

119TH CONGRESS
2D SESSION

H. R. 8278

AN ACT

To require certain supervisory agencies to assess their
technological capabilities, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Fostering the Use of
3 Technology to Uphold Regulatory Effectiveness in Super-
4 vision Act”.

5 **SEC. 2. FINDINGS.**

6 Congress finds the following:

7 (1) Banking regulators continue to examine and
8 monitor depository institutions without sufficient ac-
9 cess to real-time information.

10 (2) Risk surrounding technology procurement
11 may present challenges for updating supervisory
12 technology.

13 (3) To ensure that prudential supervision is ef-
14 fective and sustainable in the digital age, agencies
15 must leverage new technologies to allow for the fi-
16 nancial monitoring necessary to preserve a safe and
17 sound banking system.

18 (4) New technological tools are also necessary
19 in order for agencies to effectively fulfill mandates
20 other than prudential supervision, including their
21 mandates to assure consumer protection and mon-
22 itor Bank Secrecy Act compliance.

23 (5) Agencies’ reliance on outdated technology
24 can create vulnerabilities for the financial system,
25 through—

1 (A) difficulties in collecting, compiling, and
2 analyzing relevant information about risks and
3 noncompliance at supervised firms;

4 (B) reliance on information that is inac-
5 curate, incomplete, or not timely;

6 (C) reliance on limited and outdated tools
7 for data analysis;

8 (D) difficulties in using data to identify
9 risk trends;

10 (E) difficulties in producing accurate and
11 timely reports;

12 (F) inadequacy of cybersecurity safe-
13 guards; and

14 (G) failure to detect illegal activities.

15 (6) The rapid expansion of financial firms' use
16 of artificial intelligence may generate opportunities
17 to improve the financial system while also intro-
18 ducing a range of risks, making it essential that
19 agencies be equipped with the technology, expertise,
20 and skills needed to analyze these opportunities and
21 potential risks.

22 (7) While agencies assess their supervisory ca-
23 pabilities on an ongoing basis, it is imperative that
24 there be a unified goal of enhancing supervisory

1 technologies that ensure effective and sustainable
2 oversight.

3 **SEC. 3. TECHNOLOGICAL CAPABILITIES AND PROCURE-**
4 **MENT PRACTICES ASSESSMENT.**

5 (a) IN GENERAL.—

6 (1) TECHNOLOGICAL CAPABILITIES ASSESS-
7 MENT.—Each covered agency shall, not later than
8 180 days after the date of the enactment of this sec-
9 tion, assess how existing technologies used by the
10 covered agency pose challenges to the covered agency
11 in conducting adequate, real-time supervisory assess-
12 ments of entities over which the covered agency has
13 supervisory authority. Such technologies include, as
14 applicable—

15 (A) core information technology infrastruc-
16 ture;

17 (B) technologies used to supervise entities;

18 (C) technologies for monitoring general
19 market risks using reported data and external
20 data; and

21 (D) technologies for data collection, stor-
22 age, processing, and security.

23 (2) PROCUREMENT PRACTICES ASSESSMENT.—

24 Each covered agency shall, not later than 180 days
25 after the date of the enactment of this section—

1 (A) assess the procurement rules and pro-
2 tocols adhered to by such covered agency when
3 such covered agency acquires or develops new
4 technological systems; and

5 (B) identify any opportunities to further
6 streamline procurement rules and protocols, in-
7 cluding an assessment of the impact such rules
8 or protocols have on the ability of the covered
9 agency to test new technological systems, that
10 are within the covered agency's authority to
11 streamline.

12 (b) REPORT.—Not later than 18 months after the
13 completion of the assessments required under subsection
14 (a), and for every 5 years thereafter, the covered agencies
15 shall coordinate and jointly submit to the Committee on
16 Financial Services of the House of Representatives and
17 the Committee on Banking, Housing, and Urban Affairs
18 of the Senate, in a manner that does not pose a risk to
19 the integrity or security of any technologies, systems, or
20 capabilities of covered agencies, regulated entities, or mar-
21 ket participants, a report that includes, as applicable, the
22 following with respect to each covered agency:

23 (1) A general overview of hardware and soft-
24 ware used for information gathering and advanced
25 analytics during supervision activities, including cat-

1 egories of technology purchased from vendors and
2 developed by the covered agency or contractors of
3 the covered agency.

4 (2) A description of the procurement practices
5 and protocols of the covered agency, including a de-
6 scription of—

7 (A) whether such processes are voluntarily
8 adhered to or mandated; and

9 (B) any opportunities to further streamline
10 procurement rules and protocols, including an
11 assessment of the impact such rules or proto-
12 cols have on the ability of the covered agency
13 to test new technological systems.

14 (3) A general overview of the portion of the
15 workforce of the covered agency that is engaged ma-
16 terially in technology development within the covered
17 agency, including—

18 (A) an overview of the ability of the cov-
19 ered agency to recruit and retain appropriate
20 technology experts; and

21 (B) a description of the degree to which
22 the covered agency relies on contractors to de-
23 sign, develop, or deploy technology and perform
24 technology-related tasks, and a description of

1 related risk management practices for contrac-
2 tors and third-party technologies.

3 (4) A general description of the processes used
4 by the covered agency to obtain information from
5 entities supervised by the covered agency and any
6 impediments thereto, including regulatory obstacles.

7 (5) General information about market and tech-
8 nology trends and risks in the underlying regulated
9 markets including, specific to the covered agency's
10 jurisdiction—

11 (A) market developments influenced by the
12 adoption of new technologies;

13 (B) the use of new technologies by super-
14 vised entities for compliance and risk manage-
15 ment purposes;

16 (C) the impact of new technologies on the
17 collection and analysis of data submitted to the
18 covered agencies by supervised entities as re-
19 quired by regulation, including on data quality,
20 interoperability, and standardization; and

21 (D) potential risks, including risks of illicit
22 activity, related to new technologies.

23 (6) A general description of the ways in which
24 the covered agency shares information or system ac-

cess with other covered agencies and any impediments thereto, including regulatory obstacles.

(7) An estimate of the costs for supervised entities to modify systems to share data with covered agencies, as appropriate.

(8) A general description of any plans of the covered agency to implement future upgrades to the technology it uses to supervise entities, including—

(A) the anticipated timeline for any planned upgrades;

(B) the costs of any planned upgrades;

(C) any impediments to procuring relevant technologies;

(D) plans for hiring and training individuals in connection with technological upgrades;

(E) any aspects of any planned upgrades that should be addressed on an interagency basis;

(F) any anticipated challenges and opportunities associated with entities supervised by the covered agency adapting to the covered agency's reporting process, including—

(i) estimates of transition costs; and

(ii) estimates of any potential cost reductions; and

1 (G) as applicable, the covered agency’s re-
2 lationships with other covered agencies in their
3 capacity as delegated examiners.

4 (c) COVERED AGENCY DEFINED.—In this section,
5 the term “covered agency” means the Board of Governors
6 of the Federal Reserve System, the Bureau of Consumer
7 Financial Protection, the Federal Deposit Insurance Cor-
8 poration, the Department of the Treasury, including the
9 Office of the Comptroller of the Currency and the Finan-
10 cial Crimes Enforcement Network, the Federal Housing
11 Finance Agency, and the National Credit Union Adminis-
12 tration.

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2026.

Attest:

Clerk.

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