

Financial Services AI Innovation Markup

JAMES CZERNIAWSKI, Head of Emerging Tech Policy, Consumer Choice Center

Committee on the Judiciary

U.S. House of Financial Services

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Dear Chair French Hill, Ranking Member Waters, and Members of the Committee:

On behalf of the Consumer Choice Center, we write to thank you for holding this markup today. This committee correctly recognizes the importance of balancing consumer protection alongside the technological innovations that are powering the American economy and helps foster its global competitiveness. We write to express our support for H.R. 4801, the *Unleashing AI Innovation in Financial Services Act*.

H.R. 4801 represents a bipartisan effort that correctly identifies how the expectation of a potential enforcement action when navigating outdated or ambiguous regulatory frameworks can lead to stifled innovation. This legislative proposal seeks to create AI Innovation Labs within our financial regulatory institutions, empowering a more permissive environment that has historically driven the American economy.

The proposal offers several promising benefits that can help shape the future of federal AI policy. In allowing for regulated entities to propose alternative compliance strategies, the bill permits the waiver or modification of specific regulations in exchange for rigorous risk management and transparency. This doesn't equate to handing businesses a get out of jail free card. Regulators are still empowered to take action against fraud or unsafe and unsound practices.

Additionally, this proposal ultimately sets a path for a data-informed policymaking process, with agencies submitting annual reports on the outcomes of AI test projects. That data can help inform future potential policies that Congress may consider by identifying which regulations are truly essential and which are merely serving as a regulatory moat.

Lastly, this proposal focuses on aligning incentives between businesses and consumers. Applicants must demonstrate how their projects will serve the public interest, improve consumer access, or enhance protections for investors. That helps lead towards an outcome where the end user can experience more benefits from technology being deployed in this industry.

By creating a clear path for AI test projects, this proposal can play a massive role in ensuring that the U.S. continues to build on its world-leading status in emerging technologies. It also keeps intra-agency communication streamlined by requiring coordination between agencies when jurisdictions overlap.

This bipartisan proposal is a pragmatic and promising step towards unleashing a future where financial services are more efficient and secure, benefitting consumers across the country. We urge you to move this proposal out of the Committee favorably.

Thank you for your commitment to advancing a bright American future. We stand ready to work with you and the Committee and be a resource in discussing why legislation like this is a critical part of the puzzle in American AI policy.

Sincerely,

James Czerniawski

Head of Emerging Technology Policy

Consumer Choice Center