



July 23, 2024

The Honorable Patrick McHenry  
Chairman  
Committee on Financial Services  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Maxine Waters  
Ranking Member  
Committee on Financial Services  
U.S. House of Representatives  
Washington, DC 20515

Dear Chairman McHenry and Ranking Member Waters:

The U.S. Chamber of Commerce (“Chamber”) respectfully submits this statement for the record for the House Financial Services Committee hearing entitled “AI Innovation Explored: Insights into AI Applications in Financial Services and Housing.”

Artificial intelligence (“AI”) is rapidly transforming the financial services landscape, bringing new opportunities and potential challenges. AI is at the forefront of technological progress in the American economy, with businesses across various sectors using it to boost productivity and gain a competitive edge. Banks are now integrating AI into their traditional Anti-Money Laundering systems to proactively detect and prevent fraud by identifying previously unnoticed patterns and anomalies, reducing false positives and adapting to evolving fraud tactics<sup>1</sup>. As with any emerging technology, it is crucial to understand the advantages, address potential drawbacks, and establish regulatory safeguards when necessary.

In 2022, the Chamber formed the Commission on Artificial Intelligence, Competitiveness, Inclusion, and Innovation (“Commission”). This independent Commission, chaired by former Representatives John Delaney and Mike Ferguson and composed of academics, business leaders, ethicists, former policymakers, and technological leaders, met with experts and stakeholders of differing opinions throughout the United States, the European Union, and the United Kingdom. The Commission released its recommendations in March 2023.<sup>2</sup>

The Commission issued specific findings on AI’s effects for U.S. leadership, workforce, global competitiveness, and national security. The Commission found that many AI activities are covered by existing laws or regulations. Accordingly, policymakers should follow a risk-based approach to identify gaps and take action necessary to achieve that goal. when it is necessary to fill regulatory gaps. To assist that process, the Commission recommended five pillars for addressing potential gaps in AI regulation—efficiency,

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<sup>1</sup> <https://www.deloitte.com/content/dam/assets-zone1/ng/en/docs/services/risk-advisory/2023/ng-how-artificial-intelligence-is-transforming-the-financial-services-industry.pdf>

<sup>2</sup> U.S. Chamber of Commerce Technology Engagement Center. Commission on Artificial Intelligence Competitiveness, Inclusion, and Innovation. [https://www.uschamber.com/assets/documents/CTEC\\_AICommission2023\\_Report\\_v6.pdf](https://www.uschamber.com/assets/documents/CTEC_AICommission2023_Report_v6.pdf)

neutrality, proportionality, collegiality, and flexibility.

Other nations are not stopping their development of AI, which is why it is critically important that the United States be the leader in the development of the technology, which will allow us to harness AI to secure our networks and institutions while bolstering our competitiveness in capital markets.

The Chamber believes that Congress's bicameral and bipartisan working groups' development of recommendations on U.S. AI leadership is timely and imperative. The Chamber believes the following recommendations, stemming from the commission report, will establish a path towards ensuring that businesses have the necessary certainty regarding the use of AI.

- **Efficiency:** Policymakers must evaluate the applicability of existing laws and regulations. Appropriate enforcement of existing laws and regulations provides regulatory certainty and guidance to stakeholders and would help inform policymakers in developing future laws and regulations. Moreover, lawmakers should focus on filling gaps in existing regulations to accommodate new challenges created by AI usage.
- **Neutrality:** Laws should be technology neutral and focus on applications and outcomes of AI, not the technologies themselves. Laws regarding AI should be created only as necessary to fill gaps in existing law, protect citizens' rights, and foster public trust. Rather than trying to develop a one-size-fits-all regulatory framework, this approach to AI regulation allows for the development of flexible, industry-specific guidance and best practices.
- **Proportionality:** When policymakers determine that existing laws have gaps, they should attempt to adopt a risk-based approach to AI regulation. This model ensures a balanced and proportionate approach to creating an overall regulatory framework for AI.
- **Collegiality:** Federal interagency collaboration is vital to developing cohesive regulation of AI across the government. AI use is cross-cutting, complex, and rapidly changing and will require a strategic and coordinated approach among agencies. Therefore, the government will need to draw on expertise from the different agencies, thus allowing sector and agency experts the ability to narrow in on the most important emerging issues in their respective areas.
- **Flexibility:** Laws and regulations should encourage private sector approaches to risk assessment and innovation. Policymakers should encourage soft law and best practice approaches developed collaboratively by the private sector, technical experts, civil society, and the government. Such nonbinding, self-regulatory approaches provide the flexibility of keeping up with rapidly changing technology as opposed to laws that risk becoming outdated quickly.

The Chamber has strongly supported previous congressional efforts, such as the American Competes Act, which would require a legal gap analysis to be conducted. We urge Congress to

complete a review of current laws that may implicate AI safety and trustworthiness before passing AI-specific legislation.

Lastly, we believe that an ideological approach is counterproductive to achieving the benefits of AI and establishing guardrails if needed. AI policy making should be empirical and fact-based. As an example, the Chamber sent a letter<sup>3</sup> to Securities and Exchange Commission Chair Gary Gensler advocating for the use of roundtables and concept releases to solicit data needed to make informed policy.

The Chamber looks forward to working with the Committee to ensure that the U.S. becomes a leader in AI and that we can leverage this new technology to maintain the United States' competitive edge in the capital markets.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. Quaadman', with a long, sweeping horizontal stroke extending to the right.

Tom Quaadman  
Executive Vice President  
Center for Capital Markets Competitiveness  
U.S. Chamber of Commerce

cc: Members of the House Committee on Financial Services

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<sup>3</sup> <https://www.uschamber.com/finance/chamber-letter-to-chair-gensler-on-artificial-intelligence>