September 11, 2026

The Honorable John Thune
Majority Leader
United States Senate

The Honorable Charles Schumer
Minority Leader
United States Senate

The Honorable Tim Scott
Chair
Senate Committee on Banking, Housing, and Urban Affairs

The Honorable Elizabeth Warren
Ranking Member
Senate Committee on Banking, Housing, and Urban Affairs

Dear Leader Thune, Minority Leader Schumer, Chair Scott, and Ranking Member Warren,

The undersigned organizations write to express our opposition to the Unleashing AI Innovation in Financial Services Act (H.R. 4801/S.2528) and its inclusion in Sec. 10509 of the CLARITY Act (the "AI Innovation Labs" provision), and we urge you not to move forward with this language in the Senate's planned vote on September 15, 2026. This language will likely result in more consumer harms, while AI companies will get to set their own rules for AI-related financial products that may be deciding who gets access to loans, housing, or other important financial opportunities.

The AI Innovation Labs provision would allow companies to request exemptions from consumer protection laws to reduce regulatory burdens on AI systems and the companies that build them. However, this language will likely be taken advantage of in ways that harm consumers. These companies may seek exemptions from deeply important laws like the Fair Credit Reporting Act (FCRA) and Equal Credit Opportunity Act (ECOA), which protect against discrimination in credit, by claiming that those laws are too onerous and an exemption would allow the company to innovate faster. Despite AI's extensive documented potential to cause civil rights harms, a company could seek waivers from restrictions under FCRA or ECOA on the data being analyzed via AI, or from requirements to describe how an AI system contributed to a denial of credit, unfavorable appraisals, or other adverse actions.

The AI Innovation Labs provision would also undermine what limited privacy protections exist in the Gramm-Leach-Bliley Act (GLBA). GLBA prohibits financial institutions from sharing a person's financial data for any purposes, and with any types of third parties, that the institutions have not disclosed to consumers. It requires financial institutions to provide consumers the ability to opt out of the transfer of data to third parties for purposes other than performing services or functions on the institutions' behalf. Granting waivers for these obligations would allow companies to more freely share consumers' data to train or be processed by third-party AI models, reducing the already limited transparency that consumers have about AI's impact on financial services.

Further, the AI Innovation Labs provision would accomplish these ends by virtue of an industry-friendly application and approval process for AI test projects. An alternative compliance strategy can be approved if it is "more likely than not" the proposal meets Sec. 10509's standards for alternative compliance strategies. The relevant financial regulatory agency would have six months to review, which can be extended to twelve months, and if an agency fails to make a decision on that timeline, the proposal would be automatically approved. Proposals are even more likely to be approved without rigorous review in the current moment, when agencies are understaffed and would face a backlog of applications, while those same agencies are also deprioritizing enforcement of civil rights and consumer protection laws and therefore less likely to dedicate resources toward reviewing AI test projects. The AI Innovation Labs provision even contemplates that companies will release their experimental products during the agency review timeline, because it gives companies 30 days to discontinue their AI use when their proposals are denied. Under these conditions, people could be subjected to completely untested, potentially law-violating systems that might be making serious decisions affecting their livelihoods.

Last, the AI Innovation Labs provision raises significant security concerns. It requires companies to self-attest that their AI test projects will not present a systemic risk to the financial system of the United States, and yet it requires no substantiation for this claim nor is it clear whether substantiation is possible. AI test projects may be evading laws designed to protect the privacy and security of sensitive personal and institutional financial data. Inadequate measures could permit AI developers to collect, process, and expose data without the safeguards otherwise required by law, and leave AI systems — and the financial institutions and businesses deploying them — vulnerable to systemic risks, cyberattacks, and other forms of exploitation. Given the faulty security practices of AI companies and serious harms associated with experimentation exposed by recent events, there is no justification for self-attestation without accountability measures in place**.** Consumers agree: the majority of Americans are concerned about responsible development and use of AI, and particularly its privacy and cybersecurity risks.

The financial services sector has long been strictly regulated for a reason: access to and reliable delivery of financial services are essential components of people's economic stability, and weak protections for personal financial data can have disastrous consequences. AI cannot serve as an exception for these critical protections for the public. AI has the potential to expand opportunities but also to worsen risks and impediments to the provision of financial services. If

Congress wants to ensure that AI benefits the public, consistent and robust regulation cannot be optional.

Sincerely,

AI Now Institute
American Civil Liberties Union
Americans for Financial Reform
Center for AI and Digital Policy
Center for Democracy & Technology
Center for Digital Democracy
Consumer Reports
Demand Progress Action
Electronic Privacy Information Center
Free Press Action
National Black Justice Collective
National Consumers League
New America's Open Technology Institute
Next 100 Coalition
Public Citizen
Public Knowledge
Tech Oversight Project
Upturn