IB

Union Calendar No. 612

119TH CONGRESS
2D SESSION

H. R. 8671

[Report No. 119–704]

To require the Federal banking agencies to conduct a study on the use of advanced technologies in fraud detection and prevention, with particular attention to community financial institutions, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 7, 2026

Mr. FLOOD introduced the following bill; which was referred to the Committee on Financial Services

JUNE 18, 2026

Additional sponsor: Ms. PETTERSEN

JUNE 18, 2026

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

[For text of introduced bill, see copy of bill as introduced on May 7, 2026]

A BILL

To require the Federal banking agencies to conduct a study on the use of advanced technologies in fraud detection and prevention, with particular attention to community financial institutions, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Bank Fraud Technology Advancement Act of 2026".

SEC. 2. DEFINITIONS.

In this Act:

(1) ADVANCED FRAUD DETECTION TECHNOLOGY.—The term "advanced fraud detection technology" means emerging technologies used to detect, prevent, or mitigate financial fraud and scams, including artificial intelligence, machine learning, predictive analytics, behavioral biometrics, network analytics, data fusion tools, distributed ledger-based monitoring tools, and blockchain tracing tools.

(2) ARTIFICIAL INTELLIGENCE.—The term "artificial intelligence" has the meaning given that term in section 5002 of the National Artificial Intelligence Initiative Act of 2020 (15 U.S.C. 9401).

(3) CREDIT UNION.—The term "credit union" has the meaning given the term "insured credit union" in section 101 of the Federal Credit Union Act (12 U.S.C. 1752).

(4) FEDERAL BANKING AGENCY.—The term "Federal banking agency"—

(A) has the meaning given such term in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813); and

(B) means the National Credit Union Administration.

(5) INSURED DEPOSITORY INSTITUTION.—The term "insured depository institution" has the meaning given such term in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813).

(6) MACHINE LEARNING.—The term "machine learning" has the meaning given that term in section 5002 of the National Artificial Intelligence Initiative Act of 2020 (15 U.S.C. 9401).

SEC. 3. STUDY ON ADVANCED TECHNOLOGIES IN FRAUD AND SCAM DETECTION AND PREVENTION.

(a) IN GENERAL.—The Federal banking agencies, in consultation with the Secretary of the Treasury, the Financial Crimes Enforcement Network, the Federal Trade Commission, the Bureau of Consumer Financial Protection, the Federal Communications Commission, and other appropriate Federal and State government agencies, including appropriate law enforcement agencies, shall jointly conduct a comprehensive study on the use of advanced fraud detection technology by insured depository institutions and credit unions.

(b) REQUIRED ELEMENTS.—The study required under subsection (a) shall evaluate the following:

(1) CURRENT USE AND EFFECTIVENESS.—The current use and effectiveness of advanced fraud detection technologies, including–

(A) the extent to which insured depository institutions and credit unions of varying asset sizes deploy advanced fraud detection technology;

(B) measurable outcomes relating to fraud detection, prevention, loss reduction, loss mitigation, privacy, and consumer protection;

(C) barriers to adoption and considerations of interoperability, data access, liability, error rates, and regulation; and

(D) how various fraud detection technologies differ in use, effectiveness, costs, benefits, and considerations under subparagraphs (A) through (C).

(2) COMMUNITY FINANCIAL INSTITUTION ACCESS.—Community financial institution (that is either an insured depository institution or credit union) access to advanced fraud detection technology, including—

(A) challenges faced by community financial institutions in accessing or deploying ad-

vanced fraud detection tools, including unique challenges faced by various types of community financial institutions;

(B) whether economies of scale disadvantage smaller community financial institutions in general, or certain types of smaller financial institutions;

(C) options to facilitate shared services, utility models, managed-service providers, or consortium-based fraud detection platforms; and

(D) recommendations to ensure regulatory guidance is appropriately tailored to avoid discouraging adoption by smaller community financial institutions.

(3) ARTIFICIAL INTELLIGENCE AND MACHINE LEARNING.—Artificial intelligence and machine learning, including—

(A) the use by insured depository institutions and credit unions of artificial intelligence and machine learning models, applications, and tools in detecting fraud patterns, anomalies, synthetic identity fraud, and real-time payment fraud;

(B) governance frameworks used by insured depository institutions and credit unions to

manage fraud model risk, explainability, and validation; and

(C) steps Federal banking agencies can take in coordination with other relevant government agencies and the private sector to ensure access by insured depository institutions and credit unions, including community financial institutions and their third-party vendors, to such models, applications, and tools.

(4) INFORMATION SHARING AND PUBLIC-PRIVATE PARTNERSHIPS.—Information sharing and public-private partnerships, including—

(A) the effectiveness of existing information-sharing frameworks;

(B) whether expanded public-private partnerships or centralized fraud utilities would enhance detection capabilities;

(C) the feasibility of a voluntary fraud analytics consortium accessible to community financial institutions; and

(D) privacy, data protection, and cybersecurity considerations associated with expanded data sharing.

(5) PAYMENTS SYSTEM RISKS.—Payments system risk, including—

(A) fraud risks associated with electronic funds transfers and checks; and

(B) whether advanced analytics can reduce fraud while preserving settlement finality and payment system stability.

(6) REGULATORY AND SUPERVISORY CONSIDERATIONS.—Regulatory and supervisory considerations, including—

(A) what benefits and risks arise from existing supervisory expectations with respect to innovations in fraud detection and prevention, including whether existing supervisory expectations create barriers to innovation while maintaining relevant safeguards;

(B) the need for interagency guidance, regulatory clarity, or safe harbors to support technology adoption in a manner that promotes fraud detection and prevention consistent with consumer protection, privacy, safety and soundness, and national security;

(C) opportunities to harmonize expectations across Federal banking agencies; and

(D) whether additional training for Federal banking agencies staff is necessary to promote effective regulation and supervision of financial

institutions' use of advanced fraud detection technology, especially for community financial institutions.

(c) REPORT AND RECOMMENDATIONS.—

(1) REPORT.—Not later than 18 months after the date of enactment of this Act, the Federal banking agencies shall issue a report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate containing all findings and determinations made in carrying out the study required under this section, and make such report publicly available.

(2) CLASSIFIED ANNEX.—A report under paragraph (1) may include a classified annex, if applicable, provided to the committees.

(3) RECOMMENDATIONS.—The report required under paragraph (1) shall include legislative, regulatory, or supervisory recommendations that promote fraud detection and prevention consistent with consumer protection, safety and soundness, and national security, which may include—

(A) proposals to support shared fraud detection utilities or consortium-based analytics platforms;

(B) guidance or safe harbors to encourage artificial intelligence use in fraud prevention;

(C) pilot programs tailored to community financial institutions; and

(D) recommendations to strengthen public-private information sharing consistent with privacy and civil liberties protections.

SEC. 4. COMMUNITY FINANCIAL INSTITUTION FRAUD TECHNOLOGY PILOT PROGRAM.

(a) IN GENERAL.—Not later than 1 year after submission of the report required under section 3(c), the Federal banking agencies may jointly establish a voluntary pilot program to facilitate community financial institution access for insured depository institutions and credit unions with less than $10,000,000,000 in total consolidated assets to advanced fraud detection tools.

(b) PROGRAM FEATURES.—The pilot program described in subsection (a) may include—

(1) pooled procurement or shared services models;

(2) model validation assistance or technical support;

(3) standardized vendor risk management templates;

(4) regulatory clarity regarding model governance expectations; and

(5) collaboration with the Department of the Treasury and law enforcement to provide anonymized fraud typology data feeds.

(c) SUNSET AND REPORT.—

(1) SUNSET.—Any pilot program established under this section shall expire not later than 3 years after submission of the report required under section 3(c).

(2) REPORT.—Not later than 6 months after the expiration of all pilot programs established under this section, the Federal banking agencies shall issue a report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate, and make such report available to the public, containing—

(A) all findings and determinations made by the Federal banking agencies in carrying out any pilot program established under this section; and

(B) any legislative, regulatory, or other recommendations the Federal banking agencies may have based on such findings and determinations.

(3) CLASSIFIED ANNEX.—A report under paragraph (2) may include a classified annex, if applicable, provided to the committees.

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