[DISCUSSION DRAFT]

118TH CONGRESS
2D SESSION

H. RES. _____

Expressing the sense of the House of Representatives with respect to the use of artificial intelligence in the financial services and housing industries.

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IN THE HOUSE OF REPRESENTATIVES

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Mr. McHenry (for himself and Ms. Waters) submitted the following resolution; which was referred to the Committee on _____

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RESOLUTION

Expressing the sense of the House of Representatives with respect to the use of artificial intelligence in the financial services and housing industries.

Whereas generative artificial intelligence has the potential to provide significant opportunities as well as risks across the financial services and housing industries;

Whereas artificial intelligence is playing a significant role in the financial services and housing industries and continues to be adopted in various forms;

Whereas the United States' capital markets market participants are leveraging artificial intelligence to enhance re-

search capabilities, market surveillance, and trading and execution;

Whereas the United States' housing market participants are using artificial intelligence to enhance underwriting, mortgage servicing, and tenant screening;

Whereas United States' financial institutions are exploring the use of artificial intelligence to enhance customer service capabilities, expand the pool of loan applicants, increase repayment rates, and decrease fraudulent payments;

Whereas United States' financial firms are leveraging artificial intelligence to streamline compliance with the Bank Secrecy Act and sanctions laws as well as enhance cybersecurity operations from evolving threats;

Whereas the use of generative artificial intelligence is enhancing both employee productivity and consumer experiences across the financial services and housing industries;

Whereas financial institutions' growing use of artificial intelligence may create financial stability risks through increased herding behavior and market correlation;

Whereas the increasing use of artificial intelligence may introduce vulnerabilities that could be exploited by malicious actors;

Whereas the use of artificial intelligence in automated decision-making may lead to biased and discriminatory outcomes, and face explainability issues due to the complexity and opacity of certain artificial intelligence models;

Whereas small community financial institutions such as rural depository institutions, minority depository institutions, and community development financial institutions may

lack the resources to develop, train, and deploy artificial intelligence models compared to larger institutions; and

Whereas financial institutions' use of artificial intelligence may increase their direct and indirect reliance on third-party services: Now, therefore, be it

1   *Resolved,* That it is the sense of the House of Rep-
2 resentatives that—

3   (1) given the critical role of the financial and
4   housing markets, the Committee on Financial Serv-
5   ices of the House of Representatives should play a
6   leading role in overseeing the adoption of artificial
7   intelligence in the financial services and housing in-
8   dustries;

9   (2) the Committee on Financial Services must
10   ensure regulators apply and enforce all existing laws,
11   including anti-discrimination laws, and identify any
12   regulatory gaps as market participants adopt and
13   utilize artificial intelligence;

14   (3) the Committee on Financial Services should
15   ensure the financial regulators have the appropriate
16   focus, training, and tools to oversee new products
17   and services;

18   (4) the Committee on Financial Services should
19   continue to consider how to reform data privacy laws
20   given the importance of data, especially consumer
21   data, to artificial intelligence;

1   (5) the Committee on Financial Services should
2 work with the Department of the Treasury and fi-
3 nancial regulators to understand the impact of arti-
4 ficial intelligence on the workforce and the economy;

5   (6) the Committee on Financial Services should
6 promote U.S. global leadership on the development,
7 use, and regulation of artificial intelligence in the fi-
8 nancial services and housing industries; and

9   (7) the Committee on Financial Services should
10 work with the Department of the Treasury and fi-
11 nancial regulators to understand both the adverse ef-
12 fects of artificial intelligence when deployed by bad
13 actors and how artificial intelligence can be deployed
14 to combat illicit finance.