December 9, 2025

Chairman French Hill and Ranking Member Maxine Waters
U.S. House Committee on Financial Services
U.S. House of Representatives 2128 Rayburn House Office Building
Washington, D.C. 20515

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

Dear Chairman Hill and Ranking Member Waters,

Consumer Reports[1] respectfully opposes the Unleashing AI Innovation in Financial Services Act as introduced. This bill's fundamental premise appears to be that companies should be permitted to exempt themselves from existing consumer protection law simply because they are using AI. While we appreciate the profound impact innovation can have on increasing competition and delivering consumer benefits in the financial sector, this bill, as currently written, would put consumers directly in harm's way by weakening much needed regulatory oversight in the already high-risk, low-transparency space in which artificial intelligence exists. The approach outlined in this bill sets a dangerous precedent and puts hard-won safeguards for consumers at serious risk.

We call attention to three major areas of concern.

Weakened Regulatory Oversight. The bill effectively grants financial institutions regulatory forbearance by allowing them to experiment with AI systems while seeking waivers from existing consumer protection laws. We believe this would significantly weaken critical safeguards. Furthermore, by removing language that would allow agencies to establish additional AI test project categories after approving initial projects, the bill also reduces regulatory adaptability in a sector defined by rapid technological change. This limitation would constrain agencies' abilities to respond to emerging AI risks and applications that were not initially contemplated.[2]

The bill's use of the term "substantially similar"[3] with respect to previously denied submissions being resubmitted for approval is also unclear. While limiting resubmissions is a positive addition to this bill's reintroduction, the absence of clear standards for what constitutes "substantially similar" applications is conspicuous and could allow companies to repeatedly submit marginally modified proposals until one is approved.

Moreover, the "deemed approved" provision, reverses the appropriate burden of proof. Instead of companies proving their AI systems are safe, regulators must prove danger within tight

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[1] Founded in 1936, Consumer Reports (CR) is an independent, nonprofit and nonpartisan organization that works with consumers to create a fair and just marketplace. Known for its rigorous testing and ratings of products, CR also advocates for laws and corporate practices that are beneficial for consumers. CR is dedicated to amplifying the voices of consumers to promote safety, digital rights, financial fairness, and sustainability. The organization surveys millions of Americans every year, reports extensively on the challenges and opportunities facing today's consumers, and provides ad-free content and tools to 6 million members across the United States.

[2] *Sec. 2 (d) REGULATIONS.—After approving not fewer than 1 AI test project, an agency may promulgate regulations, after providing a notice and an opportunity for public comment, other AI activities or products that qualify as AI test projects*

[3] Sec. 2 (II) RESUBMITTALS

deadlines - or harmful systems could automatically proceed. This is particularly concerning given that agencies lack dedicated funding to review complex AI applications within the 120-day window required by the bill. While we recognize the 120-day extension for regulatory review is an improvement from the previous version of this bill, the lack of a clear definition of "substantially similar" undermines the effectiveness of this extension for regulators.

Additionally, the shift from requiring applicants to "demonstrate" benefits to merely "explain" them represents a significant weakening of approval standards. This lower evidentiary bar could approve projects based on speculative or overstated consumer benefits rather than proven value.

Finally, the bill requires each financial regulatory agency to establish or identify an AI Innovation Lab to review waiver submissions without addressing funding or staffing resources. The combination of vague definitions, automatic approval mechanisms, and weakened evidentiary standards creates a perfect storm where under-resourced agencies face impossible choices: approve high risk AI experiments - with a high likelihood or compromising consumer protection - quickly or let them proceed by default.

The bill's scope concerning Big Tech companies remains dangerously ambiguous. Companies like Google (with its Agent Payment Protocol) may exploit banking partnerships to access sandbox benefits while evading traditional financial regulation.This could create regulatory arbitrage where the most powerful AI systems escape meaningful oversight.

Insufficient Consumer Safeguards

This bill lacks protections that Consumer Reports sees as critical for ensuring consumer safety in the burgeoning intersection between finance and AI.

This bill lacks critical transparency and accountability requirements for AI systems while potentially allowing waivers from existing Equal Credit Opportunity Act protections. At the outset, the bill fails to meaningfully define what would constitute a, "substantial use of artificial intelligence." This vague standard could allow companies to game the system, either avoiding oversight by claiming minimal AI use or accessing regulatory relief for systems that should face full scrutiny.

More fundamentally, the bill also fails to require companies to test their AI systems for bias or to submit those systems to formal audits that would assess their fairness, accuracy, and potential harms leaving consumers vulnerable to discriminatory or opaque decision-making. While ECOA requires adverse action notices explaining why individual credit applications were denied, these existing requirements should not be subject to waiver and are insufficient on their own for complex AI models. Disparate impact liability under ECOA is essential for detecting discrimination in opaque AI systems where intentional bias may be difficult to prove but discriminatory outcomes are measurable and real.

This concern becomes especially urgent in light of ongoing regulatory proceedings. Consumer Reports has urged the CFPB to retain disparate impact liability as an established and essential means of identifying discriminatory effects in automated underwriting systems. As we emphasize in those comments, as credit decisions become more automated and reliant upon complex models, disparate impact analysis becomes more - not less - necessary to detect discrimination that occurs without intentional bias. Yet this bill would allow financial institutions to seek waivers from these very protections, creating a pathway to avoid accountability for qualified applicants to access credit precisely when AI systems can pose heightened discrimination risks.

These outcomes affect livelihoods and without accountability measures, they directly impact people's ability to participate fully in the economy and pursue financial independence. Without safeguards there is a real risk that AI systems could entrench historical inequities at scale, unfairly limiting financial opportunities for individuals through inaccurate or opaque decision-making.

These risks are compounded by the bill's failure to provide meaningful redress mechanisms for consumers harmed by AI-driven decisions. Put another way, not only does the bill lack adequate safeguards to prevent harm, but it also does not outline for consumers any clear mechanisms to seek redress when harms do occur. Without clear accountability frameworks when AI systems make harmful or erroneous financial decisions, consumers may be left to navigate complex, high-stakes problems on their own.

Misaligned Incentives

We are also concerned about the risk of firms optimizing AI systems for institutional profits at the cost of consumer welfare. Specifically, the inclusion of "investor" alongside "consumer" protections muddies the waters.[4] Consumer and investor protections serve inherently different purposes and populations. Conflating them could dilute focus on vulnerable consumers who most need protection from AI bias and discrimination. As AI systems are granted more authority in financial decision making, concerns about consumer autonomy become increasingly pressing. These technologies are both influencing decisions about consumers, such as loan approvals or fraud detections, and are now beginning to act on their behalf through agentic AI. The emergence of these agentic AI tools that can initiate transactions, manage bills, or make purchases introduces new challenges around transparency, consent, and control. Without clear guardrails, consumers may unknowingly delegate sensitive financial actions to automated systems, with limited ability to monitor, override, or understand those choices. In the face of enormous financial incentives from various actors in the financial ecosystem, this is precisely the environment where strong regulation is needed.

Conclusion: Promote Innovation While Maintaining Robust Protections for Consumers

We appreciate the intent behind this bill is to encourage innovation through regulatory sandboxes and understand the desire to create a flexible framework to unleash the power of AI in financial services. That said, to strengthen the bill and better protect consumers, we recommend a narrower, more tailored approach. Rather than broadly waiving existing rules for AI-related activities, effective sandboxes should provide enhanced scrutiny alongside safe harbor protections for good-faith compliance efforts. The bill's scope should focus on genuinely novel AI applications where current regulations are unclear rather than simply easing requirements seen as burdensome or to otherwise circumvent well-established protections. Crucially, baseline consumer safeguards including anti-discrimination laws, privacy protections, safety standards, fraud prevention, and anti-deception rules, should remain fully in place and not be subject to waivers. This balanced approach will help ensure innovation flourishes while maintaining the same vital protections that consumers have come to expect and rely on in the financial services space.

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[4] Sec 3 (2)(A)(ii)(III)(aa) and Sec 3 (2)(B)(iii)(III)(aa)

Sincerely,

Lacey Aaker
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