your Credit: Understanding AI Bias in Lending Decisions*, ACCESSIBLE LAW, Spring 2025, available at <https://www.accessiblelaw.untDallas.edu/post/when-algorithms-judge-your-credit-understanding-ai-bias-in-lending-decisions>.

<sup>3</sup> Consumer Financial Protection Bureau, *Chatbots in consumer finance*, June 2023, available at [https://files.consumerfinance.gov/f/documents/cfpb\\_chatbot-issue-spotlight\\_2023-06.pdf](https://files.consumerfinance.gov/f/documents/cfpb_chatbot-issue-spotlight_2023-06.pdf).

vigorous enforcement to deter illegal conduct. For that reason, we urge the committee to oppose this bill.

Sincerely,

The National Association of Consumer Advocates

cc: Members of the Committee